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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 2021 INTERIM RESULTS

RESULTS HIGHLIGHTS

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

* The Company implemented the 2020 Capitalization Issue of 3 Shares for every 10 Shares by converting reserve to share capital in July 2021. Based on the total 12,315,998,889 Shares before the implementation of the plan, all Shareholders were allotted 3 Shares for every 10 Shares. After the completion of the Capitalization Issue, the total Shares of the Company was adjusted to 16,010,798,556 Shares. In the calculation of earnings per share, the weighted average number of Shares for the six months ended 30 June 2021 and the six months ended 30 June 2020 were calculated based on the total Shares after the Capitalization Issue in accordance with HKAS 33 "Earnings per Share". Please refer to note 8 to the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 (the "**Interim Financial Information**").

The Board of the Company hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2021. The Group's Interim Financial Information for the six months ended 30 June 2021 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 13 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.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2021

| | Note | Six months ended 30 June | |
|--|------|--------------------------|-------------------------|
| | | 2021 RMB' 000 | 2020 RMB' 000 |
| Revenues | 3 | 139,264,347 | 74,052,930 |
| Cost of services and inventories sold | | <u>(86,136,374)</u> | <u>(67,209,625)</u> |
| Gross profit | | 53,127,973 | 6,843,305 |
| Other income | 4 | 654,197 | 1,380,651 |
| Other expenses | 4 | (88,210) | (107,209) |
| Net impairment losses on financial assets | | (62,886) | (167,635) |
| Selling, administrative and general expenses | | <u>(5,568,015)</u> | <u>(4,537,815)</u> |
| Operating profit | | 48,063,059 | 3,411,297 |
| Finance income | 5 | 321,636 | 370,269 |
| Finance costs | 5 | (1,901,937) | (2,515,167) |
| Net finance costs | 5 | <u>(1,580,301)</u> | <u>(2,144,898)</u> |
| | | 46,482,758 | 1,266,399 |
| Share of profits less losses of | | | |
| – joint ventures | | 371,270 | 304,299 |
| – associates | | <u>914,417</u> | <u>711,868</u> |
| Profit before income tax | | 47,768,445 | 2,282,566 |
| Income tax expenses | 6 | <u>(4,898,031)</u> | <u>(344,234)</u> |
| Profit for the period | | <u>42,870,414</u> | <u>1,938,332</u> |
| Profit attributable to: | | | |
| – Equity holders of the Company | | 37,097,843 | 1,137,164 |
| – Non-controlling interests | | <u>5,772,571</u> | <u>801,168</u> |
| | | <u>42,870,414</u> | <u>1,938,332</u> |
| Earnings per share attributable to equity holders of the Company: | | | |
| Basic earnings per share (in RMB) | 8 | <u>2.33</u> | <u>0.07</u> |
| Diluted earnings per share (in RMB) | 8 | <u>2.32</u> | <u>0.07</u> |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

| | Six months ended 30 June | |
|--|---------------------------------|------------------|
| | 2021 | 2020 |
| | RMB' 000 | RMB' 000 |
| Profit for the period | 42,870,414 | 1,938,332 |
| Other comprehensive income/(loss) | | |
| <i>Items that may be reclassified to profit or loss</i> | | |
| Share of other comprehensive income of joint ventures and associates | 10,743 | 6,501 |
| Cash flow hedges, net of tax | 10,413 | 1,800 |
| Release of reserve upon disposal of an associate | – | 24,387 |
| Release of reserve upon disposal of subsidiaries | – | (33,205) |
| Currency translation differences | (613,735) | 540,940 |
| <i>Items that will not be reclassified to profit or loss</i> | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax | (78,134) | (220,635) |
| Remeasurements of post-employment benefit obligations | 93,474 | (78,497) |
| Share of other comprehensive income/(loss) of an associate | 20,640 | (7,109) |
| Currency translation differences | (265,939) | – |
| Other comprehensive (loss)/income for the period, net of tax | (822,538) | 234,182 |
| Total comprehensive income for the period | 42,047,876 | 2,172,514 |
| Total comprehensive income for the period attributable to: | | |
| – Equity holders of the Company | 36,517,971 | 1,253,491 |
| – Non-controlling interests | 5,529,905 | 919,023 |
| | 42,047,876 | 2,172,514 |

