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中遠海運控股股份有限公司  
**COSCO SHIPPING Holdings Co., Ltd.\***

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
 (Stock Code: 1919)

**ANNOUNCEMENT OF 2020 INTERIM RESULTS**

**RESULTS HIGHLIGHTS**

	<b>Six months ended 30 June</b>		
	<b>2020</b>	<b>2019</b>	<b>Difference</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenues</b>	<b>74,052,930</b>	71,762,486	<b>2,290,444</b>
<b>Profit attributable to equity holders of the Company arising from:</b>			
– Continuing operations	1,137,164	1,051,196	<b>85,968</b>
– Discontinued operation	–	113,190	<b>(113,190)</b>
	<u>1,137,164</u>	<u>1,164,386</u>	<u>(27,222)</u>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<b>Basic earnings per share</b>			
– From continuing operations	<b>0.0928</b>	0.0882	<b>0.0046</b>
– From discontinued operation	–	0.0095	<b>(0.0095)</b>
	<u>0.0928</u>	<u>0.0977</u>	<u>(0.0049)</u>

The Directors hereby announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2020. The Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 (the “**Interim Financial Information**”) has been reviewed by the Audit Committee, comprising all independent non-executive Directors.

The following financial information, including the Group's unaudited condensed consolidated interim balance sheet, unaudited condensed consolidated interim income statement, unaudited condensed consolidated interim statement of comprehensive income and explanatory notes 1 to 10 as presented below are extracted from the Interim Financial Information, which has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

## FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2020

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

		<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to equity holders of the Company arising from:			
– Continuing operations		<b>1,137,164</b>	1,051,196
– Discontinued operation		–	113,190
		<u>1,137,164</u>	<u>1,164,386</u>
		<b><u>1,137,164</u></b>	<b><u>1,164,386</u></b>
<b>Earnings per share attributable to equity holders of the Company:</b>			
Basic earnings per share	8		
– From continuing operations		<b>0.0928</b>	0.0882
– From discontinued operation		–	0.0095
		<u>0.0928</u>	<u>0.0977</u>
		<b><u>0.0928</u></b>	<b><u>0.0977</u></b>
Diluted earnings per share	8		
– From continuing operations		<b>0.0928</b>	0.0882
– From discontinued operation		–	0.0095
		<u>0.0928</u>	<u>0.0977</u>
		<b><u>0.0928</u></b>	<b><u>0.0977</u></b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

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

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)  
AS AT 30 JUNE 2020**

	<i>Note</i>	As at <b>30 June 2020</b> <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>106,736,914</b>	104,179,004
Right-of-use assets		<b>31,151,163</b>	35,211,071
Investment properties		<b>2,344,194</b>	2,328,986
Intangible assets		<b>5,332,713</b>	5,402,003
Goodwill		<b>6,235,524</b>	6,142,068
Investments in joint ventures		<b>10,051,920</b>	10,112,856
Investments in associates		<b>21,539,882</b>	20,649,708
Financial assets at fair value through other comprehensive income		<b>1,827,721</b>	2,097,256
Financial assets at amortized cost		<b>841,533</b>	1,028,432
Restricted bank deposits		<b>2,386</b>	396,213
Deferred income tax assets		<b>779,341</b>	944,463
Loans to joint ventures and associates		<b>1,174,718</b>	1,167,153
Other non-current assets		<b>587,873</b>	466,129
<b>Total non-current assets</b>		<b>188,605,882</b>	190,125,342
<b>Current assets</b>			
Inventories		<b>3,405,619</b>	4,054,417
Trade and other receivables and contract assets	9	<b>14,912,676</b>	14,784,258
Financial assets at fair value through profit or loss		<b>900,309</b>	1,066,819
Financial assets at amortized cost		<b>456,161</b>	306,157
Taxes recoverable		<b>55,645</b>	56,654
Restricted bank deposits		<b>643,141</b>	243,695
Cash and cash equivalents		<b>45,402,662</b>	49,689,784
Assets classified as held for sale		–	1,896,904
<b>Total current assets</b>		<b>65,776,213</b>	72,098,688
<b>Total assets</b>		<b>254,382,095</b>	262,224,030

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 General information

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

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

The Interim Financial Information was approved for issue by the Directors on 28 August 2020.

The Interim Financial Information has been reviewed, and not audited.

