



中遠海運發展股份有限公司

COSCO SHIPPING Development Co.,Ltd.

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

Stock Code: 2866



2024
INTERIM REPORT

SHIPPING INDUSTRY AND
FINANCE OPERATOR



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Corporate Information

DIRECTORS

EXECUTIVE DIRECTOR

Mr. Zhang Mingwen (*Chairman of the Board*)

NON-EXECUTIVE DIRECTORS

Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhang Weihua
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

SUPERVISORS

Mr. Ye Hongjun (*Chairman*)
Ms. Zhu Mei
Mr. Zhao Xiaobo

EXECUTIVE COMMITTEE

Mr. Zhang Mingwen (*Chairman*)

INVESTMENT STRATEGY COMMITTEE

Mr. Zhang Mingwen (*Chairman*)
Mr. Huang Jian
Mr. Liang Yanfeng
Mr. Ip Sing Chi
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

RISK AND COMPLIANCE MANAGEMENT COMMITTEE

Ms. Zhang Weihua (*Chairman*)
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

AUDIT COMMITTEE

Mr. Shao Ruiqing (*Chairman*)
Mr. Huang Jian
Mr. Chan Kwok Leung

REMUNERATION COMMITTEE

Mr. Shao Ruiqing (*Chairman*)
Ms. Zhang Weihua
Mr. Chan Kwok Leung

NOMINATION COMMITTEE

Mr. Chan Kwok Leung (*Chairman*)
Mr. Zhang Mingwen
Mr. Shao Ruiqing

CHIEF ACCOUNTANT

Mr. Hu Haibing

COMPANY SECRETARY

Mr. Cai Lei

AUTHORISED REPRESENTATIVES

Mr. Zhang Mingwen
Mr. Cai Lei

LEGAL ADDRESS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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183 Queen's Road Central
Hong Kong

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited

DOMESTIC AUDITOR

ShineWing Certified Public Accountants LLP

LEGAL ADVISERS

Paul Hastings (As to Hong Kong law)
Grandall Law Firm (As to PRC law)

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China
The Export-Import Bank of China
China Construction Bank
Industrial and Commerce Bank of China
China Development Bank
Bank of Communications
Standard Chartered Bank
ING Bank N.V.
ANZ Bank
The Bank of East Asia

TELEPHONE NUMBER

86 (21) 6596 6105

FAX NUMBER

86 (21) 6596 6498

COMPANY WEBSITE

<http://development.coscoshipping.com>

H SHARE LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,676,000,000 H Shares

BOARD LOT (H SHARES)

1,000 Shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

9,899,938,612 A Shares

BOARD LOT (A SHARES)

100 Shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

* The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd."

Note: Pursuant to the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) which stipulates the consecutive term of an independent director serving in the same listed company shall not exceed six years, on 16 July 2024, Mr. Lu Jianzhong resigned as an independent non-executive Director, the chairman of the audit committee and a member of the risk and compliance management committee of the Company.

Financial Highlights (Under HKFRSs)

For the six months ended 30 June 2024 (the “**Period**”)

- Revenue amounted to RMB11,659,244,000
- Profit before tax from continuing operations amounted to RMB799,549,000
- Profit attributable to owners of the Company for the Period amounted to RMB895,488,000
- Basic earnings per share attributable to ordinary equity holders of the Company amounted to RMB0.0661
- Payment of an interim dividend of RMB0.019 per share

Management Discussion and Analysis

OPERATING ENVIRONMENT

In the first half of 2024, the moderate recovery of the global economy has driven trade growth, and the shipping market's transportation demand steadily increased. Meanwhile, affected by factors including the geopolitical situation and congestion in some ports, the supply and demand pattern of the shipping industry further improved. Under the combined influence of multiple factors, the container transportation market has generally shown a stable and positive trend.

In terms of the container leasing and manufacturing market, the overall demand has gradually recovered and increased steadily due to the combined effects of multiple factors. The stable recovery of foreign trade, the growth of new capacity in the container transportation industry, and the demand for the replacement of old containers have provided resilient support to the market. On the other hand, the impact of the Red Sea situation on container turnover efficiency has further catalyzed the increase in market demand. In terms of the ship leasing market, with the continued growth of global trade and the steadily increased demand for shipping, demand for the fleet in shipping market increased, and the market size of the ship leasing industry continued to expand. Meanwhile, the green and low-carbon transformation process of the shipping industry has been accelerating, thus the demand for updating and upgrading of vessels has increased significantly.

DEVELOPMENT STRATEGY OF THE GROUP

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core business and underpinned by investment management. The Company focuses on COSCO Shipping Group's vision of "accelerating the building of a world-class shipping technology enterprise" based on "integrating industry and finance and facilitating industry development with finance for synergy". The Company takes the scientific and technological innovation as an important starting point, focuses on the two major tracks of digital intelligence and green and low-carbon, comprehensively improves service quality and efficiency, strengthens risk prevention and control, and deepens management innovation, continuously enhances the core functions of "industry-finance-investment" and improves the core competitiveness of the integration of industry and finance, so as to strive to grow into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING's characteristics.

THE OPERATIONS OF THE GROUP

1. PRINCIPAL BUSINESSES

In the first half of 2024, the Company continued to facilitate the implementation of a number of key measures for high-quality development, focusing on deepening reform and innovation, cultivating and developing new quality productive forces, and striving to build core competitive advantages in industry-finance synergy.

(1) Container manufacturing business

COSCO SHIPPING Development is engaged in the research, development, production and sales of international standard dry cargo containers, refrigerated containers and special containers through its wholly-owned subsidiary Shanghai Universal Logistics Equipment Co., Ltd. The Company is the second largest container manufacturer in the world, and its customers include world-renowned liner companies and major container leasing companies. Meanwhile, the Company has deepened the synergy of container leasing and manufacturing, enhanced the core competitiveness by technological innovation, green and low-carbon transformation to build a world-class logistics equipment technology enterprise.

In the first half of 2024, the Company seized the opportunity in the container market and achieved a significant year-on-year increase in container production and sales. With a focus on leveraging the synergy advantages of the industrial chain, the Company strengthened joint marketing of container leasing and manufacturing to achieve a new situation in market development. Meanwhile, the Company deeply explored the needs of end users and the development of container+ business to expand the coverage of business areas, further enhancing value creation capabilities.

Management Discussion and Analysis

(2) Container leasing business

COSCO SHIPPING Development is engaged in container leasing, management and sales through its wholly-owned subsidiary Florens International Limited, with business all over the world. The Company continued to strengthen its ability to operate assets in full-life cycle services for containers and accelerated its digital transformation. The Company has unique leasing and manufacturing synergy and influence in the container field, and its business scale ranked among the tops in the industry.

In the first half of 2024, the Company gave full play to its unique advantages of container leasing and manufacturing synergy and achieved new breakthroughs in major customer cooperation. Meanwhile, the Company actively expanded diversified product leasing services and improved service efficiency, further enhancing brand competitiveness. In addition, relying on the complete global network layout and sales channels, as well as the promotion and application of digital platforms, the Company achieved effective improvement in service capabilities and operational efficiency.

(3) Shipping leasing business

COSCO SHIPPING Development is mainly focused on operating lease and financing lease of various vessels such as container vessels and dry bulk cargo vessels, and ranks among the tops in the domestic market in terms of industrial vessel leasing. The Company grasped the opportunity of green and low-carbon transformation of the shipping industry, optimized the allocation of internal and external resources, effectively leveraged on the synergistic effect of industry and finance, and focused on the service needs of various full-life cycle shipping assets in all aspects, so as to provide high-quality solutions for the development of fleet in the shipping industry.

In the first half of the year, the Company focused on enhancing its capacity of industry and finance services, and actively innovated the business model of industry and finance synergy and provided customised capacity development solutions on the basis of strict risk control. In order to further promote the Company's strategic development plan as an shipping industry and finance operator, deepen the "integration of industry and finance and facilitate industry development with finance for synergy", and enhance value creation capabilities, the Company actively expanded high-quality projects and focused on the construction and leasing of ships to achieve win-win cooperation in the upstream and downstream of the industrial chain, so as to further consolidate the cornerstone of the development of ship leasing business, and jointly explore to build a scenario for the application of RMB in the industrial chain of "manufacturing, leasing and transportation".

(4) Investment management business

Focusing on its principal business of shipping and logistics, COSCO SHIPPING Development strengthened the integration of industry and finance, continuously optimized its investment portfolio. Meanwhile, we grasped the development opportunities of the shipping industry, explored investment opportunities in digital intelligence and green development and strived to achieve the synergistic development of capital and industry. In the first half of 2024, the Company monitored closely the capital market environment, strictly controlled investment risks and further optimized its investment portfolio.

2. IMPORTANT BUSINESS MEASURES OF THE COMPANY

(1) Strengthening technological innovation to drive new quality productive forces

The Company continued to promote the research and development of new special containers and enriched its product system. The energy storage container project has been consolidated and expanded, continuously deepening strategic cooperation with leading energy storage container companies. The Company's DFIC Qidong won the "2024 Jiangsu Province Renewable Energy Industry Technological Innovation Award" and "2024 China Energy Storage Industry Best Innovative Enterprise Award". Meanwhile, the Company continued to promote the research and development of new special containers including car containers, housing containers, and agricultural containers to create a stronger product matrix.

The Company continued to increase its efforts in the transformation and application of digital intelligence equipment to accelerate the deep integration of digital intelligence technology with traditional industries. Several container factories of the Company won the first and second prizes in the management and technology categories of the "Sixth National Equipment Management and Technological Innovation Achievements". The cold processing workshop of the Company's DFIC Qidong was awarded the "Excellent Intelligent Manufacturing Scene of the Ministry of Industry and Information Technology in 2023". DFIC Jinzhou was awarded the "2023 Liaoning Province Smart Factory". The Company stepped up efforts in the construction of iFlorens digital operation platform to achieve efficient operation of digital empowerment business.

The Company actively practiced the concept of green and low-carbon production and implemented energy-saving technological reforms. Four of the Company's container factories were awarded the title of "National Green Factory". The Company continued to develop "green business" to expand the high-end special container business of container batteries and green energy supporting industries. In addition, the Company issued the first financial loan for the transformation of the water transportation industry in China and launched the world's first financial project for the transformation of the entire container industry chain, continuously improving its green financing service industry chain capabilities.

Management Discussion and Analysis

(2) Improving corporate governance and the quality of listed companies

The Company enhanced the quality of listed companies in multiple dimensions, continued to standardize corporate governance, and further improved the institutional foundation of corporate governance, effectively boosting corporate governance efficiency. Adhering to high standards of information disclosure, the Company further optimized the communication and transmission mechanism with the market to promote the realization of ESG value and enhance value recognition. The Company was successfully selected into the first batch of “Ocean Economy” index constituent stocks, listed in the “2024 GoldenBee CSR China Honor Roll”, remained in S&P Global’s “Sustainability Yearbook (China Edition) 2024”, and was included in CCTV’s “Yangtze River Delta ESG • Top 50 Pioneer” list.

(3) Focusing on investor returns and working together to promote value realization

The Company further optimized investor communication channels, actively explored and researched implementation paths and plans to further enhance investor returns, and strived to uphold the responsibilities of listed companies. In 2024, the Company will pay an interim dividend of RMB0.19 per 10 shares for the first time to further enhance investor returns and promote value achievement.

3. FUTURE PROSPECTS

Looking ahead to the second half of 2024, the world economic and trade environment will remain complex and severe, and the development of the shipping industry will face many uncertainties. In the face of new opportunities and challenges, the Company will insist on promoting deepening reforms and actively respond to the uncertainties in the external environment, push forward its high-quality development steadily. The Company will also proactively grasp the development opportunities brought about by the optimization and adjustment of the shipping industry’s capacity to further capitalize on the synergistic advantages of the industry chain, so as to expand our product portfolio through technological innovation, and enhance our endogenous power through the development of new-quality productive forces. At the same time, we will create greater value for our shareholders while accumulating momentum for the Company’s long-term steady growth.