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2021**

| | <i>Note</i> | As at 30 June 2021 <i>RMB' 000</i> | As at 31 December 2020 <i>RMB' 000</i> |
|--|-------------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 100,988,532 | 102,834,477 |
| Right-of-use assets | | 49,201,329 | 48,311,452 |
| Investment properties | | 2,189,425 | 2,222,665 |
| Intangible assets | | 4,767,379 | 5,008,408 |
| Goodwill | | 5,740,905 | 5,826,764 |
| Investments in joint ventures | | 8,664,340 | 9,138,021 |
| Investments in associates | | 22,612,176 | 22,207,501 |
| Financial assets at fair value through other comprehensive income | | 1,688,383 | 1,787,572 |
| Financial assets at amortized cost | | 732,035 | 739,240 |
| Restricted bank deposits | | 2,074 | 2,094 |
| Deferred income tax assets | | 831,575 | 844,779 |
| Loans to joint ventures and associates | | 788,623 | 881,028 |
| Other non-current assets | | 655,059 | 158,201 |
| Total non-current assets | | 198,861,835 | 199,962,202 |
| Current assets | | | |
| Inventories | | 4,345,159 | 3,231,549 |
| Trade and other receivables and contract assets | 9 | 17,556,101 | 14,948,681 |
| Financial assets at fair value through profit or loss | | 514,020 | 656,143 |
| Financial assets at amortized cost | | 36,172 | 222,612 |
| Taxes recoverable | | 49,814 | 55,592 |
| Restricted bank deposits | | 234,976 | 218,964 |
| Cash and cash equivalents | | 101,904,495 | 52,630,331 |
| Assets classified as held for sale | 12 | 450,629 | – |
| Total current assets | | 125,091,366 | 71,963,872 |
| Total assets | | 323,953,201 | 271,926,074 |

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

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

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

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

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

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

2 Basis of preparation and significant accounting policies (Continued)

The HKICPA has issued certain new standards, amendments, interpretation and improvements which are not yet effective for the year ending 31 December 2021 and have not been early adopted by the Group. The Group will apply these standards, amendments, interpretation and improvements to existing standards as and when they become effective. These new standards, amendments, interpretation and improvements are not expected to have a material impact on the consolidated financial statements of the Group.

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

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

3 Revenues and segment information (Continued)

Operating segments (Continued)

| | Six months ended 30 June 2021 | | | | |
|--|--|--------------------------------------|---|--|--------------------------|
| | Container shipping business <i>RMB' 000</i> | 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> |
| Income statement | | | | | |
| Total revenues | 136,437,632 | 3,717,418 | – | (890,703) | 139,264,347 |
| Comprising: | | | | | |
| – Inter-segment revenues | 3,782 | 886,921 | – | (890,703) | – |
| – Revenues (from external customers) | <u>136,433,850</u> | <u>2,830,497</u> | <u>–</u> | <u>–</u> | <u>139,264,347</u> |
| Revenues from contracts with customers: | | | | | |
| Over time | <u>136,437,632</u> | <u>3,717,418</u> | <u>–</u> | <u>(890,703)</u> | <u>139,264,347</u> |
| Segment profit | 47,348,584 | 681,215 | 33,260 | – | 48,063,059 |
| Finance income | 263,225 | 37,587 | 93,687 | (72,863) | 321,636 |
| Finance costs | (1,009,793) | (364,962) | (600,045) | 72,863 | (1,901,937) |
| Share of profits less losses of | | | | | |
| – joint ventures | 91,911 | 279,359 | – | – | 371,270 |
| – associates | 36,193 | 855,163 | 23,061 | – | <u>914,417</u> |
| Profit/(loss) before income tax | 46,730,120 | 1,488,362 | (450,037) | – | 47,768,445 |
| Income tax expenses | (4,689,259) | (208,772) | – | – | <u>(4,898,031)</u> |
| Profit/(loss) for the period | 42,040,861 | 1,279,590 | (450,037) | – | <u>42,870,414</u> |
| Gain/(loss) on disposals of property, plant and equipment, net | 81,158 | (45) | 1 | – | 81,114 |
| Depreciation and amortization | 4,960,664 | 714,685 | 1,114 | – | 5,676,463 |
| Additions to non-current assets | <u>5,488,404</u> | <u>593,057</u> | <u>90</u> | <u>–</u> | <u>6,081,551</u> |

