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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS:

- Revenues from continuing operations of the Group for the year 2020 was RMB171,258,834,000, representing an increase of RMB20,718,243,000 as compared to 2019.
- Profit attributable to equity holders of the Company for the year 2020 was RMB9,927,098,000 as compared to RMB6,690,106,000 for the year 2019, of which profit attributable to equity holders of the Company arising from continuing operations for the year 2020 was RMB9,927,098,000 as compared to RMB1,355,004,000 for the year 2019.
- The basic and diluted earnings per share for 2020 amounted to RMB0.81 and RMB0.81, respectively.
- The Board resolved not to propose final dividend for the year 2020. The Board also resolved to propose a capitalization issue of 3 shares for every 10 shares to all shareholders of the Company by converting capital reserve to share capital based on the total share capital of ordinary shares of the Company as of the share registration date.

The board of directors (the "**Board**") of COSCO SHIPPING Holdings Co., Ltd.* (the "**Company**" or "**COSCO SHIPPING Holdings**") hereby announces the results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2019.

COSCO SHIPPING HOLDINGS CO., LTD.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020** *RMB'000*	2019 *RMB'000*
Continuing operations			
Revenues	*3*	**171,258,834**	150,540,591
Cost of services and inventories sold		**(147,117,042)**	(135,211,892)
Gross profit		**24,141,792**	15,328,699
Other income	*4*	**2,018,765**	2,322,643
Other expenses	*4*	**(571,619)**	(466,842)
Net impairment losses on financial assets		**(107,747)**	(19,912)
Selling, administrative and general expenses		**(9,906,472)**	(9,941,754)
Operating profit		**15,574,719**	7,222,834
Finance income	*5*	**634,269**	849,900
Finance costs	*5*	**(4,364,819)**	(6,073,661)
Net finance costs	*5*	**(3,730,550)**	(5,223,761)
		11,844,169	1,999,073
Share of profits less losses of			
– joint ventures		**655,548**	694,209
– associates		**1,447,992**	1,366,133
Profit before income tax from continuing operations		**13,947,709**	4,059,415
Income tax expenses	*6*	**(760,215)**	(978,567)
Profit for the year from continuing operations		**13,187,494**	3,080,848

	Note	**2020** *RMB'000*	2019 *RMB'000*
Discontinued operation			
Profit for the year from discontinued operation	*14*	**–**	7,113,469
Profit for the year		**13,187,494**	10,194,317
Profit attributable to:			
Equity holders of the Company		**9,927,098**	6,690,106
Non-controlling interests		**3,260,396**	3,504,211
		13,187,494	10,194,317
Profit attributable to equity holders of the Company arising from:			
– Continuing operations		**9,927,098**	1,355,004
– Discontinued operation		**–**	5,335,102
		9,927,098	6,690,106

	Note	**2020** *RMB*	2019 *RMB*
Earnings per share attributable to equity holders of the Company:			
Basic earnings per share	*8*		
– From continuing operations		**0.81**	0.11
– From discontinued operation		**–**	0.44
		0.81	0.55
Diluted earnings per share	*8*		
– From continuing operations		**0.81**	0.11
– From discontinued operation		**–**	0.44
		0.81	0.55

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**13,187,494**	10,194,317
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Share of other comprehensive income/(loss) of joint ventures and associates, net	**63,118**	(39,364)
Cash flow hedges, net of tax	**3,443**	(6,444)
Currency translation differences	**(1,813,806)**	562,271
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	**(190,912)**	(57,176)
Remeasurements of post-employment benefit obligations	**(39,751)**	(64,848)
Share of other comprehensive (loss)/income of an associate	**(5,962)**	17,051
Currency translation differences	**(1,074,876)**	–
Other comprehensive (loss)/income for the year, net of tax	**(3,058,746)**	411,490
Total comprehensive income for the year	**10,128,748**	10,605,807
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**7,989,946**	6,961,455
– Non-controlling interests	**2,138,802**	3,644,352
	10,128,748	10,605,807
Total comprehensive income for the year attributable to equity holders of the Company arises from:		
– Continuing operations	**7,989,946**	1,626,353
– Discontinued operation	**–**	5,335,102
	7,989,946	6,961,455