Management Discussion and Analysis

FINANCIAL REVIEW OF THE GROUP

The Group recorded revenue of RMB11,659,244,000 during the Period, representing an increase of 105.2% as compared with the restated revenue of RMB5,681,563,000 for the same period of last year; profit before income tax from continuing operations amounted to RMB799,549,000, representing a decrease of 34.4% as compared with the restated profit of RMB1,218,160,000 for the same period of last year; profit for the Period attributable to owners of the Company amounted to RMB895,488,000, representing a decrease of 18.8% as compared with the restated profit of RMB1,103,339,000 for the same period of last year.

Analysis of segment businesses is as follows:

Unit: RMB'000

Continuing operations Segment	Revenue			Cost		
	For the six months ended 30 June 2024	For the six months ended 30 June 2023 (Restated)	Change (%)	For the six months ended 30 June 2024	For the six months ended 30 June 2023 (Restated)	Change (%)
Container manufacturing business	9,681,231	3,554,458	172.4	9,166,581	3,339,485	174.5
Container leasing business	2,576,017	2,423,371	6.3	1,553,827	1,438,281	8.0
Shipping leasing business	1,174,852	1,241,070	(5.3)	427,803	461,716	(7.3)
Investment management business	6,974	16,207	(57.0)	–	1,862	(100.0)
Offset amount	(1,779,830)	(1,553,543)	14.6	(1,722,022)	(1,369,238)	25.8
Total	11,659,244	5,681,563	105.2	9,426,189	3,872,106	143.4

Management Discussion and Analysis

1. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

(1) Operating Revenue

For the six months ended 30 June 2024, the Group's container manufacturing business realized operating revenue of RMB9,681,231,000, representing a year-on-year increase of 172.4% as compared with the revenue of RMB3,554,458,000 for the same period of last year, mainly due to the year-on-year increase in the sales volume of containers resulted from the increase in market demand for containers under the impact of the recovery in the container transportation market. During the Period, the aggregate container sales was 744,000 TEU, representing a year-on-year increase of 302.2% as compared with 185,000 TEU for the same period of last year.

(2) Operating Costs

Operating costs of the container manufacturing business mainly consist of raw material costs, transportation costs, employee compensation and depreciation expenses. The operating costs amounted to RMB9,166,581,000 for the six months ended 30 June 2024, representing a year-on-year increase of 174.5% as compared with the costs of RMB3,339,485,000 for the same period of last year. Such increase was mainly due to the increase in production costs such as materials and labour costs as the sales volume of containers increased.

2. ANALYSIS OF CONTAINER LEASING BUSINESS

(1) Operating Revenue

For the six months ended 30 June 2024, the Group recorded revenue from the container leasing, management and sales business of RMB2,576,017,000, representing an increase of 6.3% as compared with the revenue of RMB2,423,371,000 for the same period of last year, which was mainly attributable to the year-on-year increase in the Company's container leasing volume and disposal of used containers driven by the recovery of container market.

(2) Operating Costs

Operating costs of the container leasing business mainly include the depreciation and maintenance costs of containers, net carrying value of sale of containers returned upon expiry and interest costs of finance lease business. The operating costs for the six months ended 30 June 2024 amounted to RMB1,553,827,000, representing a year-on-year increase of 8.0% as compared with the costs of RMB1,438,281,000 for the same period of last year, which was mainly due to the year-on-year increase in container depreciation costs as a result of the increase in the size of container leasing during the Period.

3. ANALYSIS OF SHIPPING LEASING BUSINESS

(1) Operating Revenue

For the six months ended 30 June 2024, the Group recorded revenue from the shipping leasing business of RMB1,174,852,000, representing a decrease of 5.3% as compared with the revenue of RMB1,241,070,000 for the same period of last year, which was mainly due to the year-on-year decrease of the scale of fleet under finance lease. As at 30 June 2024, the Group's assets under operating leases remained stable, with the number and amount of assets under finance lease for vessels decreasing by 2.5% and 13.8% year-on-year, respectively.

(2) Operating Costs

Operating costs of shipping leasing business mainly comprise of depreciation of vessels and interest expenses. The operating costs of shipping leasing business for the six months ended 30 June 2024 amounted to RMB427,803,000, representing a decrease of 7.3% as compared to the costs of RMB461,716,000 for the same period of last year, which was mainly attributable to the year-on-year decrease in the scale of fleet under finance lease.

(3) Details of the Group's finance lease business

The Group entered into finance lease arrangements with leased assets for certain vessels, machinery, equipment and facilities used in shipping, transportation and logistics industries, etc. The term of finance leases entered into mainly ranges from one to ten years. The interest rate of finance leases mainly ranges from 3.46% to 13.92%. Finance lease receivables of the Group are secured over the leased assets. As at 31 December 2023 and 30 June 2024, the total present value of minimum finance lease receivables of the Group amounted to RMB32,729,294,000 and RMB32,021,098,000, respectively.

As at 31 December 2023 and 30 June 2024, the balance of finance lease transactions for the largest single client of the Group accounted for approximately 12.00% and 11.92% of the total assets of the Group, respectively, while the balance of finance lease transactions for the largest single group client accounted for approximately 18.81% and 18.53% of the total assets of the Group, respectively.

The following table sets forth the degree of concentration of single client and single group client of the Group as at 30 June 2024:

Concentration indicator	Balance of finance lease transactions as at 30 June 2024 (RMB)	Balance of finance lease transactions as a percentage of the total assets of the Group
Degree of concentration of single client financing	14,843,030,000	11.92%
Degree of concentration of single group client financing	23,072,388,000	18.53%

Management Discussion and Analysis

The following table sets forth details of the balance of finance lease transactions with the top ten single clients of the Group as at 30 June 2024:

Name of the client	Business segment	Balance of finance lease transactions (RMB)	Percentage of finance lease related assets
Client A ⁽¹⁾	Ship leasing	14,843,030,000	46.35%
Client B ⁽¹⁾	Ship leasing	4,601,076,000	14.37%
Client C	Container leasing	3,719,032,000	11.61%
Client D ⁽¹⁾	Ship leasing	3,586,935,000	11.20%
Client E	Ship leasing	704,392,000	2.20%
Client F	Ship leasing	391,627,000	1.22%
Client G	Ship leasing	228,851,000	0.71%
Client H	Ship leasing	228,851,000	0.71%
Client I	Ship leasing	158,657,000	0.50%
Client J	Ship leasing	158,170,000	0.49%
Total	—	28,620,621,000	89.36%

Note:

- (1) Client A, Client B and Client D are subsidiaries of the same holding company, as such, they are companies of the same group.

Management Discussion and Analysis

The following table sets forth the industrial distribution of net amount of finance lease receivables of the Group as at 30 June 2024:

Business segment	Balance of finance lease transactions as at 30 June 2024 (RMB in 100 millions)	Percentage of finance lease related assets
Vessel leasing	275.13	85.92%
Transportation and logistics	4.66	1.46%
Container leasing	40.42	12.62%
Total	320.21	100%

The Group has implemented the following internal control measures in terms of loan collection:

- (1) the Company has implemented an asset management policy to proactively manage potential risks in connection with the Group's leased assets;
- (2) the Company has conducted regular inspections of the leased assets to identify any potential risks in the lessees' operations and to ensure that the leased assets are in satisfactory condition. On-site inspections shall be carried out immediately in the event of emergency (including but not limited to serious accidents, seizure of the leased assets by authorities, or bankruptcy of the lessees);
- (3) in the event of non-payment of rent, the relevant department of the Company will attempt to collect the unpaid amount and any interests thereof from the lessee by making phone calls or written demand, or carry out on-site collection from the lessees, depending on the number of day(s) such payment is overdue and the circumstances of the lessees;
- (4) depending on factors such as the value of the leased assets, business operations and creditworthiness of the lessees and how the Group monitors the assets, the Company categorizes the leased assets into five classes and takes appropriate monitoring/collection actions from time to time according to the classes assigned to specific assets; and
- (5) for leased assets the rental payment of which is overdue for more than 30 days, the Company may further attempt to collect the unpaid amount from the lessees, bring legal or arbitral proceedings against the lessees, or apply for seizure of property or specific performance from the court, depending on the circumstances.

Management Discussion and Analysis

4. ANALYSIS OF INVESTMENT MANAGEMENT BUSINESS

For the six months ended 30 June 2024, the Group realised investment income of RMB6,974,000 from investment management business, which was mainly attributable to the change in fund management fees received due to the impact of the capital market. For details of the operating results of the relevant equity investments and investments in financial assets, please refer to the section headed "Significant Investment in Equity" below.

GROSS PROFIT

Due to the above reasons, the Group recorded gross profit of RMB2,233,055,000 for the six months ended 30 June 2024 (restated gross profit for the same period of last year was RMB1,809,457,000).

SIGNIFICANT INVESTMENT IN EQUITY

As at 30 June 2024, the carrying value of the Group's external equity investments accounted for using the equity method amounted to RMB26,335,525,000, representing an increase of 2.1% as compared with RMB25,801,416,000 as at 31 December 2023, which was mainly attributable to the recognition of investment income from associates for the Period.

As at 30 June 2024, the carrying value of the Group's financial assets at fair value through profit or loss amounted to RMB2,567,329,000, representing a decrease of 13.3% as compared with RMB2,961,994,000 as at 31 December 2023, which was mainly due to the disposal of certain shares and recognition of changes in the fair value of financial assets during the Period.

For the six months ended 30 June 2024, the Group realised investment income of RMB900,302,000, representing a decrease of 14.6% as compared with RMB1,053,870,000 for the same period of last year, which was mainly attributable to the year-on-year decrease in operating results of associates.

For the six months ended 30 June 2024, the Group realised a gain or loss of RMB-106,165,000 on changes in fair value, representing a decrease of 159.5% as compared with RMB178,537,000 for the same period of last year, which was mainly attributable to the decrease in the valuation of investments in financial assets held by the Company due to the impact of volatility in the capital markets.

Management Discussion and Analysis

1. SHAREHOLDINGS IN OTHER LISTED COMPANIES

Stock code	Company name	Investment cost (RMB)	Shareholding		Book value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve		Gain from disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
			at the beginning of the Period (%)	at the end of the Period (%)			during the Period (RMB)					
09668	China Bohai Bank Co., Ltd.	5,749,379,000	11.12	11.12	10,882,357,000	358,476,000	52,331,000		–	–	Investment in associates	Purchase
601818/ 06818	China Everbright Bank Co., Ltd.	3,398,255,000	1.23	1.23	5,556,786,000	243,571,000	–		–	–	Investment in associates	Purchase
000039/ 02039	China International Marine Containers (Group) Co., Ltd.	–	1.53	–	–	–	–	57,587,000	–	–	Financial assets at fair value through profit or loss	Purchase
600179	Antong Holdings Co., Ltd.	48,603,000	0.27	0.27	26,521,000	(1,941,000)	–		–	–	Financial assets at fair value through profit or loss	Purchase
600390	Minmetals Capital Co., Ltd.	547,727,000	1.44	1.44	262,262,000	(40,796,000)	–		–	–	Financial assets at fair value through profit or loss	Purchase
Total		9,743,964,000	/	/	16,727,926,000	559,310,000	52,331,000	57,587,000	–			

2. SHAREHOLDINGS IN FINANCIAL ENTERPRISES

Name of investee	Investment cost (RMB)	Shareholding		Book value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve		Gain from disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
		at the beginning of the Period (%)	at the end of the Period (%)			during the Period (RMB)					
Bank of Kunlun Co., Ltd.	1,077,153,000	3.74	3.74	1,599,612,000	44,822,000	20,181,000		–	12,692,000	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000,000	10.00	10.00	480,209,000	16,668,000	–		–	5,000,000	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	136,108,000	25.00	25.00	61,570,000	(607,000)	–		–	–	Investments in joint ventures	Purchase
COSCO SHIPPING Finance Company Limited	2,914,166,000	13.38	13.38	3,272,176,000	63,672,000	3,951,000		–	53,910,000	Investment in associates	Purchase
Powchan Financial Group Co., Ltd.	3,575,320,000	40.81	40.81	3,952,365,000	170,764,000	–		–	232,006,000	Investment in associates	Purchase
Total		7,802,747,000	/	/	9,365,932,000	295,319,000	24,132,000	–	303,608,000		

Management Discussion and Analysis

(a) Summary of principal business of the investees in the investments

Name of Investee	Exchange	Principal business
China Bohai Bank Co., Ltd.	Hong Kong Stock Exchange	Banking business
Bank of Kunlun Co., Ltd.	/	Banking business
Powchan Financial Group Co., Ltd.	/	Leasing business
CIB Fund Management Co., Ltd.	/	Fund management business
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	/	Leasing business
COSCO SHIPPING Finance Company Limited	/	Banking business
China Everbright Bank Co., Ltd.	Shanghai Stock Exchange/ Hong Kong Stock Exchange	Banking business
Minmetals Capital Co., Ltd.	Shanghai Stock Exchange	Integrated financial business
Antong Holdings Co., Ltd.	Shanghai Stock Exchange	Logistic business

The capital market was volatile in 2024. The Company expects that the investment portfolio of the Group (including the above major investments) will be subject to, among other things, the movement of interest rates, market factors and overall economic performance. Moreover, the market value of individual shares will be affected by relevant companies' financial results, development plan as well as the prospects of the industry where they operate. To mitigate relevant risks, the Group will take appropriate measures in due course and adjust its investment strategies in response to the changes in market conditions.