3 Revenues and segment information (Continued)

Operating segments (Continued)

| | Six months ended 30 June 2020 | | | | |
|---|--|--------------------------------------|---|--|--------------------------|
| | Container shipping business <i>RMB' 000</i> | 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> |
| Income statement | | | | | |
| 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) | <u>71,581,679</u> | <u>2,471,251</u> | <u>–</u> | <u>–</u> | <u>74,052,930</u> |
| Revenues from contracts with customers: | | | | | |
| At a point in time | 4,308,176 | – | – | – | 4,308,176 |
| Over time | <u>67,279,608</u> | <u>3,224,615</u> | <u>–</u> | <u>(759,469)</u> | <u>69,744,754</u> |
| | <u>71,587,784</u> | <u>3,224,615</u> | <u>–</u> | <u>(759,469)</u> | <u>74,052,930</u> |
| Segment profit/(loss) | 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 | – | <u>711,868</u> |
| Profit/(loss) before income tax | 1,466,615 | 1,417,234 | (601,283) | – | 2,282,566 |
| Income tax expenses | (133,999) | (210,234) | (1) | – | <u>(344,234)</u> |
| Profit/(loss) for the period | 1,332,616 | 1,207,000 | (601,284) | – | <u>1,938,332</u> |
| Gain on disposals of property, plant and equipment, net | 32,366 | 1,462 | – | – | 33,828 |
| Depreciation and amortization | 5,588,853 | 669,440 | 1,882 | – | 6,260,175 |
| Additions to non-current assets | <u>2,467,161</u> | <u>612,832</u> | <u>169</u> | <u>–</u> | <u>3,080,162</u> |

3 Revenues and segment information (Continued)

Operating segments (Continued)

| | As at 30 June 2021 | | | | |
|--|--|---|---|---|--------------------------|
| | Container shipping business <i>RMB' 000</i> | 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> |
| Balance sheet | | | | | |
| Segment operating assets | 236,623,505 | 42,015,610 | 92,927,794 | (83,100,086) | 288,466,823 |
| Investments in joint ventures | 1,194,966 | 7,469,374 | – | – | 8,664,340 |
| Investments in associates | 1,890,121 | 20,727,525 | 66,139 | (71,609) | 22,612,176 |
| Loans to joint ventures and associates | – | 788,623 | – | – | 788,623 |
| Financial assets at FVOCI | 699,062 | 989,321 | – | – | 1,688,383 |
| Financial assets at FVPL | 514,020 | – | – | – | 514,020 |
| Financial assets at amortized cost | 768,207 | – | – | – | 768,207 |
| Assets classified as held for sale | – | 450,629 | – | – | 450,629 |
| Total assets | 241,689,881 | 72,441,082 | 92,993,933 | (83,171,695) | 323,953,201 |
| Segment operating liabilities | 138,589,019 | 30,562,794 | 41,546,767 | (6,607,338) | 204,091,242 |
| Liabilities directly associated with assets classified as held for sale | – | 31 | – | – | 31 |
| Total liabilities | 138,589,019 | 30,562,825 | 41,546,767 | (6,607,338) | 204,091,273 |
| | As at 31 December 2020 | | | | |
| | Container shipping business <i>RMB' 000</i> | 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> |
| Balance sheet | | | | | |
| Segment operating assets | 192,311,658 | 42,914,204 | 12,468,766 | (11,400,671) | 236,293,957 |
| Investments in joint ventures | 1,154,721 | 7,983,300 | – | – | 9,138,021 |
| Investments in associates | 1,865,154 | 20,342,347 | – | – | 22,207,501 |
| Loans to joint ventures and associates | – | 881,028 | – | – | 881,028 |
| Financial assets at FVOCI | 755,294 | 1,032,278 | – | – | 1,787,572 |
| Financial assets at FVPL | 656,143 | – | – | – | 656,143 |
| Financial assets at amortized cost | 961,852 | – | – | – | 961,852 |
| Total assets | 197,704,822 | 73,153,157 | 12,468,766 | (11,400,671) | 271,926,074 |
| Segment operating liabilities & total liabilities | 131,065,755 | 31,626,967 | 41,936,966 | (11,400,671) | 193,229,017 |

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:

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

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

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

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

3 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

| | Six months ended 30 June 2020 | | |
|------------------------------------|--------------------------------------|--|---|
| | Total revenues <i>RMB' 000</i> | Inter-segment revenues <i>RMB' 000</i> | External revenues <i>RMB' 000</i> |
| 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 |
| | 71,587,784 | (6,105) | 71,581,679 |
| Terminal business | | | |
| – Europe | 1,800,509 | (334,818) | 1,465,691 |
| – Asia Pacific | 96,038 | (26,798) | 69,240 |
| – Mainland China | 1,328,068 | (391,748) | 936,320 |
| | 3,224,615 | (753,364) | 2,471,251 |
| Total | 74,812,399 | (759,469) | 74,052,930 |

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.