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	**2020** *RMB'000*	2019 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**102,834,477**	104,179,004
Right-of-use assets		**48,311,452**	35,211,071
Investment properties		**2,222,665**	2,328,986
Intangible assets		**5,008,408**	5,402,003
Goodwill		**5,826,764**	6,142,068
Investments in joint ventures		**9,138,021**	10,112,856
Investments in associates		**22,207,501**	20,649,708
Financial assets at fair value through other comprehensive income		**1,787,572**	2,097,256
Financial assets at amortized cost		**739,240**	1,028,432
Restricted bank deposits		**2,094**	396,213
Deferred income tax assets		**844,779**	944,463
Loans to joint ventures and associates		**881,028**	1,167,153
Other non-current assets		**158,201**	466,129
Total non-current assets		**199,962,202**	190,125,342
Current assets			
Inventories		**3,231,549**	4,054,417
Trade and other receivables and contract assets	*9*	**14,948,681**	14,784,258
Financial assets at fair value through profit or loss		**656,143**	1,066,819
Financial assets at amortized cost		**222,612**	306,157
Taxes recoverable		**55,592**	56,654
Restricted bank deposits		**218,964**	243,695
Cash and bank balances		**52,630,331**	49,689,784
Assets classified as held for sale	*12*	**–**	1,896,904
Total current assets		**71,963,872**	72,098,688
Total assets		**271,926,074**	262,224,030

	Note	**2020**	2019
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**12,259,529**	12,259,529
Reserves		**31,654,337**	23,100,147
		43,913,866	35,359,676
Non-controlling interests		**34,783,191**	33,765,561
Total equity		**78,697,057**	69,125,237
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**72,956,200**	92,525,212
Lease liabilities		**39,657,148**	25,411,032
Provisions and other liabilities	*11*	**2,707,714**	338,514
Put option liability		**1,472,532**	1,518,793
Pension and retirement liabilities		**450,855**	429,201
Derivative financial liabilities		**50,581**	61,935
Deferred income tax liabilities		**1,905,021**	2,342,980
Total non-current liabilities		**119,200,051**	122,627,667
Current liabilities			
Trade and other payables and contract liabilities	*10*	**44,682,765**	34,233,284
Derivative financial liabilities		**24,201**	22,387
Short-term borrowings		**6,130,490**	16,252,030
Current portion of long-term borrowings		**15,884,981**	11,099,640
Current portion of lease liabilities		**5,790,864**	7,410,950
Current portion of provisions and other liabilities	*11*	**25,254**	26,391
Tax payables		**1,490,411**	1,267,185
Liabilities directly associated with assets classified as held for sale	*12*	**–**	159,259
Total current liabilities		**74,028,966**	70,471,126
Total liabilities		**193,229,017**	193,098,793
Total equity and liabilities		**271,926,074**	262,224,030
Net current (liabilities)/assets		**(2,065,094)**	1,627,562
Total assets less current liabilities		**197,897,108**	191,752,904

NOTES:

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") included the provisions of a range of container shipping, managing and operating container terminals services on a worldwide basis.

These consolidated financial statements have been approved for issue by the Directors on 30 March 2021.

2 Basis of preparation and significant accounting policies

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2020 but are extracted from these financial statements included in the Annual Report of the Company, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

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.

(a) New standards, amendments and interpretation to existing standards which are effective in 2020 and adopted by the Group

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

Amendments to existing standards

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendment)	Definition of a Business
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform – Phase 1
HKFRS 16 (Amendment)	COVID-19 Related Rent Concessions
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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

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

The HKICPA has issued certain new standards, amendments, interpretation and improvements to existing standards which are not yet effective for the year ending 31 December 2020 and have not been early adopted by the Group. The Group will apply these standards, amendments, interpretation and improvements to existing standards as and when they become effective. None of these is expected to have a significant impact on the consolidated financial statements of the Group.

3 Revenues and segment information

Operating segments

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

– Container shipping business

– Container terminal business

– Corporate and other operations that primarily comprise investment holding, management services and financing.