INCOME TAX

According to the Corporate Income Tax ("CIT") Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the six months ended 30 June 2024 and 2023, except for subsidiaries which is eligible for preferential income tax policies and subject to CIT rate of 15% for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%).

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%).

Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the six months ended 30 June 2024, the Group's selling, administrative and general expenses were RMB506,264,000, representing a decrease of 12.7% as compared with the restated expenses for the same period of last year, mainly due to the optimization of resources allocation and strengthening of cost control during the Period.

Management Discussion and Analysis

OTHER GAINS, NET

For the six months ended 30 June 2024, other gains of the Group were RMB141,545,000, representing a decrease of RMB493,408,000 as compared with the restated other gains of RMB634,953,000 for the same period of last year, which was mainly due to the year-on-year decrease in the fair value of financial assets held during the Period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

For the six months ended 30 June 2024, the profit attributable to owners of the Company for the Period was RMB895,488,000, representing a decrease of 18.8% as compared with the restated profit of RMB1,103,339,000 for the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

ANALYSIS OF LIQUIDITY AND BORROWINGS

The Group's principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group's cash is mainly used for expenses of operating cost, repayment of borrowings, acquisition of vessels, procurement of containers, and support of the Group's financial leasing business. During the Period, the Group's net operating cash inflow was RMB379,434,000. As at 30 June 2024, the Group's cash and cash equivalents were RMB9,007,317,000.

As at 30 June 2024, the Group's total bank and other borrowings amounted to RMB77,270,713,000, with repayment maturities ranging from the period 2024 to 2036, including RMB29,724,068,000 repayable within one year, RMB25,299,192,000 repayable within the second year, RMB17,157,975,000 repayable within the third to fifth year and RMB5,089,478,000 repayable after five years. The Group's long-term bank borrowings were mainly used for carrying out finance leasing business, acquisition of vessels and purchase of containers. As at 30 June 2024, the Group's long-term bank and other borrowings were secured by certain containers and vessels with an aggregate value of RMB20,353,767,000 and pledged by finance lease receivables with an aggregate value of RMB7,965,406,000.

As at 30 June 2024, the Group held corporate bonds payable totalling RMB10,000,000,000 and the proceeds raised from the bonds were used for the repayment of debts as they matured.

The Group's RMB-denominated borrowings at fixed interest rates amounted to RMB3,720,000,000. USD-denominated borrowings at fixed interest rates amounted to USD1,247,928,000 (equivalent to approximately RMB8,893,733,000), RMB-denominated borrowings at floating interest rates amounted to RMB14,736,000,000, and USD-denominated borrowings at floating interest rates amounted to USD7,004,684,000 (equivalent to approximately RMB49,920,980,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are primarily denominated in RMB and USD.

The Group expects that capital needs for regular liquidity and capital expenditure can be funded by the internal cash flow of the Group or external financing. The Board will review the operating cash flow of the Group from time to time. It is the intention of the Group to maintain an appropriate composition of equity and debt to ensure an effective capital structure.

Management Discussion and Analysis

NET CURRENT LIABILITIES

As at 30 June 2024, the Group's net current liabilities amounted to RMB15,408,747,000. Current assets mainly included inventories of RMB3,169,689,000; trade and notes receivables of RMB2,370,558,000; prepayments and other receivables of RMB3,102,593,000; financial assets at fair value through profit or loss of RMB39,577,000; the current portion of finance lease receivables of RMB2,718,927,000; cash and cash equivalents of RMB9,007,317,000; restricted deposits of RMB4,567,000; and factoring receivables of RMB16,360,000. Current liabilities mainly included trade and notes payables of RMB2,867,388,000; other payables and accruals of RMB2,675,960,000; derivative financial instruments of RMB15,147,000; contract liabilities of RMB208,654,000; tax payable of RMB236,070,000; bank and other borrowings of RMB29,724,068,000; and current portion of lease liabilities of RMB111,048,000.

CASH FLOWS

The following table provides the information regarding the Group's cash flows for the six months ended 30 June 2024 and 2023:

Unit: RMB

	For the six months ended 30 June	
	2024	2023
Net cash generated from operating activities	379,434,000	3,487,353,000
Net cash generated from investing activities	587,813,000	1,724,001,000
Net cash used in financing activities	(5,153,753,000)	(12,695,215,000)
Impact of exchange rate movement on cash	170,267,000	129,018,000
Net decrease in cash and cash equivalents	(4,016,239,000)	(7,354,843,000)

As at 30 June 2024, the cash and cash equivalents balance decreased by RMB4,016,239,000 as compared with that as at 31 December 2023, which was mainly due to the fact that the Company further strengthened its efforts to revitalise its existing funds, enhanced the efficiency of capital utilization and reduced the scale of financing on the basis of prevention of liquidity risks in order to control its finance costs.

NET CASH GENERATED FROM OPERATING ACTIVITIES

For the six months ended 30 June 2024, the net cash inflow generated from operating activities was RMB379,434,000, mainly denominated in RMB and USD, representing a decrease of RMB3,107,919,000 as compared with RMB3,487,353,000 of net cash inflow generated from operating activities for the same period of last year. The decrease in the Group's cash flow generated from operating activities was mainly due to the year-on-year increase in operating cash outflow for prepaid raw material purchases as a result of the increased demand in the container market during the Period.

Management Discussion and Analysis

NET CASH GENERATED FROM INVESTING ACTIVITIES

For the six months ended 30 June 2024, the net cash inflow generated from investing activities was RMB587,813,000, representing a decrease of RMB1,136,188,000 as compared with the net cash inflow generated from investing activities of RMB1,724,001,000 for the same period of last year. The decrease in the Group's net cash generated from investing activities was mainly due to centralized returns from ship financing projects in the same period last year, resulting in a year-on-year decrease in the Period.

NET CASH USED IN FINANCING ACTIVITIES

For the six months ended 30 June 2024, the net cash outflow used in financing activities was RMB5,153,753,000, representing a decrease of RMB7,541,462,000 as compared with the net cash outflow used in financing activities of RMB12,695,215,000 for the same period of last year, mainly due to the Company's continuous efforts to "reduce leverage and liabilities", fully optimizing its capital structure and reducing the scale of liabilities. The Group's cash inflow from financing activities during the Period was mainly from bank and other borrowings and the issuance of corporate bonds. The aforementioned funds were mainly used for short-term business and the purchase and construction of vessels and containers. For the six months ended 30 June 2024, the Group's new bank and other borrowings amounted to RMB16,438,862,000, issuance of corporate bonds amounted to RMB2,000,000,000, repayment of bank and other borrowings amounted to RMB21,389,779,000.

USE OF PROCEEDS AND FUTURE PLANS

As approved by the Approval on the Acquisition of Assets through Issuance of Shares of COSCO SHIPPING Development Co., Ltd. to COSCO SHIPPING Investment Holdings Co., Ltd. and Raising Ancillary Funds (Zheng Jian Xu Ke [2021] No. 3283) 《關於核准中遠海運發展股份有限公司向中遠海運投資控股有限公司發行股份購買資產並募集配套資金申請的批覆》(證監許可[2021]3283號)) issued by the China Securities Regulatory Commission, the Company issued 530,434,782 RMB ordinary shares (A shares) to 8 specific investors, including China Shipping Group Company Limited, at the issue price of RMB2.76 per share (the "**Issuance**"). Total proceeds from the Issuance were RMB1,463,999,998.32 and actual net proceeds were RMB1,460,904,954.84, net of issue cost of RMB3,095,043.48 (including value-added tax).

Such proceeds were fully received on 16 December 2021 and receipt of proceeds from the Issuance was verified by ShineWing Certified Public Accountants LLP, who issued a Capital Verification Report on the Proceeds from the Non-public Issuance of Shares of COSCO SHIPPING Development Co., Ltd. (No. XYZH/2021BJAA131539) in this regard on 17 December 2021. To regulate the management of the proceeds and protect the legitimate rights and interests of investors, a Tripartite Supervision Agreement for the Designated Accounts for Proceeds and a Quadripartite Supervision Agreement for the Designated Accounts for Proceeds were entered into among the Company, the subsidiaries implementing the proceeds investment projects, the independent financial adviser and the bank opening a special account for the proceeds, pursuant to which a special account for the proceeds was opened up for the purpose of placing such proceeds only.

Management Discussion and Analysis

As at 30 June 2024, the use of proceeds from the Issuance was as follows:

Unit: RMB

Item		Amount of proceeds
Net proceeds		1,460,904,954.84
Accumulated proceeds used as at the beginning of the Period	Amount of projects financed by the proceeds	1,210,884,865.84
	Replacement of the pre-invested internal funds with the proceeds	230,811,074.74
	Bank charges	5,069.03
	Interest income	1,377,258.16
Balance in the special account for proceeds as at 31 December 2023		20,581,203.39
Amount used in the Period	Amount of projects financed by the proceeds	11,034,536.80
	Bank charges	892.00
	Interest income	20,919.11
Accumulated proceeds used as at the end of the Period	Amount of projects financed by the proceeds	1,452,730,477.38
	Bank charges	5,961.03
	Interest income	1,398,177.27
Balance in the special account for proceeds as at 30 June 2024		9,566,693.70

To regulate the management, storage and use of proceeds and protect the legitimate rights and interests of investors, the Company has formulated the Proceeds Management Policies according to the Measures for the Administration of the Funds Raised by Listed Companies on the Shanghai Stock Exchange 《上海證券交易所上市公司募集資金管理辦法》 and the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies 《上市公司監管指引第 2 號—上市公司募集資金管理和使用的監管要求》 and other laws and regulations.

According to the Proceeds Management Policies, the Company implemented special account placement for the proceeds. A special bank account has been opened with China Development Bank Shanghai Branch for the exclusive deposit, management and utilization of the proceeds. A Tripartite Supervision Agreement for the Designated Accounts for Proceeds was entered into among the Company, China International Capital Corporation Limited as the independent financial adviser and China Development Bank Shanghai Branch in January 2022. There is no material difference between such agreement and the Tripartite Supervision Agreement for the Designated Accounts for Proceeds (Model) of the Shanghai Stock Exchange.

In addition, Dong Fang International Container (Qidong) Co., Ltd. (寰宇東方國際集裝箱(啟東)有限公司), Dong Fang International Container (Qingdao) Co., Ltd. (寰宇東方國際集裝箱(青島)有限公司), Dong Fang International Container (Ningbo) Co., Ltd. (寰宇東方國際集裝箱(寧波)有限公司) and Shanghai Universal Logistics Technology Co., Ltd. (上海寰宇物流科技有限公司), as the subsidiaries of project implementation entities of the Company, have opened up a special account for the proceeds with Bank of China Limited, Shanghai Branch for the exclusive deposit, management and utilization of the proceeds. In February 2022, they entered into the Quadripartite Supervision Agreement for the Designated Accounts for Proceeds with the Company, China International Capital Corporation Limited as the independent financial adviser and Bank of China Limited, Shanghai Branch. There is no material difference between such agreement and the Tripartite Supervision Agreement for the Designated Accounts for Proceeds (Model) of the Shanghai Stock Exchange.