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

4 Other income and other expenses

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

Note:

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

5 Finance income and costs

| | Six months ended 30 June | |
|---|---|---|
| | 2021 | 2020 |
| | RMB' 000 | <i>RMB' 000</i> |
| Finance income | | |
| Interest income from: | | |
| – deposits in related parties | 115,838 | 35,515 |
| – loans to joint ventures and associates | 13,462 | 14,513 |
| – other financial institutions | 178,307 | 320,241 |
| Net exchange gain | 14,029 | – |
| | <hr/> | <hr/> |
| Total finance income | 321,636 | 370,269 |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Finance costs | | |
| Interest expenses on: | | |
| – loans from third parties | (855,638) | (1,279,801) |
| – loans from related parties | (45,221) | (130,623) |
| – loans from non-controlling shareholders of subsidiaries | (1,571) | (5,576) |
| – lease liabilities | (771,355) | (534,473) |
| – notes/bonds | (172,030) | (404,506) |
| Less: amount capitalized in construction in progress | 26,779 | 27,362 |
| | <hr/> | <hr/> |
| | (1,819,036) | (2,327,617) |
| Transaction costs arising from borrowings | (82,901) | (164,210) |
| Net exchange loss | – | (23,340) |
| | <hr/> | <hr/> |
| Total finance costs | (1,901,937) | (2,515,167) |
| | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Net finance costs | (1,580,301) | (2,144,898) |
| | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

6 Income tax expenses

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

Note:

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 35% (six months ended 30 June 2020: 5% to 46%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 5% to 20% (six months ended 30 June 2020: 5% to 20%).

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

7 Dividend

The board of directors did not recommend any payment of an interim dividend for the six months ended 30 June 2021 (2020: 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 weighted average number of ordinary shares during the period.

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

(b) Diluted

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

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

Note:

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

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

9 Trade and other receivables and contract assets

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

| | As at 30 June 2021 <i>RMB' 000</i> | As at 31 December 2020 <i>RMB' 000</i> |
|---|---|---|
| 1-3 months | 11,389,464 | 9,596,714 |
| 4-6 months | 429,356 | 309,743 |
| 7-12 months | 51,277 | 91,185 |
| Over 1 year | 205,958 | 200,706 |
| | <u>12,076,055</u> | <u>10,198,348</u> |
| Trade, bills receivables and contract assets, gross | | |
| | 12,076,055 | 10,198,348 |
| Less: provision for impairment | (437,625) | (381,703) |
| | <u><u>11,638,430</u></u> | <u><u>9,816,645</u></u> |

9 Trade and other receivables and contract assets (Continued)

Notes: (Continued)

- (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 2021 RMB' 000 | As at 31 December 2020 RMB' 000 |
|---------------------------|--------------------------------------|--|
| Trade payables (note) | | |
| – third parties | 13,958,542 | 12,581,426 |
| – fellow subsidiaries | 1,114,607 | 1,610,976 |
| – joint ventures | 157,569 | 146,032 |
| – associates | 48,840 | 26,440 |
| – other related companies | 269,309 | 98,124 |
| | <u>15,548,867</u> | <u>14,462,998</u> |
| Bills payables (note) | – | 13,900 |
| | <u>15,548,867</u> | <u>14,476,898</u> |
| Other payables | 9,356,848 | 7,925,190 |
| Accrued expenses | 32,482,838 | 19,598,565 |
| | <u>41,839,686</u> | <u>27,523,755</u> |
| Contract liabilities | <u>1,052,358</u> | <u>1,174,659</u> |
| Due to related companies | | |
| – fellow subsidiaries | 18,055 | 148,662 |
| – joint ventures | 322,825 | 269,049 |
| – associates | 140,404 | 3,450 |
| – other related companies | 997,079 | 1,086,292 |
| | <u>1,478,363</u> | <u>1,507,453</u> |
| Total | <u><u>59,919,274</u></u> | <u><u>44,682,765</u></u> |

10 Trade and other payables and contract liabilities (Continued)

Note:

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

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

11 Provisions and other liabilities

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

Note :

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

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

12. Assets classified as held for sale/liabilities directly associated with assets classified as held for sale

On 28 April 2021, COSCO SHIPPING Ports entered into an agreement with Tianjin Port Holdings Co. Ltd. in respect of the disposal of the entire 30% equity interests in Tianjin Euroasia International Container Terminal Co., Ltd. via the disposal of 100% equity interests in COSCO SHIPPING Ports (Tianjin Euroasia) Limited. The disposal has not completed as at 30 June 2021.