## 2 Basis of preparation and significant accounting policies

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

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention except for certain financial assets and liabilities (including derivative instruments) which have been stated at fair value. The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except where otherwise indicated.

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

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



## 2. Basis of preparation and significant accounting policies (Continued)

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

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

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

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

## 3 Revenues and segment information

### Operating segments

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analyzed from a business perspective:

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

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude investments in joint ventures, investments in associates, loans to joint ventures and associates, financial assets at fair value through other comprehensive income ("FVOCI"), financial assets at fair value through profit or loss ("FVPL"), financial assets at amortized cost and assets classified as held for sale not related to the segment and unallocated assets. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

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

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

### 3 Revenues and segment information (Continued)

#### Operating segments (Continued)

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

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

### 3 Revenues and segment information (Continued)

#### Operating segments (Continued)

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

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

### 3 Revenues and segment information (Continued)

#### Operating segments (Continued)

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

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

### 3 Revenues and segment information (Continued)

#### Geographical information

##### (a) Revenues

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

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

For the geographical information, freight revenues from container shipping are analyzed based on trade lanes for container shipping operations.

In respect of container terminals operations, corporate and other operations, revenues are based on the geographical locations in which the business operations are located.

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

### 3 Revenues and segment information (Continued)

#### Geographical information (Continued)

##### (a) Revenues (Continued)

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

### 3 Revenues and segment information (Continued)

#### Geographical information (Continued)

(b) Non-current assets

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

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

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

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

#### 4 Other income and other expense

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

*Note:*

On 10 February 2020, COSCO SHIPPING Ports Limited (“COSCO SHIPPING Ports”) completed the disposal of all the shares in COSCO Ports (Yangzhou) Limited (“CP Yangzhou”) together with its 51% interest in Yangzhou Yuanyang International Ports Co., Ltd. (“Yangzhou Yuanyang Terminal”) and the disposal of all the shares in Win Hanverky Investments Limited (“Win Hanverky”) together with its 51% interest in Zhangjiagang Win Hanverky Container Terminal Co., Ltd. (“Zhangjiagang Terminal”) and 4.59% interest in Yangzhou Yuanyang Terminal to Shanghai International Port Group (HK) Co., Limited (“SIPG (HK)”) at considerations of approximately RMB316,039,000 and approximately RMB380,774,000 respectively. The aggregate sum of payables owing to COSCO SHIPPING Ports by the disposal entities of approximately US\$29,967,000 were also transferred to SIPG (HK) on the same day at the same consideration. Upon completion of the disposals, CP (Yangzhou), Yangzhou Yuanyang Terminal, Win Hanverky and Zhangjiagang Terminal ceased to be subsidiaries of COSCO SHIPPING Ports. The disposals resulted in a before-tax gain of US\$71,150,000 (equivalent to approximately RMB500,327,000).



## 5 Finance income and costs

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

## 6 Income tax expenses

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

### Notes:

#### (a) Current income tax

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

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

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

## 7 Dividend

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

## 8 Earnings per share

### (a) Basic

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

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

### (b) Diluted

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

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

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

## 9 Trade and other receivables and contract assets

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

### Notes:

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

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

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

## 10 Trade and other payables and contract liabilities

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

### Notes:

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

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

- (b) As at 30 June 2020, accruals mainly included accruals for voyages costs RMB13,479,349,000 (2019: RMB11,400,746,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Conform to the trend of informatization development and promote digitalized construction**

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## (II) Major profit or loss items and cashflow analysis

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

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

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

## 2. Revenues

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

### *Overview*

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

### *Revenue from container shipping business*

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

### *Revenue from terminal business*

In the first half of 2020, revenue generated from the terminal business amounted to RMB3,224,615,000, representing a decrease of RMB341,732,000 or 9.58% as compared to the same period of last year.