Management Discussion and Analysis

As at 30 June 2024, the details of placement of the proceeds from the Issuance were as follows:

Unit: RMB

Serial No.	Company Name	Deposit Bank	Bank Account	Account balance
1	Dong Fang International Container (Ningbo) Co., Ltd. (寰宇東方國際集裝箱(寧波)有限公司)	Business Department, Bank of China Shanghai Branch	440382523907	8,033,446.02
2	Shanghai Universal Logistics Technology Co., Ltd. (上海寰宇物流科技有限公司)	Business Department, Bank of China Shanghai Branch	439082531816	1,533,247.68
Total				9,566,693.70

Note: As at 30 June 2024, the amounts in the proceeds accounts numbered 31001560021137250000, 454682512528 and 439082519935 were fully utilized and such accounts were cancelled.

As at 30 June 2024, the use of proceeds from the Issuance was as follows:

Unit: RMB'0,000

Item	Total committed investment of proceeds	Investment committed as at the end of the Period	Investment accumulated as at the end of the Period	Difference between the investment accumulated and the investment committed as at the end of the Period	Date of project reaching the scheduled usable status
Production lines technology transformation project	19,400.00	19,400.00	19,422.10	22.10	May 2023
Container production lines technology transformation project	20,000.00	20,000.00	20,033.56	33.56	July 2023
Logistics equipment transformation project	9,200.00	9,200.00	8,429.30	(770.70) ^{Note}	May 2024
Information system upgrade and setup project	8,800.00	8,800.00	8,667.35	(132.65) ^{Note}	May 2023
Replenishment of the working capital of the Company	89,000.00	88,690.50	88,720.74	30.24	N/A
Total	146,400.00	146,090.50	145,273.05	(817.45)	—

Management Discussion and Analysis

As at 30 June 2024, the use and intended use of proceeds from the Issuance were in line with the use of proceeds as previously disclosed. For the details of intended use of proceeds from the Issuance, please refer to the circular of the Company dated 24 May 2021 and the relevant overseas regulatory announcements.

Note: The remaining amount of such proceeds will continue to be utilised for each of the logistics equipment transformation project and the information technology system upgrade and setup project in accordance with the previously disclosed uses of the proceeds, which are expected to be utilised fully by December 2024 and September 2024, respectively.

TRADE AND NOTES RECEIVABLES

As at 30 June 2024, the Group's net amount of trade and notes receivables was RMB2,370,558,000, representing an increase of RMB592,263,000 as compared with that as at 31 December 2023, of which notes receivables increased by RMB4,561,000 and trade receivables increased by RMB587,702,000, which was mainly due to the year-on-year increase in container sales receivables, etc. as a result of the growth in container sales volume during the Period.

GEARING RATIO ANALYSIS

As at 30 June 2024, the Group's net gearing ratio (i.e. net debts over shareholders' equity) was 259.9%, representing a decrease of 3.4 percentage points as compared with that as at 31 December 2023. The decrease in net gearing ratio was mainly due to the reduction in the scale of liabilities during the Period.

FOREIGN EXCHANGE RISK ANALYSIS

Revenues and costs of the Group's container manufacturing, container leasing and shipping leasing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. During the Period, the Group recorded an exchange gain of RMB211,837,000, which was mainly due to fluctuations of the USD exchange rate during the Period; the increase in exchange difference which was charged to equity attributable to shareholders of the Company amounted to RMB61,004,000. The Group will continue to closely monitor the exchange rate fluctuation of RMB and major international settlement currencies in the future to minimise the impact of exchange rate fluctuation and thus reduce foreign exchange risks.

CAPITAL EXPENDITURES

For the six months ended 30 June 2024, the Group's expenditures on the acquisition of containers, machinery and equipment, vessels and other expenditures amounted to RMB1,928,460,000, and its expenditures on the acquisition of finance lease assets amounted to RMB578,618,000.

CAPITAL COMMITMENTS

As at 30 June 2024, the Group entered into an investment agreement and the unpaid subscribed investment amount was RMB66,412,000.

PLEDGE

As at 30 June 2024, certain container vessels and containers of the Group with net carrying value of approximately RMB20,353,767,000 (31 December 2023: RMB20,065,989,000), finance lease receivables of RMB7,965,406,000 (31 December 2023: RMB8,286,209,000) and restricted deposits of RMB1,128,000 (31 December 2023: RMB2,953,000) were pledged for the grant of bank borrowings and issuance of corporate bonds of the Group.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, the Group disposed of its subsidiary, Helen Insurance Brokers Limited, on 15 January 2024. The Company considered that the insurance broking business engaged by Helen Insurance Brokers Limited was classified as discontinued operation as a separate operating business. The profit from discontinued operation attributable to the owners of the Company amounted to RMB213,660,000.

SUBSEQUENT EVENTS

The interim profit distribution proposal of the Company for 2024 was considered and approved at the meeting of the board of directors of the Company held on 30 August 2024. The Company expects to make the payment of an interim dividend of RMB0.019 per share (inclusive of applicable tax) for the six months ended 30 June 2024, totalling RMB257,397,072.08 (calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 30 August 2024 deducting 28,724,292 A shares repurchased by the Company) on 28 October 2024.

CONTINGENT LIABILITIES

As at 30 June 2024, there were no significant contingent liabilities for the Group.

EMPLOYEES, TRAINING AND BENEFITS

As at 30 June 2024, the Group had 14,067 employees, and the total staff costs for the Period (including staff remuneration, welfare and social insurance) amounted to approximately RMB1,177,361,000 (including outsourced labour costs).

To support the Company's production and operation, reform and development needs, talent development and cultivation, the Company has developed its employee training system. Based on identification of demand, supported by the division of authority and responsibility and list-based management, we have enhanced the training content and implementation system, organized various types of trainings and improved the effectiveness of training resource allocation, staff training participation and satisfaction. Based on the training system, various training programmes were designed and implemented to address different types of business and positions, covering topics such as technological innovation, green and low-carbon, industry development, management capability, risk management, safety and individual caliber and so on.

Remuneration management, as one of the most effective incentives and a form of enterprise value distribution, is carried out on the basis of total budget control, value creation, internal fairness, market competition and sustainable development, and the incentive and restraint mechanism based on performance management is strengthened. The Company's comprehensive remuneration system applicable to the employees mainly consists of two aspects of salaries and benefits: 1. salaries, including position/title salary, performance salary, special incentives and allowances; and 2. benefits, including mandatory social insurance, provident housing fund as stipulated by the state and benefits as set by the enterprise.

DIVIDENDS

The interim profit distribution proposal of the Company for 2024 was considered and approved at the meeting of the board of directors of the Company held on 30 August 2024. The Company expects to make the payment of an interim dividend of RMB0.019 per share (inclusive of applicable tax) for the six months ended 30 June 2024, totalling RMB257,397,072.08 (calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 30 August 2024 deducting 28,724,292 A shares repurchased by the Company) on 28 October 2024.

Management Discussion and Analysis

The 2024 interim dividend will be paid to A Shareholders and domestic investors investing in H Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect in RMB and to H Shareholders in Hong Kong Dollar ("**HKD**" or "**HK\$**"). The actual amount of interim dividend to be distributed and paid to H Shareholders in HKD is calculated in accordance with the average middle exchange rate of HK\$1 to RMB0.91370 as quoted by the People's Bank of China for the period of one week before 30 August 2024. Accordingly, the amount of the interim dividend payable per H Share is HK\$0.02079 (tax inclusive). The expected ex-dividend date will be 8 October 2024 and the interim dividend in respect of the H Shares is expected to be distributed and paid on 28 October 2024.

The interim dividend will be paid by the receiving agent of the Company in Hong Kong and relevant cheques will be despatched by Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, to the H Shareholders who are entitled to receive the interim dividend, by ordinary post at their own risk on 28 October 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the H Shareholders' entitlement to the 2024 interim dividend, the register of members of the Company will be closed from Thursday, 10 October 2024 to Tuesday, 15 October 2024 (both days inclusive), during which period no transfer of H Shares will be registered. The H Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 15 October 2024 are entitled to receive the 2024 interim dividend. In order to qualify for the 2024 interim dividend, the H Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 9 October 2024.

INFORMATION ON WITHHOLDING TAX

ENTERPRISE INCOME TAX

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementation rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the 2024 interim dividend to non-resident enterprise shareholders as appearing on the register of members of the Company. Any Shares not registered in the name of an individual person, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and will therefore be subject to the withholding of the corporate income tax. After receiving the interim dividend, non-resident enterprise shareholders may apply, personally or by proxy, to provide materials to the competent taxation authorities proving their eligibility to be the actual beneficiaries under the taxation agreements (arrangement) to enjoy tax refund.

INDIVIDUAL INCOME TAX

Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] No. 020) 《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), individual foreigners are exempted from individual income tax on dividends and bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, foreign individual H Shareholders whose names appeared on the Register of Members are not required to pay the individual income tax of the PRC.

PROFIT DISTRIBUTION FOR DOMESTIC INVESTORS INVESTING IN H SHARES THROUGH SHANGHAI-HONG KONG STOCK CONNECT OR SHENZHEN-HONG KONG STOCK CONNECT

SHANGHAI-HONG KONG STOCK CONNECT

For domestic investors (including enterprises and individuals) investing in the H Shares through the Shanghai Stock Exchange, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the H Shareholders through Shanghai-Hong Kong Stock Connect, will receive the interim dividend paid by the Company and further distribute the interim dividend to the relevant investors of H Shares through Shanghai-Hong Kong Stock Connect through its depository and clearing system.

The interim dividend will be paid to investors investing in H Shares through Shanghai-Hong Kong Stock Connect in RMB. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC:

- (i) for dividends received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the relevant H share listed company shall withhold and pay individual income tax payable by such mainland individual investors at the rate of 20% on their behalf;
- (ii) for dividends received by mainland securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, individual income tax payable by such mainland securities investment funds shall be withheld and paid by the relevant H share listed company in the same manner as stated in paragraph (i) above; and
- (iii) for dividends received by mainland enterprise investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the relevant H share listed company shall not withhold or pay the income tax of dividends for mainland enterprise investors and those enterprise investors shall report and pay the income tax themselves.

Management Discussion and Analysis

SHENZHEN-HONG KONG STOCK CONNECT

For domestic investors (including enterprises and individuals) investing in the H Shares through the Shenzhen Stock Exchange, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the H Shareholders through Shenzhen-Hong Kong Stock Connect, will receive the interim dividend paid by the Company and further distribute the interim dividend to the relevant investors of H Shares through Shenzhen-Hong Kong Stock Connect through its depository and clearing system.

The interim dividend will be paid to investors investing in H Shares through Shenzhen-Hong Kong Stock Connect in RMB. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)):

- (i) for dividends received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the relevant H share listed company shall withhold and pay individual income tax payable by such mainland individual investors at the rate of 20% on their behalf;
- (ii) dividends received by mainland securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, individual income tax payable by such mainland securities investment funds shall be withheld and paid by the relevant H share listed company in the same manner as stated in paragraph (i) above; and
- (iii) for dividends received by mainland enterprise investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the relevant H share listed company shall not withhold or pay the income tax of dividends for mainland enterprise investors and those enterprise investors shall report and pay the income tax themselves.

The record date, the date of distribution and other arrangements in relation to the payment of the interim dividend to domestic investors investing in the H Shares through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect will be the same as those for the H Shareholders.

Management Discussion and Analysis

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares). As at 30 June 2024, 28,724,292 A shares were repurchased by the Company and held by it as treasury shares for the purpose of A share option incentive scheme.

SHARE CAPITAL

As at 30 June 2024, the share capital of the Company was as follows:

Type of shares	Number of issued shares	Percentage
A shares	9,899,938,612 ^{Note}	72.9%
H shares	3,676,000,000	27.1%
Total	13,575,938,612	100.0%

Note: These A shares include 28,724,292 A shares repurchased and held by the Company as A-share treasury shares for the purpose of A share option incentive scheme.