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

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

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

13. Subsequent events

The Company completed the capitalization issue of 3 Shares for every 10 Shares by converting capital reserve to share capital in July 2021. The number of the Company's total issued Shares has increased from 12,315,998,889 shares (comprising of 9,735,398,889 A Shares and 2,580,600,000 H Shares) to 16,010,798,556 Shares (comprising of 12,656,018,566 A Shares and 3,354,780,000 H Shares).

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(II) Major Profit or Loss Items and Cashflow Analysis

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

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

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

2. Revenues

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

Overview

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

Revenue from container shipping business

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

Revenue from terminal business

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

Major customers

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

3. Costs

Cost analysis

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

Overview

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

Container shipping business cost

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

Terminal business cost

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

4. Other profit or loss items

Other income and expense, net

In the first half of 2021, the other income and expense, net was RMB565,987,000, representing a decrease of RMB707,455,000 as compared to the same period of last year. COSCO SHIPPING Ports has disposed of equity interest in Zhangjiagang Terminal, Yangzhou Yuanyang Terminal and Jiangsu Yangtze Petrochemical Co., Ltd, resulting in net gain from disposal of RMB570,295,000 in the same period of last year.

Selling, administrative and general expenses

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

Finance income

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

Finance costs

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

Share of profits of joint ventures and associated companies

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

Income tax expenses

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

Major suppliers

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

5. Cash flow

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

(1) Net cash flow from operating activities

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

(2) Net cash flow from investing activities

In the first half of 2021, the net cash outflow from investing activities amounted to RMB1,354,931,000, representing an increase of RMB183,787,000 as compared to that of the same period of last year, which included the cash outflows for the construction of container vessels, the purchase of containers and the terminal construction projects.

(3) Net cash flow from financing activities

In the first half of 2021, the net cash outflow from financing activities amounted to RMB12,732,865,000, representing a decrease of RMB2,281,159,000 as compared to that of the same period of last year, which included cash outflow generated from repayment of debts and interest to banks and non-bank financial institutions and cash outflow generated from profit distribution to minority shareholders by subsidiaries and rental paid for right-of-use asset lease, etc., as well as cash inflow from exercise of the share option incentive scheme of COSCO SHIPPING Holdings and the issuance of additional stocks by OOIL.

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

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

(III) Working Capital, Financial Resources and Capital Structure

Overview

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

As at 30 June 2021, the total outstanding borrowings of the Group were RMB86,477,412,000. After deducting the cash and cash equivalents, the net assets were RMB15,427,083,000 while at the end of last year the net debt was RMB42,341,340,000. As at 30 June 2021, the Group's net current assets were RMB40,204,761,000, and RMB2,065,094,000 of net current liabilities was recorded at the end of the last year. As at 30 June 2021, the net debt to equity ratio was -12.87%, which was 53.80% at the end of last year. The formula for calculating the net debt to equity ratio is as follows: net debt to equity ratio = (total borrowings - cash and cash equivalents)/total equity.

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

Debt analysis

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

Borrowings by categories

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

Borrowings by currency

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

Secured borrowings

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

Guarantees

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

Contingent liabilities

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

As at 30 June 2021, the Group was unable to ascertain the likelihood and amounts of the above-mentioned claims. However, based on the advice of legal counsel and/or information available to the Group, the Directors were of the opinion that the amounts of relevant claims should have no material effect on the Group's consolidated financial statements for the Reporting Period.

Foreign exchange risk

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

Capital commitments (excluding discontinued operation)

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

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

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

Facilities

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

Financing plans

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

(IV) Investment Analysis

1. Analysis of external equity investments

Applicable Not Applicable

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

(1) Significant equity investments

Applicable Not Applicable

(2) Significant non-equity investments

Applicable Not Applicable

(3) Financial assets at fair value

✓ Applicable □ Not Applicable

Unit: RMB'000

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

(V) Industry Operation Information

Container shipping business

(1) Shipping volume

Shipping volume of the Group (TEU)

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

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

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

(2) Revenue from routes

Revenue from routes by the Group (RMB'000)

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

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

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

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

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

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

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

(3) Major performance indicators

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

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

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

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

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

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

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

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

Note:

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

Terminal business

In the first half of 2021, the total throughput of COSCO SHIPPING Ports amounted to 62.7107 million TEUs, representing an increase of 8.81% as compared to the same period of last year, of which, the throughput of controlled terminals amounted to 11.3628 million TEUs, representing an increase of 8.20% as compared to the same period of last year; the throughput of non-controlled terminals amounted to 51.3479 million TEUs, representing an increase of 8.94% as compared to the same period of last year.