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

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

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

3 Revenues and segment information (Continued)

Operating segments (Continued)

	Year ended 31 December 2020 Continuing operations				
	Container shipping business *RMB'000*	Container terminal business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Income statement					
Total revenues	**166,008,592**	**7,005,898**	**–**	**(1,755,656)**	**171,258,834**
Comprising:					
– Inter-segment revenues	**9,715**	**1,745,941**	**–**	**(1,755,656)**	**–**
– Revenues (from external customers)	**165,998,877**	**5,259,957**	**–**	**–**	**171,258,834**
Revenues from contracts with customers:					
Over time	**166,008,592**	**7,005,898**	**–**	**(1,755,656)**	**171,258,834**
Segment profit	**13,871,840**	**1,486,800**	**216,079**	**–**	**15,574,719**
Finance income	**504,020**	**92,984**	**216,079**	**(178,814)**	**634,269**
Finance costs	**(2,009,777)**	**(640,762)**	**(1,893,094)**	**178,814**	**(4,364,819)**
Share of profits less losses of					
– joint ventures	**115,787**	**539,742**	**19**	**–**	**655,548**
– associates	**51,026**	**1,342,134**	**54,832**	**–**	**1,447,992**
Profit/(loss) before income tax	**12,532,896**	**2,820,898**	**(1,406,085)**	**–**	**13,947,709**
Income tax expenses	**(518,927)**	**(241,288)**	**–**	**–**	**(760,215)**
Profit/(loss) for the year	**12,013,969**	**2,579,610**	**(1,406,085)**	**–**	**13,187,494**
Gain/(loss) on disposals of property, plant and equipment, net	**63,688**	**(19,211)**	**–**	**–**	**44,477**
Depreciation and amortization	**11,013,725**	**1,380,643**	**328**	**–**	**12,394,696**
Additions to non-current assets	**29,538,995**	**1,479,542**	**207**	**–**	**31,018,744**

3 Revenues and segment information (Continued)

Operating segments (Continued)

	Year ended 31 December 2019							
	Continuing operations							
	Container shipping business *RMB'000*	Container terminal business *RMB'000*	Corporate and other operations *RMB'000*	Inter-segment elimination *RMB'000*	Sub-total *RMB'000*	Discontinued operation *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Income statement								
Total revenues	144,806,308	7,217,232	–	(1,482,949)	150,540,591	1,533,505	(1,017,413)	151,056,683
Comprising:								
– Inter-segment revenues	7,276	1,475,673	–	(1,482,949)	–	1,017,413	(1,017,413)	–
– Revenues (from external customers)	144,799,032	5,741,559	–	–	150,540,591	516,092	–	151,056,683
Revenues from contracts with customers:								
At a point in time	9,197,817	–	–	–	9,197,817	–	–	9,197,817
Over time	135,608,491	7,217,232	–	(1,482,949)	141,342,774	1,533,505	(1,017,413)	141,858,866
	144,806,308	7,217,232	–	(1,482,949)	150,540,591	1,533,505	(1,017,413)	151,056,683
Segment profit	5,651,202	1,504,273	67,359	–	7,222,834	521,243	–	7,744,077
Finance income	631,100	85,570	320,214	(186,984)	849,900	8,255	–	858,155
Finance costs	(3,637,915)	(814,763)	(1,807,967)	186,984	(6,073,661)	(245,741)	–	(6,319,402)
Share of profits less losses of								
– joint ventures	99,023	595,186	–	–	694,209	–	–	694,209
– associates	119,035	1,247,098	–	–	1,366,133	–	–	1,366,133
Profit/(loss) before income tax	2,862,445	2,617,364	(1,420,394)	–	4,059,415	283,757	–	4,343,172
Income tax expenses	(744,236)	(231,337)	(2,994)	–	(978,567)	–	–	(978,567)
Profit/(loss) after income tax	2,118,209	2,386,027	(1,423,388)	–	3,080,848	283,757	–	3,364,605
Profit on disposal of a subsidiary	–	–	–	–	–	6,829,712	–	6,829,712
Profit/(loss) for the year	2,118,209	2,386,027	(1,423,388)	–	3,080,848	7,113,469	–	10,194,317
Gain/(loss) on disposals of property, plant and equipment, net	7,939	(9,718)	75	–	(1,704)	–	–	(1,704)
Depreciation and amortization	10,733,523	1,305,755	26,037	–	12,065,315	–	–	12,065,315
Additions to non-current assets	11,534,193	2,106,759	37	–	13,640,989	118,308	–	13,759,297