INTERESTS OR SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE(S) IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests or short positions of the directors (the “**Directors**”), supervisors (the “**Supervisors**”) or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) of the Company were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules were as follows:

Management Discussion and Analysis

INTERESTS IN THE SHARES OF THE COMPANY

Name	Position	Class of shares	Capacity	Number of shares interested (Note 1)	Approximate percentage of the total number of the relevant class of shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
Chan Kwok Leung	Director	H shares	Beneficial owner	235,000 (L)	0.01	0.00
		H shares	Interest of spouse	60,000 (L) (Note 2)	0.00	0.00

Notes:

1. "L" means long position in the shares
2. The spouse of Mr. Chan Kwok Leung is the beneficial owner of 60,000 H shares. Mr. Chan Kwok Leung is deemed to be interested in the 60,000 H shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the 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 Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) of the Company were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Management Discussion and Analysis

INTERESTS OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES OR UNDERLYING SHARES

As at 30 June 2024, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who were entitled to exercise or control 5% or more of the voting power at any general meeting of the Company or other persons (other than Directors, Supervisors or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company or the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares interested (Note 1)	Approximate percentage of the total number of the relevant class of shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
China Shipping Group Company Limited ("China Shipping")	A shares	Beneficial owner	4,628,015,690 (L)	46.75	34.09
	A shares	Interest of controlled corporation	1,447,917,519 (L) (Note 2)	14.63	10.67
	A shares	Other	28,724,292 (L) (Note 3)	0.29	0.21
	H shares	Interest of controlled corporation	100,944,000 (L) (Note 4)	2.75	0.74
China COSCO SHIPPING Corporation Limited	A shares	Interest of controlled corporation	6,075,933,209 (L)	61.37	44.76
	A shares	Beneficial owner	47,570,789 (L)	0.48	0.35
	A shares	Other	28,724,292 (L) (Note 3)	0.29	0.21
	H shares	Interest of controlled corporation	100,944,000 (L) (Note 4)	2.75	0.74
COSCO SHIPPING Investment Holdings Co., Limited	A shares	Beneficial owner	1,447,917,519 (L) (Note 2)	14.63	10.67

Notes:

- "L" means long position in the shares.
- Such 1,447,917,519 A shares represent the same block of shares.
- These 28,724,292 A shares were repurchased and held by the Company as A-share treasury shares for the purpose of A share option incentive scheme. As at 30 June 2024, each of China COSCO SHIPPING Corporation Limited and China Shipping controlled one-third or more of the voting rights at general meetings of the Company and was therefore deemed to be interested in these A-share treasury shares for the purposes of Part XV of the SFO.
- Such 100,944,000 H shares represent the same block of shares held by Ocean Fortune Investment Limited, an indirectly wholly-owned subsidiary of China Shipping.

Save as disclosed above, as at 30 June 2024, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which was required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which has been notified to the Company and the Hong Kong Stock Exchange.

Management Discussion and Analysis

CHANGES IN INFORMATION ON DIRECTORS AND SUPERVISORS

The changes in the information on the directors or supervisors that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules following the date of the 2023 annual report of the Company are set out as follows:

1. Mr. Zhang Mingwen, an executive Director, has been appointed as the chairman of the seventh session of the Board, the chairman of the executive committee of the Board, the chairman of the investment strategy committee of the Board and a member of the nomination committee of the Board, with effect from 29 April 2024.
2. Mr. Lu Jianzhong, resigned as an independent non-executive Director, the chairman of the audit committee of the Board and a member of the risk and compliance management committee of the Board, with effect from 16 July 2024.
3. Mr. Shao Ruiqing, an independent non-executive Director, has been appointed as the chairman of the audit committee of the Board and a member of the risk and compliance management committee of the Board, with effect from 16 July 2024. Mr. Shao ceased to be an independent director of China Enterprise Co., Ltd. (stock code: SH600675) with effect from 26 June 2024 and an independent director of Arcplus Group Plc (stock code: SH600629) with effect from 25 April 2024.

A SHARE OPTION INCENTIVE SCHEME

1. PURPOSE OF THE A SHARE OPTION INCENTIVE SCHEME

The purpose of the A Share Option Incentive Scheme is to, among other things, facilitate the establishment and improvement of the incentive systems of the Company and incentivize the senior management and core management and business personnel of the Group, thereby tying the interests of the Company, the shareholders and the management together and facilitating the achievement of the development targets of the Company.

2. TOTAL NUMBER OF SHARE OPTIONS GRANTED UNDER THE A SHARE OPTION INCENTIVE SCHEME AND ITS PERCENTAGE

On 16 December 2019, the Board approved the Company's proposed adoption of the Share Option Incentive Scheme (the "**Share Option Incentive Scheme**"). In order to further optimize the Share Option Incentive Scheme, the Board approved the proposed adoption of the revised share option incentive scheme (the "**Revised Share Option Incentive Scheme**", together with Share Option Incentive Scheme, the "**A Share Option Incentive Scheme**") on 22 January 2020. On 5 March 2020, the Revised Share Option Incentive Scheme was approved by the shareholders of the Company at the extraordinary general meeting and the class meetings of the Company. The total number of the share options to be granted under the A Share Option Incentive Scheme is 88,474,448 (inclusive of 8,847,445 Reserved Share Options) and the number of underlying A shares in relation thereto was 88,474,448 A shares, representing approximately 0.7622% of the then total issued share capital of the Company and 1.1154% of the then A share capital of the Company. The A Share Option Incentive Scheme shall be effective for 10 years from 5 March 2020. For details, please refer to the Company's announcements dated 16 December 2019 and 22 January 2020 and circular dated 17 February 2020.

Management Discussion and Analysis

On 30 March 2020 (the “**Date of Grant for the First Batch of the Share Options**”), an aggregate of 78,220,711 share options were granted to 124 participants, which comprise nine Directors and senior management of the Company and 115 core management and business personnel of the Group. The exercise price was RMB2.52 per A share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options (the “**First Batch of the Share Option Granted**”). The closing price of A shares on the trading day immediately before 30 March 2020 was RMB2.00 per A share. For details, please refer to the Company’s announcement dated 30 March 2020.

On 6 May 2021 (the “**Date of Grant for Reserved Share Options**”), 8,847,445 Reserved Share Options were granted to 19 participants, who are core management and business personnel of the Group. The exercise price was RMB2.52 per A share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options (the “**Reserved Share Options Granted**”). The closing price of A shares on the trading day immediately before 6 May 2021 was RMB2.94 per A share. For details, please refer to the Company’s announcement dated 6 May 2021.

Management Discussion and Analysis

On 29 April 2022, the Company convened the fifty-third meeting of the sixth session of the Board and the twenty-first meeting of the sixth session of the Supervisory Committee, at which (i) the Resolution on the Adjustment to the Exercise Price, the List of Participants of the First Grant and Number of Share Options and the Cancellation of Partial Granted but Outstanding Share Options was considered and approved, and since the Company implemented the 2019 and 2020 profit distribution plans, the exercise price under the A Share Option Incentive Scheme has been adjusted from RMB2.52 per share to RMB2.419 per share. Due to reasons such as the resignation of participants, the list of participants of the first grant and number of share options were adjusted accordingly, and the number of participants changed from 124 to 110, the number of share options under the first grant changed from 78,220,711 to 68,833,794, and 9,386,917 share options were cancelled, and on 1 February 2023, 9,386,917 shares in respect of these options were cancelled. For details, please refer to the Company's overseas regulatory announcement dated 31 January 2023, and the next day disclosure return dated 1 February 2023; (ii) the Resolution on the First Exercise Period of the First Grant of Share Options under the A Share Option Incentive Scheme Fulfilling Exercise Conditions was considered and approved to agree with the adjustment to the benchmark companies under the A Share Option Incentive Scheme and the compliance with the first exercise period of the first grant of share options under the A Share Option Incentive Scheme with exercise conditions, and approve the exercise of share options by the participants who meet the conditions (the **"Exercise of the First Batch of the Share Option Granted in the First Exercise Period"**). The actual number of exercised shares upon Exercise of the First Batch of the Share Options Granted in the First Exercise Period was 20,560,412 shares, which 2,384,186 shares underlying the unexercised 2,384,186 share options were cancelled on 1 February 2023. For details, please refer to the Company's overseas regulatory announcements dated 29 April 2022 and 24 May 2022 and the next day disclosure return dated 1 February 2023.

On 22 May 2023, the Company convened the fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee and at each of which the Resolution on the Exercise of Options under the Share Option Incentive Scheme of the Company and Related Matters was considered and passed to (i) approve the cancellation of a total of 7,867,835 lapsed share options, including those which had been granted but not yet exercised due to the retirement and termination of employment of the participants, as well as those which had been granted but not yet exercised upon expiration of the first exercise period of the First Batch of the Share Options Granted. After such adjustment, the number of participants for the First Batch of the Share Options Granted of the Company changed from 110 to 100, and the number of the First Batch of the Share Options Granted changed from 48,273,382 to 40,871,202, and the number of participants for the Reserved Share Options Granted changed from 19 to 18, and the number of the Reserved Share Options Granted changed from 8,847,445 to 8,381,790; (ii) approve the fulfillment of the exercise conditions for the second exercise period of the First Batch of the Share Options Granted under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 100 eligible participants to exercise an aggregate of 20,435,601 share options (the **"Exercise of the First Batch of the Share Option Granted in the Second Exercise Period"**); (iii) approve the fulfillment of the exercise conditions for the first exercise period of the Reserved Share Options under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 18 eligible participants to exercise an aggregate of 2,793,924 share options (the **"Exercise of Reserved Share Options Granted in the First**

Exercise Period"); (iv) pursuant to the Share Option Incentive Scheme of COSCO SHIPPING Development Co., Ltd. (Revised Draft), the Company should make corresponding adjustments to the exercise price in the event of dividend distribution, the Company was approved to adjust the exercise price under the A Share Option Incentive Scheme by adjusting the exercise price under the A Share Option Incentive Scheme from RMB2.419 per share to RMB2.193 per share. The actual number of exercised shares upon Exercise of the First Batch of the Share Option Granted in the Second Exercise Period was 17,164,904 shares; the actual number of exercised shares upon Exercise of Reserved Share Options Granted in the First Exercise Period was 2,638,706 shares. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the Reserved Share Options. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated. For details, please refer to the Company's overseas regulatory announcements dated 22 May 2023 and 12 June 2023.

As at 31 December 2023, the Company had 29,449,382 share options outstanding under the A Share Option Incentive Scheme. Pursuant to the terms of the A Share Option Incentive Scheme, the exercise in full of the outstanding share options would result in the transfer of a total of 23,706,298 A shares held as treasury shares or repurchased from the secondary market to the share option grantees, and the transfer of 5,743,084 A shares of the Company directionally issued to the share option grantees. The 29,449,382 A shares which would be transferred to the share option grantees upon the full exercise of the outstanding share options represented approximately 0.30% of the total issued A shares of the Company and approximately 0.22% of the total issued shares of the Company as at 31 December 2023.

Details of the participants and grant during the Period were as follows:

A. Share options granted to the Directors and chief executive of the Company

As at 1 January 2024, none of the Directors and chief executive of the Company held outstanding share options granted. During the Period, no share options were granted to any Director or chief executive of the Company, and as no Director or chief executive of the Company held any share options under the A Share Option Incentive Scheme, there was no movement in share options held by Directors and chief executive of the Company (including exercise, cancellation and lapse).

Management Discussion and Analysis

B. Share options granted to all participants

	Number of participants	Granted and outstanding as at 1 January 2024 ⁽¹⁾⁽²⁾	Granted during the Period	Exercised during the Period ⁽³⁾⁽⁴⁾	Cancelled during the Period	Lapsed during the Period	Granted and outstanding as at 30 June 2024 ⁽¹⁾⁽³⁾	Percentage of total issued A share capital of the Company	Percentage of total issued share capital of the Company	Date of grant
Senior management of the Company ⁽⁶⁾	7	3,883,502	–	–	–	1,731,032	2,152,470	0.0217%	0.0159%	Note (6)
Other key business and management personnel of the Company	101	18,829,396	–	–	–	1,042,965	17,786,431	0.1797%	0.1310%	Note (6)
	19	5,743,084	–	–	–	155,218	5,587,866	0.0564%	0.0412%	Note (7)
Former Director	1 ⁽⁵⁾	993,400	–	–	–	496,700	496,700	0.0050%	0.0037%	Note (6)
Total	128	29,449,382	–	–	–	3,425,915	26,023,467	0.2629%	0.1917%	

Notes:

- (1) The validity period, vesting period, exercisable date and exercise period of the share options were set out below.
- (2) The exercise price was RMB2.193 per share.
- (3) On 22 May 2023, relevant resolutions were considered and approved at the Company's fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee, the exercise price under the A Share Option Incentive Scheme had been adjusted from RMB2.419 per share to RMB2.193 per share. The second exercise period for the First Batch of the Share Options Granted and the first exercise period of the Reserved Share Options Granted under the A Share Option Incentive Scheme had met the exercise conditions, and the exercise of share options by eligible incentive recipients was approved. The actual number of shares in respect of the share options to be exercised in the second exercise period for the First Batch of the Share Options Granted was 17,164,904 shares; the actual number of shares in respect of the share options to be exercised in the first exercise period for the Reserved Share Options Granted was 2,638,706 shares, with the exercise price of RMB2.193 per share. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the Reserved Share Options Granted. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated.
- (4) The weighted average closing price of the relevant shares immediately before the share options exercise date was RMB2.54 per share.
- (5) The above share options are held by a Director who has resigned in 2023.
- (6) Such A share options were granted on 30 March 2020 (i.e., the Date of Grant for the First Batch of the Share Options).