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

| Location of terminal | Six months ended 30 June 2021 (TEU) | Six months ended 30 June 2020 (TEU) | Percentage of change (%) |
|--------------------------------|---|---|-----------------------------|
| Bohai Rim Region | 21,511,420 | 20,236,784 | 6.30% |
| Yangtze River Delta Region | 7,718,194 | 6,836,157 | 12.90% |
| Southeast Coast and others | 2,971,482 | 2,535,043 | 17.22% |
| Pearl River Delta Region | 13,662,407 | 12,149,056 | 12.46% |
| Southwest Coast | 2,607,900 | 2,280,501 | 14.36% |
| Overseas | 14,239,304 | 13,596,650 | 4.73% |
| Total | 62,710,707 | 57,634,191 | 8.81% |
| Of which: Controlled terminals | 11,362,835 | 10,501,481 | 8.20% |
| Non-controlled terminals | 51,347,872 | 47,132,710 | 8.94% |

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

Save as disclosed in Note 13 to the Interim Financial Information, there is no other material subsequent event.

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. Wu Dawei and Prof. Ma, Si Hang Frederick, 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 interim financial information, and recommended its adoption by the Board.

CORPORATE GOVERNANCE

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

The Company adopted the Company's corporate governance code (the "**Code**") which incorporates all the code provisions in the Corporate Governance Code and a majority of the recommended best practices therein. Having made specific enquiries, the Directors were not aware of any information which reasonably showed that the Company had not complied with the Corporate Governance Code or any applicable code provisions therein at any time during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct ("**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 Reporting Period. Neither the Company nor any of its subsidiaries had purchased or sold any of its listed securities during the Reporting Period.

INTERIM DIVIDEND

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2021.

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 WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The electronic version of this announcement has been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hold.coscoshipping.com>). An interim report for the Reporting Period containing all the relevant information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the same websites in due course. In addition, the Company has published the A Share interim report prepared under the Enterprise 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:

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| “Audit Committee” | the audit committee of the Company |
| “A Share(s)” | the domestic share(s) in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange |
| “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 |

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|-----------------------------------|---|
| “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 Hong Kong Stock Exchange (Stock Code: 1199), and a non-wholly owned subsidiary of the Company |
| “Director(s)” | the director(s) of the Company |
| “dual-brand” | “COSCO SHIPPING Lines” and “OOCL”, the two container transportation service brands |
| “Enterprise Accounting Standards” | The Accounting Standards for Business Enterprises of the PRC issued by the Ministry of Finance |
| “Group” | the Company and its subsidiaries |
| “GSBN” | Global Shipping Business Network, designed to support and facilitate trusted transactions, seamless cooperation and digital transformation among all participants in global trade with the help of blockchain technology |
| “H Share(s)” | the overseas listed foreign shares in the ordinary share capital of the Company with a par value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange |
| “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 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “LIBOR” | the London Interbank Offered Rate |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange |
| “Model Code” | the Model Code for the Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules |

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| “OCEAN Alliance” | the alliance formed by COSCO SHIPPING Lines, OOCL, CMA CGM S.A., and Evergreen Marine Corp. (Taiwan) Ltd., with an aim to provide competitive services with wide coverage |
| “OOIL” | Orient Overseas (International) Limited, a company incorporated in Bermuda with limited liability and listed on the Hong Kong Stock Exchange (Stock Code: 0316) and a subsidiary of the Company |
| “PRC” or “China” | the People’s Republic of China |
| “RCEP Agreement” | the Regional Comprehensive Economic Partnership Agreement (《區域全面經濟夥伴關係協定》) |
| “Reporting Period” | the six months ended 30 June 2021 |
| “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 |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “US\$” | 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
30 August 2021

As at the date of this announcement, the Directors are Mr. XU Lirong¹ (Chairman), Mr. HUANG Xiaowen¹ (Vice Chairman), Mr. YANG Zhijian¹, Mr. FENG Boming¹, Mr. WU Dawei², Mr. ZHOU Zhonghui², Mr. TEO Siong Seng² and Prof. MA, Si Hang Frederick².

1 Executive Director

2 Independent non-executive Director

** For identification purpose only*