3 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 31 December 2020				
	Container shipping business *RMB'000*	**Container terminal business** *RMB'000*	**Corporate and other operations** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Balance sheet					
Segment operating assets	**192,131,319**	**42,194,175**	**12,468,763**	**(11,400,671)**	**235,393,586**
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**
Unallocated assets					**900,371**
Total assets					**271,926,074**
Segment operating liabilities	**129,102,917**	**30,666,423**	**41,464,916**	**(11,400,671)**	**189,833,585**
Unallocated liabilities					**3,395,432**
Total liabilities					**193,229,017**

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

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

	Year ended 31 December 2020		
Continuing operations	**Total revenues** *RMB'000*	**Inter-segment revenues** *RMB'000*	**External revenues** *RMB'000*
Container shipping business			
– America	**49,389,714**	**–**	**49,389,714**
– Europe	**36,345,515**	**–**	**36,345,515**
– Asia Pacific	**42,465,556**	**–**	**42,465,556**
– Mainland China	**17,597,197**	**(9,715)**	**17,587,482**
– Other international market	**20,210,610**	**–**	**20,210,610**
Container shipping business	**166,008,592**	**(9,715)**	**165,998,877**
Container terminal business, corporate and other operations			
– Mainland China	**2,971,419**	**(921,745)**	**2,049,674**
– Europe	**3,860,136**	**(786,265)**	**3,073,871**
– Asia Pacific	**174,343**	**(37,931)**	**136,412**
Container terminal business, corporate and other operations	**7,005,898**	**(1,745,941)**	**5,259,957**
Total	**173,014,490**	**(1,755,656)**	**171,258,834**

3 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

Continuing operations	Year ended 31 December 2019 Total revenues *RMB'000*	 Inter-segment revenues *RMB'000*	 External revenues *RMB'000*
Container shipping business			
– America	41,529,421	–	41,529,421
– Europe	30,742,462	–	30,742,462
– Asia Pacific	35,445,695	–	35,445,695
– Mainland China	18,246,286	(7,276)	18,239,010
– Other international market	18,842,444	–	18,842,444
Container shipping business	144,806,308	(7,276)	144,799,032
Container terminal business, corporate and other operations			
– Mainland China	3,293,314	(780,563)	2,512,751
– Europe	3,885,314	(695,110)	3,190,204
– Asia Pacific	38,604	–	38,604
Container terminal business, corporate and other operations	7,217,232	(1,475,673)	5,741,559
Total	152,023,540	(1,482,949)	150,540,591
Discontinued operation			
– America	1,533,505	(1,017,413)	516,092

(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 31 December 2020 ***RMB'000***	As at 31 December 2019 *RMB'000*
Unallocated	**123,536,307**	112,951,417
Remaining assets		
– Mainland China	**42,889,879**	42,187,964
– Outside mainland China	**29,281,303**	29,352,444

4 Other income and other expenses

	2020	2019
	RMB'000	*RMB'000*
Dividend income	**88,651**	91,205
Government grants and other subsidies	**1,103,892**	907,058
Gain on disposal of property, plant and equipment	**85,359**	105,241
Gain on disposal of an associate	**68,666**	242,323
Gain on financial instrument at FVPL	**586**	336,040
Gain on disposal of subsidiaries *(note 12)*	**500,327**	–
Interest from financial instrument at FVPL	**28,292**	79,168
Interest income from investments at amortized cost	**53,652**	66,735
Gain on remeasurement of equity investments	**68,290**	–
Exchange gain	**–**	462,989
Others	**21,050**	31,884
Other income	**2,018,765**	2,322,643
Loss on disposal of property, plant and equipment	**(40,882)**	(106,945)
Loss on disposal of intangible assets	**(35)**	(23,130)
Loss on deemed disposal of an associate	**–**	(155,438)
Loss on financial instrument at FVPL	**(38,932)**	(186)
Exchange loss	**(401,196)**	–
Others	**(90,574)**	(181,143)
Other expenses	**(571,619)**	(466,842)