Management Discussion and Analysis

- (7) Such A share options were granted on 6 May 2021 (i.e., the Date of Grant for Reserved Share Options).
- (8) Such senior management include the Company's chief accountant, deputy general managers, secretary of the disciplinary committee, safety director and secretary of the Board.

No share options of the Company were exercised and cancelled during the Period. At the beginning of the Period, 29,449,382 A shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing approximately 0.30% of the weighted average number of A shares in the issued share capital of the Company (excluding treasury shares) during the Period. During the Period, there were 3,425,915 share options lapsed and there were 26,023,467 share options granted and outstanding at the end of the Period, therefore as at the end of the Period, 26,023,467 A shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing approximately 0.26% of the weighted average number of A shares in the issued share capital of the Company (excluding treasury shares) during the Period.

During the Period, there were no participants with share options granted and to be granted in excess of the individual limit of 1%, or related entity participants or service providers with share options granted or to be granted during any 12-month period in excess of 0.1% of the relevant class of shares (excluding treasury shares) of the Company in issue.

3. THE CAP OF SHARE OPTIONS THAT MAY BE GRANTED TO PARTICIPANTS

The total number of A shares issued and to be issued after the exercise of the share options (including exercised and unexercised share options) granted to each participant during any 12-month period shall not exceed 1% of the total issued A share capital of the Company.

4. VALIDITY PERIOD, VESTING PERIOD, EXERCISABLE DATE AND EXERCISE PERIOD AND THE EFFECTIVE CONDITIONS

The A Share Option Incentive Scheme shall be effective for 10 years from 5 March 2020. The vesting period of the share options is two years from the date of grant and the exercise period of the share options is seven years commencing from the date of grant. Subject to the satisfaction of the conditions of exercise, each share option entitles the participant to acquire one A share at the exercise price.

Management Discussion and Analysis

Subject to the satisfaction of the conditions of exercise, the share options granted under the A Share Option Incentive Scheme will be exercisable in three tranches after the expiration of the vesting period in accordance with the following arrangement:

Exercise period	Duration	Proportion of share options exercisable to the total number of share options granted
First exercise period	Commencing on the first trading day after the expiration of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant.	1/3
Second exercise period	Commencing on the first trading day after the expiration of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant	1/3
Third exercise period	Commencing on the first trading day after the expiration of the 48-month period from the date of grant and ending on the last trading day of the 84-month period from the date of grant.	1/3

The A share options will only become effective and exercisable by the participants (including the participants for whom share options are reserved) in accordance with the terms of the A Share Option Incentive Scheme when certain conditions are satisfied. For details of these conditions, please refer to the circular of the Company dated 17 February 2020.

5. BASIS FOR DETERMINATION OF EXERCISE PRICE OF GRANTED SHARE OPTIONS

According to the A Share Option Incentive Scheme approved at the extraordinary general meeting and the class meetings on 5 March 2020, the basis for determination of exercise price of the share options to be granted shall be revised to the highest of the followings:

- (i) the average trading price of A shares on the last trading day immediately before the announcement date of the A Share Option Incentive Scheme (i.e., approximately RMB2.52 per A share);
- (ii) the average trading price of A shares on the 20 trading days immediately before the announcement date of the A Share Option Incentive Scheme (i.e., approximately RMB2.50 per A share); and
- (iii) par value of A share (i.e., RMB1.00 per A share).

Pursuant to the A Share Option Incentive Scheme, from the date of grant of the share options and prior to the exercise of the share options, in the event of any dividend payment and other ex-rights and ex-dividend matters of the Company, the corresponding exercise price shall be adjusted accordingly with reference to the relevant provisions of A Share Option Incentive Scheme. The adjustment method is as follows: $P = P_0 - V$ where: P_0 represents the exercise price before adjustment; V represents the dividend per share; and P represents the exercise price after adjustment. On 29 April 2022, since the Company had implemented the 2019 and 2020 profit distribution plans, the exercise price under the A Share Option Incentive Scheme was adjusted from RMB2.52 per share to RMB2.419 per share. On 22 May 2023, as a result of the implementation of the 2021 profit distribution plan of the Company, the exercise price under the A Share Option Incentive Scheme was adjusted from RMB2.419 per share to RMB2.193 per share in accordance with the aforesaid rules.

Management Discussion and Analysis

For details of the basis for determining the exercise price and the method and procedure of adjustment, please refer to the Company's circular dated 17 February 2020.

Further details of the A Share Option Incentive Scheme were set out in note 16 to the condensed consolidated interim financial statements of this report.

AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors, namely Mr. Shao Ruiqing and Mr. Chan Kwok Leung, and one non-executive Director, namely Mr. Huang Jian.

The Audit Committee has reviewed the interim report of the Company for the Period (including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2024) and agreed to the accounting treatment adopted by the Company.

CORPORATE GOVERNANCE CODE

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Zhang Mingwen, an executive Director, held the positions of both chairman and chief executive officer (i.e. the general manager of the Company). All major decisions of the Company are made in consultation with members of the Board (including the independent non-executive Directors) as well as senior management. There are adequate balances of power and safeguards in place for the Board to ensure the appropriate balance of power in the Company. In addition, having regard to Mr. Zhang Mingwen's extensive industry experience and his track record with the Group, the Board considers that it is in the interest of the Company for him to act as both the chairman and the general manager of the Company during the Period.

Save as disclosed above, the Company was in full compliance with all the applicable code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors, Supervisors and relevant employees on terms no less exacting than the required standard set out in the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiry by the Company to all Directors and Supervisors, the Directors and Supervisors have confirmed their compliance with the required standard set out in the Model Code regarding securities transactions by Directors and Supervisors during the Period. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

By order of the Board
COSCO SHIPPING Development Co., Ltd.
Company Secretary
Cai Lei

Shanghai, the People's Republic of China
30 August 2024

Report on Review of Condensed Consolidated Interim Financial Statements



SHINEWING (HK) CPA Limited
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Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

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

中遠海運發展股份有限公司

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

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of COSCO SHIPPING Development Co., Ltd. (the "Company") and its subsidiaries set out on pages 40 to 72, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other 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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated interim financial statements 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.

Report on Review of Condensed Consolidated Interim Financial Statements (continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

30 August 2024

Condensed Consolidated Statement of Profit or Loss

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		For the six months ended 30 June	
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Continuing operations			
Revenue	4	11,659,244	5,681,563
Cost of sales		(9,426,189)	(3,872,106)
Gross profit		2,233,055	1,809,457
Other income	5	148,622	248,326
Other gains, net	6	141,545	634,953
Selling, administrative and general expenses		(506,264)	(579,810)
Expected credit losses, net		(53,897)	(89,089)
Finance costs		(2,063,814)	(1,859,547)
Share of profits of associates		898,557	1,052,098
Share of profits of joint ventures		1,745	1,772
Profit before tax	7	799,549	1,218,160
Income tax expenses	8	(110,283)	(128,776)
Profit for the period from continuing operations		689,266	1,089,384
Discontinued operation			
Profit for the period from a discontinued operation	9	213,660	13,955
Profit for the period		902,926	1,103,339

Condensed Consolidated Statement of Profit or Loss (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Profit for the period attributable to owners of the Company:			
– From continuing operations		681,828	1,089,384
– From a discontinued operation		213,660	13,955
		895,488	1,103,339
Profit for the period attributable to non-controlling interests:			
– From continuing operations		7,438	–
		902,926	1,103,339
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	10		
Basic			
– For profit for the period		0.0661	0.0815
– For profit from continuing operations		0.0503	0.0805
Diluted			
– For profit for the period		0.0661	0.0815
– For profit from continuing operations		0.0503	0.0805

Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Profit for the period	902,926	1,103,339
Other comprehensive income/(expense) for the period		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	76,904	52,435
Share of other comprehensive income of joint ventures	16	1,272
Cash flow hedges:		
– Effective portion of changes in fair value of hedging instruments arising during the period	(43,980)	(37,936)
– Reclassification adjustments for gains included in the condensed consolidated statement of profit or loss	273	308
	(43,707)	(37,628)
Exchange differences on translation of foreign operations	61,004	329,799
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	94,217	345,878
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	–	16,578
Other comprehensive income for the period, net of tax	94,217	362,456
Total comprehensive income for the period	997,143	1,465,795
Attributable to:		
– Owners of the Company	989,705	1,465,795
– Non-controlling interests	7,438	–
	997,143	1,465,795

Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	45,874,878	45,256,774
Investment properties		104,998	104,661
Right-of-use assets		723,047	768,387
Intangible assets		108,396	118,247
Investments in joint ventures		124,682	133,235
Investments in associates		26,210,843	25,668,181
Financial assets at fair value through profit or loss		2,527,752	2,300,347
Finance lease receivables	13	27,892,386	28,491,377
Derivative financial instruments		38,047	35,609
Deferred tax assets		284,314	261,900
Other long-term prepayments		176,289	170,656
Total non-current assets		104,065,632	103,309,374
Current assets			
Inventories		3,169,689	2,197,550
Trade and notes receivables	14	2,370,558	1,778,295
Prepayments and other receivables		3,102,593	1,862,121
Financial assets at fair value through profit or loss		39,577	661,647
Finance lease receivables	13	2,718,927	2,870,565
Factoring receivables		16,360	16,805
Derivative financial instruments		–	30,998
Restricted and pledged deposits		4,567	3,150
Cash and cash equivalents		9,007,317	13,023,417
Assets classified as held for sale	9	20,429,588	22,444,548
Total current assets		20,429,588	22,621,616
Total assets		124,495,220	125,930,990

Condensed Consolidated Statement of Financial Position (continued)

AS AT 30 JUNE 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current liabilities			
Trade and notes payables	15	2,867,388	2,603,395
Other payables and accruals		2,675,960	2,878,261
Contract liabilities		208,654	63,047
Derivative financial instruments		15,147	–
Bank and other borrowings	17	29,724,068	32,221,992
Lease liabilities		111,048	106,660
Tax payable		236,070	189,441
		35,838,335	38,062,796
Liabilities associated with assets classified as held for sale	9	–	148,392
Total current liabilities		35,838,335	38,211,188
Net current liabilities		(15,408,747)	(15,589,572)
Total assets less current liabilities		88,656,885	87,719,802
Non-current liabilities			
Bank and other borrowings	17	47,546,645	49,629,059
Corporate bonds		10,000,000	8,000,000
Lease liabilities		141,702	169,325
Deferred tax liabilities		14,026	17,521
Government grants		84,506	83,379
Other long-term payables		662,150	536,840
Total non-current liabilities		58,449,029	58,436,124
Net assets		30,207,856	29,283,678

Condensed Consolidated Statement of Financial Position (continued)

AS AT 30 JUNE 2024

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Equity		
Share capital	13,575,939	13,575,939
Treasury shares	(84,206)	(84,206)
Other reserves	16,348,906	15,791,945
Equity attributable to owners of the Company	29,840,639	29,283,678
Non-controlling interests	367,217	—
Total equity	30,207,856	29,283,678