## 3. Costs

### *Overview*

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

### *Container shipping business cost*

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

### *Terminal business cost*

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

#### **4. Other profit or loss items**

##### ***Other net income***

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

##### ***Selling, administrative and general expenses***

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

##### ***Finance income***

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

##### ***Finance costs***

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

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

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

### ***Income tax expenses***

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

### ***Analysis of profit from discontinued operation***

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

## **5. Cash flow**

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

### ***(1) Net cash flow from operating activities***

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

### ***(2) Net cash flow from investing activities***

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



### **(3) Net cash flow from financing activities**

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

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

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

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

### ***Overview***

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

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

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

## ***Debt analysis***

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

### **Borrowings by categories**

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

### **Borrowings by currency**

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

### **Secured borrowings**

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

### **Guarantees**

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



## **Contingent liabilities**

The Group was involved in a number of claims and lawsuits, including but not limited to claims and lawsuits arising from damage to vessels during transportation, loss of goods, delay in delivery, collision of vessels, early termination of vessel chartering contracts, and disputes in pledge supervision business.

As at 30 June 2020, the Group was unable to ascertain the likelihood and amounts of the above-mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors were of the opinion that the amounts of relevant claims should have no material effect on the Group's consolidated financial statements for the six months ended 30 June 2020.

## **Foreign exchange risk**

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

## **Capital commitments (excluding discontinued operation)**

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

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

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

## Facilities and financing plans

### *Facilities*

As of 30 June 2020, the unutilized bank loan facilities of the Group were RMB54,214,886,000. The Group attaches great importance to the potential financial risks of the increasing loan facilities, and has strengthened the monitoring of liabilities and gearing ratio of its subsidiaries and repaid bank loans in full as scheduled.

### *Financing plans*

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

## (IV) Investment analysis

### 1. Analysis of external equity investments

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

### *Significant equity investments*

Unit: RMB' 000

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

## 2. Financial assets at fair value

Unit: RMB' 000

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

## (V) INDUSTRY OPERATION INFORMATION

### Container shipping business

#### (1) Shipping volume

Containers shipped by the Group (TEU)

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

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

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

## (2) Revenue from routes

Revenue from routes by the Group (RMB' 000)

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

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

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

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

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

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

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

### (3) Major performance indicators

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

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

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

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

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

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

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

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

Note:

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

### **Terminal business**

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

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

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



## SIGNIFICANT EVENTS

1. On 18 September 2019, COSCO SHIPPING Ports (a non-wholly owned subsidiary of the Company), as seller, entered into the Longtan share purchase agreement (the “Longtan Share Purchase Agreement”), the Yuanyang share purchase agreement (the “Yuanyang Share Purchase Agreement”) and the Zhangjiagang share purchase agreement (the “Zhangjiagang Share Purchase Agreement”, together with the Longtan Share Purchase Agreement and the Yuanyang Share Purchase Agreement, the “Share Purchase Agreements”) with SIPG (HK) (as purchaser), in relation to the sale and purchase of the indirect interests of COSCO SHIPPING Ports in Nanjing Longtan Terminal (via Longtan SPV), Yangzhou Yuanyang Terminal (via Yuanyang SPV and Zhangjiagang SPV) and Zhangjiagang Hanverky Terminal (via Zhangjiagang SPV), respectively.

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

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

2. On 26 November 2019, upon consideration and approval by the Board, COSCO SHIPPING Ports entered into the share transfer agreement and the shareholder agreement with Qingdao Port International Development (Hong Kong) Co., Ltd. (“Qingdao Port HK”) and COSCO SHIPPING Ports (Abu Dhabi) Limited (the “Target Company”), respectively, in relation to the transfer of 33.335% of the equity interests (i.e., 6,667 shares) of the Target Company to Qingdao Port HK at a price of US\$59,276,030 (equivalent to approximately RMB416,971,000); thereby indirectly transferring 30.0015% of the equity interests of CSP Abu Dhabi Terminal L.L.C. (the equity interests in which are held by the Target Company as to 90% directly and through trust holding). For details, please see the overseas regulatory announcement of the Company dated 26 November 2019.

The transaction has been completed on 23 April 2020.

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

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

For details, please see the announcement dated 11 March 2020, the circular dated 27 April 2020 and the announcement of the resolutions passed at the Annual General Meeting, the A Share Class Meeting and the H Share Class Meeting dated 18 May 2020 of the Company.

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

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

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

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

## **SUBSEQUENT EVENTS**

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

## AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review the financial reporting process and the systems of internal controls of the Group (including the adequacy of resources, staff qualifications and experience, effectiveness of internal audit, corporate governance and control, and the training programs and budget of the Company's accounting and financial reporting function), the completeness and accuracy of its accounts and to liaise on behalf of the Directors with external auditors. The Audit Committee consists of three independent non-executive Directors, namely Mr. ZHOU Zhonghui (chairman of the Audit Committee), Mr. YANG, Liang Yee Philip and Mr. WU Dawei, who meet regularly with management of the Company and the Company's external auditors, and review external auditors' review and audit reports (as applicable) and the interim and annual financial statements, as the case may be. The Audit Committee has reviewed the unaudited interim financial information for the six months ended 30 June 2020, and recommended its adoption by the Board.