5 Finance income and costs

	2020	2019
	RMB'000	*RMB'000*
Finance income		
Interest income from:		
– deposits in related parties	**88,401**	106,250
– loans to joint ventures and associates	**30,491**	32,188
– other financial institutions	**515,377**	711,462
Total finance income	**634,269**	849,900
Finance costs		
Interest expenses on:		
– loans from third parties	**(2,100,426)**	(3,353,148)
– loans from related parties	**(194,255)**	(403,103)
– loans from non-controlling shareholders of subsidiaries	**(10,619)**	(25,755)
– lease liabilities	**(940,766)**	(1,284,365)
– notes/bonds	**(751,163)**	(583,447)
	(3,997,229)	(5,649,818)
Transaction costs arising from borrowings	**(304,837)**	(570,451)
Less: amount capitalized in construction in progress	**48,401**	187,096
Net related exchange loss	**(111,154)**	(40,488)
Total finance costs	**(4,364,819)**	(6,073,661)
Net finance costs	**(3,730,550)**	(5,223,761)

6 Income tax expenses

	2020	2019
	RMB'000	*RMB'000*
Current income tax *(note)*		
– PRC enterprise income tax	**555,691**	409,993
– Hong Kong profits tax	**86,514**	73,640
– Overseas taxation	**336,538**	375,542
Over provision in prior years	**(38,601)**	(16,747)
	940,142	842,428
Deferred income tax	**(179,927)**	136,139
	760,215	978,567

Note:

Current income tax

Taxation has been provided at the appropriate rate of taxation prevailing in the countries in which the Group operates. These rates range from 5% to 35% (2019: 3% to 46%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 0% to 20% (2019: 0% to 20%).

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

7 Dividend

The Board of Directors did not recommend any payment of dividend for the year ended 31 December 2020 (2019: Nil).

8 Earnings per share

(a) Basic

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

	2020	2019
Profit from continuing operations attributable to equity holders of the Company (RMB)	**9,927,098,000**	1,355,004,000
Profit from discontinued operation attributable to equity holders of the Company (RMB)	**–**	5,335,102,000
	9,927,098,000	6,690,106,000
Weighted average number of ordinary shares in issue	**12,259,529,227**	12,089,257,988
Basic and diluted earnings per share (RMB)		
– From continuing operations	**0.81**	0.11
– From discontinued operation	**–**	0.44
	0.81	0.55

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue, after adjusting for the number of dilutive potential ordinary shares deemed to be issued as if all outstanding dilutive share options granted by the Company had been exercised.

For the year ended 31 December 2020 and 2019, the outstanding share options granted by the Company did not have significant dilutive effect on the earnings per share.

For the year ended 31 December 2020 and 2019, the outstanding share options granted by COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports"), a subsidiary of the Company, did not have dilutive effect on the earnings per share.

9 Trade and other receivables and contract assets

	2020	2019
	RMB'000	*RMB'000*
Trade receivables *(note a)*		
– third parties	**8,994,149**	7,919,573
– fellow subsidiaries	**194,441**	151,727
– joint ventures	**15,465**	14,732
– other related companies	**105,993**	130,904
	9,310,048	8,216,936
Bills receivables *(note a)*	**251,799**	297,657
Contract assets *(note a)*	**254,798**	179,273
	9,816,645	8,693,866
Prepayments, deposits and other receivables *(note b)*		
– third parties	**4,055,385**	5,297,465
– fellow subsidiaries	**470,727**	307,239
– joint ventures	**187,676**	342,862
– associates	**403,072**	114,269
– other related companies	**15,176**	28,557
	5,132,036	6,090,392
Total	**14,948,681**	14,784,258

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 receivables primarily consisted of voyage-related receivables. As at 31 December 2020, the aging analysis of trade and bills receivables and contract assets on the basis of the date of relevant invoice or demand note is as follows:

	2020	2019
	RMB'000	*RMB'000*
1-3 months	**9,596,714**	8,450,346
4-6 months	**309,743**	229,422
7-12 months	**91,185**	143,048
Over 1 year	**200,706**	191,866
Trade, bills receivables and contract assets, gross	**10,198,348**	9,014,682
Less: provision for impairment	**(381,703)**	(320,816)
	9,816,645	8,693,866