Zhang Mingwen

Director

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Share option reserve RMB'000	Other capital reserves RMB'000	Share of other comprehensive income using the equity method RMB'000	Exchange fluctuation reserve RMB'000	Special reserves RMB'000	Surplus reserve (Note a) RMB'000	Retained profits RMB'000	Total equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Notes													
At 1 January 2024 (Audited)	13,575,939	20,023,352	(84,206)	12,482	(21,786,842)	(218,788)	(1,939,003)	-	2,222,632	17,415,506	29,283,678	-	29,283,678
Profit for the period	-	-	-	-	-	-	-	-	-	895,488	895,488	7,438	902,926
Other comprehensive income (expense) for the period:													
Share of other comprehensive income of associates	-	-	-	-	-	76,904	-	-	-	-	76,904	-	76,904
Share of other comprehensive income of joint ventures	-	-	-	-	-	16	-	-	-	-	16	-	16
Effective portion of changes in fair value of hedging instruments, net of tax	-	-	-	-	-	-	(43,707)	-	-	-	(43,707)	-	(43,707)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	61,004	-	-	-	61,004	-	61,004
Total comprehensive income (expense) for the period	-	-	-	-	-	76,920	(43,707)	61,004	-	895,488	989,705	7,438	997,143
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	359,779	359,779
Share of other capital reserves using the equity method reclassified to profit or loss upon disposal	-	-	-	-	(699)	-	-	-	-	-	(699)	-	(699)
Share of other comprehensive income using the equity method reclassified to profit or loss upon disposal	-	-	-	-	-	(135)	-	-	-	135	-	-	-
Equity-settled share option arrangements	-	-	-	1,456	-	-	-	-	-	-	1,456	-	1,456
Share of other capital reserves using the equity method	-	-	-	-	10	-	-	-	-	-	10	-	10
Dividends declared	-	-	-	-	-	-	-	-	-	(433,511)	(433,511)	-	(433,511)
Transfer from retained profits	-	-	-	-	-	-	-	17,544	28,239	(45,783)	-	-	-
Utilisation of special reserve fund	-	-	-	-	-	-	-	(17,538)	-	17,538	-	-	-
At 30 June 2024 (Unaudited)	13,575,939	20,023,352	(84,206)	13,938	(21,787,531)	(142,003)	(1,877,999)	6	2,250,871	17,847,373	29,840,639	367,217	30,207,856

Condensed Consolidated Statement of Changes in Equity (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital	Share premium	Treasury shares	Share option reserve	Other capital reserves	Share of other comprehensive income using the equity method	Hedging reserve	Exchange fluctuation reserve	Special reserves	Surplus reserve (Note a)	Retained profits	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Audited)	13,586,477	20,050,063	(173,155)	17,425	(21,576,719)	(302,525)	43,552	(2,145,173)	-	2,173,089	17,221,593	28,892,627
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,103,339	1,103,339
Other comprehensive income (expense) for the period:												
Share of other comprehensive income of associates	-	-	-	-	-	69,013	-	-	-	-	-	69,013
Share of other comprehensive income of joint ventures	-	-	-	-	-	1,272	-	-	-	-	-	1,272
Effective portion of cash flow hedges	-	-	-	-	-	-	(37,628)	-	-	-	-	(37,628)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	329,799	-	-	-	329,799
Total comprehensive income (expense) for the period	-	-	-	-	-	70,285	(37,628)	329,799	-	-	1,103,339	1,465,795
Cancellation of shares	(13,177)	(25,453)	38,630	-	-	-	-	-	-	-	-	-
Exercise of share options	16	2,639	(4,349)	(5,179)	-	-	-	-	-	-	-	43,430
Equity-settled share option arrangements	16	-	-	345	-	-	-	-	-	-	-	345
Share of other capital reserves using the equity method	-	-	-	-	7	-	-	-	-	-	-	7
Dilution of partial interest in an associate	-	-	-	-	(211,618)	-	-	-	-	-	-	(211,618)
Dividends declared	11	-	-	-	-	-	-	-	-	-	(1,178,608)	(1,178,608)
Transfer from retained profits	-	-	-	-	-	-	-	-	16,972	-	(16,972)	-
Utilisation of special reserves	-	-	-	-	-	-	-	-	(16,972)	-	16,972	-
At 30 June 2023 (Unaudited)	13,575,939	20,020,261	(84,206)	12,591	(21,790,330)	(232,240)	5,924	(1,815,374)	-	2,173,089	17,146,324	29,011,978

Notes:

- (a) In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of this reserve reaches 50% of each PRC entity's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		For the six months ended 30 June	
		2024	2023
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		400,448	3,646,150
Income tax paid		(21,014)	(158,797)
Net cash flows generated from operating activities		379,434	3,487,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates		303,608	213,402
Dividends received from financial assets at fair value through profit or loss		808	1,118
Purchase of property, plant and equipment		(1,927,310)	(2,184,743)
Proceeds from disposal of property, plant and equipment		76,978	37,596
Purchase of intangible assets		(1,150)	(8,813)
Proceeds from partial disposal of investment in a joint venture		3,124	–
Proceeds from partial disposal of investment in an associate		7,500	–
Purchase of investment in an associate		(3,552)	–
Purchase of investment in a joint venture		–	(3,000)
Net cash inflow from acquisition of a subsidiary		4,199	–
Net cash inflow from disposal of a subsidiary	9	246,319	–
Purchase of financial assets at fair value through profit or loss		–	(20)
Proceeds from disposal of financial assets at fair value through profit or loss		711,576	479,728
Decrease in finance lease receivables		1,168,707	2,948,487
Decrease in factoring receivables		90	290,432
Other net cash outflows related to investing activities		(3,084)	(50,186)
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES		587,813	1,724,001

Condensed Consolidated Statement of Cash Flows (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	16,438,862	21,718,644
Repayment of bank and other borrowings	(21,389,779)	(32,313,991)
New corporate bonds	2,000,000	–
Payment of principal portion of lease liabilities	(25,023)	(23,289)
Interest paid	(2,133,045)	(2,081,359)
Proceeds from exercise of share options	–	43,430
Decrease/(increase) in restricted and pledged deposits	1,825	(343)
Other net cash outflows related to financing activities	(46,593)	(38,307)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(5,153,753)	(12,695,215)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,186,506)	(7,483,861)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL REPORTING PERIOD		
Representing bank balances and cash as stated in the consolidated statement of financial position	13,023,417	15,440,560
Representing bank balances and cash attributable to assets held for sale	139	–
	13,023,556	15,440,560
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	170,267	129,018
CASH AND CASH EQUIVALENTS AT 30 JUNE	9,007,317	8,085,717

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. CORPORATE AND GROUP INFORMATION

COSCO SHIPPING Development Co., Ltd. (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”). The address of the Company’s registered office is Room A-538, International Trade Center, Lingang Area of the Shanghai Pilot Free Trade Zone.

Note: As a result of the update of the business registration system, the statement of registered address of the Company was changed from “Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone” to “Room A-538, International Trade Center, Lingang Area of the Shanghai Pilot Free Trade Zone”. and the physical location of the registered address of the Company remains unchanged.

During the six months ended 30 June 2024, the principal activities of the Group were as follows:

- (a) Manufacture and sales of containers;
- (b) Operating leasing and financial leasing; and
- (c) Investment management.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company are China Shipping Group Company Limited and China COSCO Shipping Corporation Limited, respectively, both established in the PRC.

2.1 BASIS OF PREPARATION

The condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the Group) for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Going concern

The Group had net current liabilities of RMB15,408,747,000 as at 30 June 2024. The directors of the Company are of the opinion that based on the available unutilised banking facilities and unutilised quota for the issuance of corporate bonds as at 30 June 2024, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

2.2 PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 except as described below.

Application of amendments to the Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)
	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

FOR THE SIX MONTHS ENDED 30 JUNE 2024

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 June 2024 and 2023, respectively:

52 COSCO SHIPPING DEVELOPMENT CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

3. OPERATING SEGMENT INFORMATION (Continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively:

	30 June 2024			31 December 2023				
	Shipping leasing and container leasing	Container manufacturing	Investment management	Total	Shipping leasing and container leasing	Container manufacturing	Investment management	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
Continuing operations								
Segment assets								
Elimination of intersegment assets	72,962,004	14,964,053	41,199,121	129,125,178	75,053,599	16,126,266	38,369,355	129,549,220
				(4,629,958)				(3,618,230)
Total assets				124,495,220				125,930,990
Segment liabilities								
Unallocated liabilities	49,313,477	9,510,963	27,800,595	86,625,035	53,480,380	10,573,505	25,815,508	89,869,393
Elimination of intersegment liabilities				9,978,234				8,021,403
				(2,315,905)				(1,243,484)
Total liabilities				94,287,364				96,647,312

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE

An analysis of revenue and other revenue from continuing operations is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Revenue from contracts with customers:		
Sales of containers	7,901,401	2,000,915
Subtotal	7,901,401	2,000,915
Other revenue:		
Shipping leasing	1,174,852	1,241,070
Container leasing	2,576,017	2,423,371
Investment management	6,974	16,207
Subtotal	3,757,843	3,680,648
Total revenue	11,659,244	5,681,563

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. REVENUE (Continued)

The disaggregation of the Group's revenue from contracts with customers (sales of goods), for the six months ended 30 June 2024 and 2023 is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Geographical markets		
United States	2,175,340	523,911
Mainland China	1,641,948	782,368
Asia (excluding Hong Kong, China and Mainland China)	1,542,637	250,947
Europe	655,589	122,150
Hong Kong, China	1,882,381	307,764
Others	3,506	13,775
Total revenue from contracts with customers	7,901,401	2,000,915
Timing of revenue recognition		
Goods transferred at a point in time	7,901,401	2,000,915
Total revenue from contracts with customers	7,901,401	2,000,915

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Continuing operations		
Interest income	79,772	74,470
Government grants related to assets	5,563	4,485
Government grants (note i)	48,097	158,035
Sales of scrap materials	8,860	2,833
Others	6,330	8,503
Total other income	148,622	248,326

- (i) The government grants are the income received from local government authorities for development scheme and salaries subsidies which were immediately recognised as other income for the period. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

6. OTHER GAINS, NET

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Continuing operations		
Gain on disposal of property, plant and equipment	4,882	17,561
Gain on disposal of investment in a joint venture	172	–
Gain on disposal of financial assets at fair value through profit or loss	57,587	79,869
Dividend income from financial assets at fair value through profit or loss	808	1,118
Changes in fair value of financial assets at fair value through profit or loss	(106,165)	178,537
Government grants not related to the ordinary course of business	–	265
Donation expenditures for public interest	(25,071)	(2,208)
Net foreign exchange gains	211,837	357,850
Others	(2,505)	1,961
Total other gains, net	141,545	634,953

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7. PROFIT BEFORE TAX

Profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Depreciation of property, plant and equipment	1,311,552	1,165,417
Depreciation of investment properties	313	307
Amortisation of intangible assets	15,078	11,839
Depreciation of right-of-use assets	49,168	37,924
Impairment of finance lease receivables and factoring receivables, net	35,728	81,489
Impairment of trade receivables	16,399	8,470
Impairment (reversal of impairment) of other receivables	1,770	(870)
Net foreign exchange gains	(211,837)	(357,850)

8. INCOME TAX EXPENSES

According to the Corporate Income Tax ("CIT") Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the six months ended 30 June 2024 and 2023, except for subsidiaries which is eligible for preferential income tax policies and subject to CIT rate of 15% for the six months ended 30 June 2024 (six months ended 30 June 2023: 15%).

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%).

Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

8. INCOME TAX EXPENSES (Continued)

The major components of income tax expenses from continuing operations in the condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Continuing operations		
Current income tax:		
– Mainland China	101,843	113,057
– Hong Kong, China	27,850	1,387
– Elsewhere	6,262	5,721
Subtotal	135,955	120,165
Deferred income tax	(25,672)	8,611
Total	110,283	128,776

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

9. DISPOSAL GROUP HELD FOR SALE AND AND DISCONTINUED OPERATION

On 10 November 2023, the Group entered into a transfer equity agreement with a fellow subsidiary, in which the Group agreed to dispose of 100% equity interest of a subsidiary of the Group, Helen Insurance Brokers Limited ("Helen Insurance"), at a cash consideration of HKD270,981,000 (equivalent to approximately RMB246,458,000). With Helen Insurance being classified as a discontinued operation, the insurance brokerage service is no longer presented in the segment information. The disposal of Helen Insurance was completed on 15 January 2024 with total consideration of HKD270,981,000 (equivalent to approximately RMB246,458,000), resulting in a gain of RMB213,660,000.