## CORPORATE GOVERNANCE

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

The Company adopted the Company's corporate governance code (the "Code") which incorporates all the code provisions in the Corporate Governance Code and a majority of the recommended best practices therein. Having made specific enquiries, expect for the following, the Directors were not aware of any information which reasonably showed that the Company had not complied with the Corporate Governance Code or any applicable code provisions therein at any time during the period for the six months ended 30 June 2020:

According to Code Provision A.4.2 of the Corporate Governance Code, all the Directors, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Mr. WANG Haimin, the executive Director of the Company, Mr. YANG, Liang Yee Philip, Mr. WU Dawei, Mr. ZHOU Zhonghui and Mr. TEO Siong Seng, the independent non-executive Directors of the Company, were elected as the executive Director and independent non-executive Directors of the Company at the annual general meeting held on 25 May 2017, respectively. Their terms of office expired in May 2020. As the Company is currently in the process of handling the matters in respect of the election of the new session of the Board, in order to ensure the continuity and stability of the Board, the election of the new session of the Board will be duly postponed and the term for each committee of the Board of the Company will also be extended correspondingly. Before the completion of the election of the new session of the Board, all the existing members of the fifth session of the Board will continue to perform their responsibilities faithfully, diligently and efficiently in accordance with the Company Law of the People's Republic of China, other applicable laws and regulations and the articles of association of the Company. The postponement of the election of the new session of the Board will not affect the normal operation of the Company. The Company will complete the work relation to the election of the new session of the Board as soon as practicable, and fulfil its information disclosure obligations in a timely manner pursuant to applicable requirements.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

The Company had not redeemed any of its listed shares during the six months ended 30 June 2020. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the six months ended 30 June 2020.

## **INTERIM DIVIDEND**

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2020.

## **PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS**

The performance and the results of operations of the Group contained within this interim results announcement are historical in nature, and past performance does not guarantee the future results of the Group. Any forward-looking statements and opinions contained within this interim results announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

## **DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE**

The electronic version of this announcement has been published on the website of the Stock Exchange (<http://www.hkexnews.hk>). An interim report for the six months ended 30 June 2020 containing all the relevant information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the website of the Stock Exchange in due course. In addition, the Company has published the A Share interim report prepared under the PRC Accounting Standards on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) for investors' reference.

## DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company” or “COSCO SHIPPING Holdings”	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (Stock Code: 1919) and the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601919)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“COSCO SHIPPING Lines”	COSCO SHIPPING Lines Co., Ltd.* (中遠海運集裝箱運輸有限公司), a company incorporated in the PRC and a subsidiary of the Company
“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199), and a non-wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Enterprise Accounting Standards”	the accounting standards for business enterprises of the PRC issued by the Ministry of Finance
“Group”	the Company and its subsidiaries
“HKAS”	the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for the Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

“OOIL”	Orient Overseas (International) Limited, a company incorporated in Bermuda with limited liability and listed on the Stock Exchange (Stock Code: 0316) and a subsidiary of the Company
“PRC”	the People’s Republic of China
“Qingdao Port International”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司)
“Reporting Period”	the six months ended 30 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) (including A share(s) and H share(s) of the Company) of RMB1.00 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**COSCO SHIPPING Holdings Co., Ltd.**  
**Guo Huawei**  
*Company Secretary*

Shanghai, the People’s Republic of China  
28 August 2020

*As at the date of this announcement, the directors of the Company are Mr. XU Lirong<sup>1</sup> (Chairman), Mr. YANG Zhijian<sup>1</sup>, Mr. FENG Boming<sup>1</sup>, Mr. YANG, Liang Yee Philip<sup>2</sup>, Mr. WU Dawei<sup>2</sup>, Mr. ZHOU Zhonghui<sup>2</sup> and Mr. TEO Siong Seng<sup>2</sup>.*

*1 Executive Director*

*2 Independent non-executive Director*

*\* For identification purpose only*