The results of the insurance brokerage service operation for the periods were as below. The comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income have been restated to represent the insurance brokerage service operation as a discontinued operation.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Revenue	–	25,279
Cost of sales	–	(47)
Gross profit	–	25,232
Other income	–	965
Other gains, net	–	470
Selling, administrative and general expenses	–	(9,385)
Finance costs	–	(64)
Profit before tax	–	17,218
Income tax expenses	–	(3,263)
Gain on disposal of the discontinued operation	213,660	–
Profit after tax for the period from the discontinued operation	213,660	13,955

The net cash flows generated from the sales of Helen Insurance

	Inflow (outflow) RMB'000
Cash received from sales of the discontinued operation	246,458
Cash sold as a part of discontinued operation	(139)
Net cash inflow on date of disposal	246,319

As Helen Insurance was disposed on 15 January 2024, the assets and liabilities classified as held for sale as at 31 December 2023 were no longer included in the condensed consolidated statement of financial position as at 30 June 2024.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

From continuing and discontinued operations

Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company are based on the following data:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Earnings		
Profit for the period attributable to the owners of the Company:		
– From continuing operations	681,828	1,089,384
– From a discontinued operation	213,660	13,955
Earnings for the purpose of basic and diluted earnings per share	895,488	1,103,339

	Number of shares for the six months ended 30 June	
	2024	2023
	'000	'000
Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	13,547,214	13,529,818
Effect of dilutive potential ordinary shares:		
Share options	2,351	4,344
Weighted average number of ordinary shares for the purpose of diluted earnings per share	13,549,565	13,534,162

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Profit for the period attributable to the owners of the Company	895,488	1,103,339
Less:		
Profit for the period from a discontinued operation	(213,660)	(13,955)
Profit for the purpose of basic and diluted earnings per share from continuing operations	681,828	1,089,384

The denominators used for both basic and diluted earnings per share are detailed above.

From a discontinued operation

Basic earnings per share for the discontinued operation is RMB0.0158 (six months ended 30 June 2023: RMB0.0010 per share) and diluted earnings per share for the discontinued operation is RMB0.0158 (six months ended 30 June 2023: RMB0.0010 per share), based on the profit for the period from a discontinued operation of RMB213,660,000 (six months ended 30 June 2023: RMB13,955,000) and the denominators detailed above for both basic and diluted earnings per share.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11. DIVIDENDS

Dividends attributable to the interim period

On 30 August 2024, the board of directors declared the payment of an interim dividend of RMB0.019 per share (for the six months ended 30 June 2023: Nil) (inclusive of applicable tax) for the six months ended 30 June 2024, totalling RMB257,397,072.08 (for the six months ended 30 June 2023: Nil) calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 30 August 2024 deducting 28,724,292 A shares repurchased by the Company, for the six months ended 30 June 2024. Such dividend distribution has not been recognised as a liability in the condensed consolidated financial statements for the six months ended 30 June 2024, but will be accounted for as an appropriation of retained profits during the year ending 31 December 2024.

During the six months ended 30 June 2024, final dividend has been declared of RMB0.032 per share (for the six months ended 30 June 2023: RMB0.087 per share) (inclusive of applicable tax), totalling RMB433,511,858.24 (2023: RMB1,178,607,656.75).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of RMB2,224,060,000 (six months ended 30 June 2023: RMB2,947,597,000). Depreciation for items of property, plant and equipment was RMB1,311,552,000 during the period (six months ended 30 June 2023: RMB1,165,417,000).

The Group disposed of items of property, plant and equipment with a carrying amount of RMB83,719,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB22,093,000).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. FINANCE LEASE RECEIVABLES

The total future lease payment receivables under finance leases and their present values were as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	4,355,876	4,471,638
After one year but within two years	4,446,655	3,948,264
After two years but within three years	3,306,890	4,007,010
After three years but within four years	3,194,836	3,119,063
After four years but within five years	3,657,674	3,465,021
After five years	22,129,298	23,275,438
Total minimum finance lease receivables	41,091,229	42,286,434
Unearned finance income	(9,070,132)	(9,557,139)
Total present value of minimum finance lease receivables	32,021,097	32,729,295
Impairment	(1,409,784)	(1,367,353)
Total net finance lease receivables	30,611,313	31,361,942
Current portion	(2,718,927)	(2,870,565)
Non-current portion	27,892,386	28,491,377

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	2,930,170	3,013,858
After one year but within two years	3,189,627	2,651,354
After two years but within three years	2,204,688	2,882,133
After three years but within four years	2,197,162	2,105,902
After four years but within five years	2,825,517	2,585,740
After five years	18,673,933	19,490,308
Total present value of minimum finance lease receivables	32,021,097	32,729,295

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. TRADE AND NOTES RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	2,454,920	1,850,332
Notes receivables	10,831	6,270
	2,465,751	1,856,602
Impairment	(95,193)	(78,307)
Net carrying amount	2,370,558	1,778,295

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the revenue recognition date and net of provision, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	2,310,442	1,769,504
3 to 6 months	59,021	5,818
6 to 12 months	12	2,268
Over one year	1,083	705
Total	2,370,558	1,778,295

15. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at end of the reporting date, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	2,772,353	2,515,129
3 to 6 months	20,585	33,388
6 to 12 months	26,662	5,110
Over one year	47,788	49,768
Total	2,867,388	2,603,395

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Under the Scheme, share options were granted on 30 March 2020 and on 6 May 2021 respectively.

On 30 March 2020, 11,142,500 and 67,078,211 share options were granted to the Company's directors and senior management and the Group's other employees, respectively. On 6 May 2021, 8,847,445 share options were granted to the Group's other employees.

The following share options were outstanding during the period/year:

	2024 Number of share options '000	2023 Number of share options '000
At 1 January	29,449	57,121
Forfeited during the period/year (notes iii)	(3,425)	(7,868)
Exercised during the period/year	–	(19,804)
At 30 June 2024/31 December 2023	26,024	29,449

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

16. SHARE OPTION SCHEME (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2024	31 December 2023		
Number of options '000	Number of options '000	Exercise price (notes i & ii) RMB per share	Exercise period
—	3,270	2.193	1 April 2023 to 30 March 2024
20,436	20,436	2.193	1 April 2024 to 30 March 2027
—	155	2.193	7 May 2023 to 6 May 2024
2,794	2,794	2.193	7 May 2024 to 6 May 2025
2,794	2,794	2.193	7 May 2025 to 6 May 2028
26,024	29,449		

Notes:

- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- A board resolution was passed on 22 May 2023, the exercise price was further adjusted from RMB2.419 to RMB2.193 per share as a result of implementation of 2021 profit distribution plan of the Company, pursuant to the Scheme.
- The outstanding share options of 3,425,000 as at 31 December 2023 have expired during the six months ended 30 June 2024 (six months ended 30 June 2023: 7,866,000).

The Group recognised a share option expense of RMB1,456,000 (six months ended 30 June 2023: RMB345,000) during the six months ended 30 June 2024.

No share options were granted during the six months ended 30 June 2024 and 2023.

The share option holders exercised the stock options granted on 30 March 2020 at an exercise price of RMB2.193 during the six months ended 30 June 2023. A total of 17,165,000 options were exercised during the six months ended 30 June 2023, and the total proceeds from exercise of share options was RMB37,643,000 (six months ended 30 June 2024: Nil). The exercise of share options has resulted in decreases in reserves of treasury shares, share premium and share option reserve of RMB50,319,000 (six months ended 30 June 2024: Nil), RMB7,497,000 (six months ended 30 June 2024: Nil) and RMB5,179,000 (six months ended 30 June 2024: Nil) respectively.

The share option holders exercised the stock options granted on 6 May 2021 at an exercise price of RMB2.193 during the six months ended 30 June 2023. A total of 2,639,000 options were exercised during the six months ended 30 June 2023, and the total proceeds from exercise of share options was RMB5,787,000 (six months ended 30 June 2024: Nil). The exercise of share options has resulted in increases in share capital and share premium of RMB2,639,000 (six months ended 30 June 2024: Nil) and RMB3,148,000 (six months ended 30 June 2024: Nil) respectively.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

17. BANK AND OTHER BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current		
Bank loans – secured	2,423,937	3,041,351
Bank loans – unsecured	23,437,835	24,273,433
Borrowings from related parties – unsecured	3,862,296	4,907,208
Subtotal	29,724,068	32,221,992
Non-current		
Bank loans – secured	17,743,743	18,191,081
Bank loans – unsecured	25,150,103	27,736,416
Borrowings from related parties – unsecured	4,652,799	3,701,562
Subtotal	47,546,645	49,629,059
Total	77,270,713	81,851,051

As at 30 June 2024 and 31 December 2023, the Group's secured bank loans disclosed above are secured by the Group's certain property, plant and equipment, finance lease receivables, and restricted and pledged deposits.

18. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	–	23,200
Finance lease payments	–	151,216
Interests in an associate and joint ventures	66,412	65,938
Total	66,412	240,354

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income from:		
Associates	38,354	53,075
Fellow subsidiaries	–	1,087
Interest expense to:		
Associates	177,594	167,661
Sales of goods to:		
Fellow subsidiaries	731,910	43,305
Purchase of goods from:		
Fellow subsidiaries	240,000	55,020
Purchase of property, plant and equipment from:		
Fellow subsidiaries	14,467	380,734
Rendering of services to fellow subsidiaries:		
Vessel chartering and container leasing	1,618,805	959,646
Management fee income	6,650	9,434
Others	2,406	3,732
Receiving of services from:		
Fellow subsidiaries	418,093	234,489

The related party transactions above were made according to the published prices or interest rates and conditions similar to those offered to the respective major customers.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those measured at fair value or with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank and other borrowings	47,546,645	49,629,059	46,607,721	49,609,396
Corporate bonds	10,000,000	8,000,000	10,413,748	8,415,727
Other long-term payables	662,150	536,840	491,809	479,042
	58,208,795	58,165,899	57,513,278	58,504,165

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, trade and notes receivables, financial assets included in other receivables, the current portion of finance lease receivables, the current portion of factoring receivables, trade and notes payables, financial liabilities included in other payables and accruals and the current portion of bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The non-current portion of finance lease receivables of the Group approximate to their fair values because their carrying amounts are present value and the internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the non-current portion of bank and other borrowings, corporate bonds and other long-term payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets measured at fair value

30 June 2024

	Fair value measurement categorised into		Total RMB'000 (Unaudited)
	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	
Derivative financial instruments	–	38,047	38,047
Financial assets at fair value through profit or loss	290,423	2,276,906	2,567,329
	290,423	2,314,953	2,605,376

31 December 2023

	Fair value measurement categorised into		Total RMB'000 (Audited)
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	
Derivative financial instruments	–	66,607	66,607
Financial assets at fair value through profit or loss	965,273	1,996,721	2,961,994
	965,273	2,063,328	3,028,601

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Financial liabilities measured at fair value

30 June 2024

	Fair value measurement categorised into	Fair value measurement categorised into	Total
	Level 1	Level 2	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Derivative financial instruments	–	15,147	15,147

For all the financial assets with fair value measurement categorised into Level 2, the Group estimates their fair values using the market approach. For investments in private funds, the fair values are calculated in accordance with net asset value prepared by the fund manager. For the other investments, if there is a recent deal regarding these investments, the fair values are estimated based on the deal price. If there is no such deal to be referenced, the directors of the Company will determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple for each comparable company identified. These valuation techniques maximise the use observable market data where it is available and rely as little as possible on entity-specific estimate. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including foreign exchange forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign exchange forward contracts and interest rate swaps are the same as their fair values.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

21. EVENT AFTER THE REPORTING PERIOD

On 30 August 2024, the board of directors approved the interim dividend distribution plan. On 28 October 2024, the Company expect to make the payment of an interim dividend of RMB0.019 per share (inclusive of applicable tax) for the six months ended 30 June 2024, totalling RMB257,397,072.08 (calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 30 August 2024 deducting 28,724,292 A shares repurchased by the Company).

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 30 August 2024.