(b) Prepayment, 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

	2020	2019
	RMB'000	*RMB'000*
Trade payables *(note)*		
– third parties	**12,581,426**	8,977,021
– fellow subsidiaries	**1,610,976**	968,653
– joint ventures	**146,032**	166,575
– associates	**26,440**	29,200
– other related companies	**98,124**	117,917
	14,462,998	10,259,366
Bills payables *(note)*	**13,900**	167,900
	14,476,898	10,427,266
Other payables	**7,925,190**	9,522,999
Accrued expenses	**19,598,565**	11,915,828
	27,523,755	21,438,827
Contract liabilities	**1,174,659**	472,536
Due to related companies		
– fellow subsidiaries	**148,662**	155,052
– joint ventures	**269,049**	430,612
– associates	**3,450**	120,083
– other related companies	**1,086,292**	1,188,908
	1,507,453	1,894,655
Total	**44,682,765**	34,233,284

Note:

As at 31 December 2020, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	2020	2019
	RMB'000	*RMB'000*
1-6 months	**14,174,883**	10,158,308
7-12 months	**151,926**	142,848
1-2 years	**45,614**	48,499
2-3 years	**31,660**	16,403
Above 3 years	**72,815**	61,208
	14,476,898	10,427,266

11 Provisions and other liabilities

	2020			2019		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Provision for one-off housing subsidies	**–**	**39,982**	**39,982**	–	39,982	39,982
Provision for onerous contracts *(note)*	**–**	**2,274,221**	**2,274,221**	–	–	–
Deferred income and others	**25,254**	**393,511**	**418,765**	26,391	298,532	324,923
Total	**25,254**	**2,707,714**	**2,732,968**	26,391	338,514	364,905

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 31 December 2020, 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 and was expected to be continuously affected for the foreseeable future. It was expected that a slower economy growth would affect the demand/import of the USA for some time as it shall take years to recover from various pandemic impact. With these uncertainties over such long-term period, management reassessed that the projected vessel lifts in LBCT would grow at a smaller and slower extent compared with prior year's assessment and thus led to a shortfall on minimum volume commitment over the remaining contract period. OOIL estimated an onerous contract provision of US$348.5 million (equivalent to approximately RMB2,274.2 million) (2019: nil).

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

On 18 September 2019, COSCO SHIPPING Ports entered into agreements in respect of the disposal of all the shares in COSCO Ports (Yangzhou) Limited ("CP (Yangzhou)") together with its 51% interest in Yangzhou Yuanyang Terminal International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") and 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 RMB316,039,000 (equivalent to approximately US$45,772,000) and RMB380,774,000 (equivalent to approximately US$55,148,000) respectively. Accordingly, assets and liabilities of the disposal entities were reclassified as assets classified as held for sale and liabilities directly associated with asset classified as held for sale as at 31 December 2019.

	31 December 2019 *RMB'000*
Assets classified as held for sale	
Property, plant and equipment	1,105,254
Property under development	200,928
Right-of-use assets	299,858
Intangible assets	1,437
Other non-current asset	86,323
Trade and other receivables and contract assets	59,632
Cash and cash equivalents	75,016
Other assets	68,456
	1,896,904
Liabilities directly associated with assets classified as held for sale	
Trade and other payables and contract liabilities	128,989
Other liabilities	30,270
	159,259

The disposal was completed on 10 February 2020. The aggregate sum of payables owing to COSCO SHIPPING Ports by the disposed entities of approximately US$29,967,000 were also transferred to SIPG (HK) on the same day at the same consideration. Upon completion of the disposal, CP (Yangzhou), Yangzhou Yuanyang Terminal, Win Hanverky and Zhangjiagang Terminal ceased to be subsidiaries of COSCO SHIPPING Ports. The disposal resulted in an after-tax gain of US$61,472,000 (equivalent to approximately RMB432,271,000).

12 Assets classified as held for sale/liabilities directly associated with assets classified as held for sale (Continued)

	10 February 2020 *RMB'000*
Cash consideration and repayment of payables owing to COSCO SHIPPING Ports	**920,407**
Net assets dispose of:	
Assets classified as held for sale	**(1,905,953)**
Less:	
– Liabilities directly associated with assets held for sale	**168,550**
– Loans to a former subsidiary	**835,500**
– Non-controlling interest	**448,618**
	(453,285)
	467,122

	2020 *RMB'000*
Release of reserve upon disposal of subsidiaries	**33,205**
Gain on disposal of subsidiaries	**500,327**
Taxation	**(68,056)**
Gain on disposal of subsidiaries, net	**432,271**
Net cash inflow arising from disposal	
Cash consideration and repayment of payables owing to COSCO SHIPPING Ports	**920,407**
Cash and cash equivalents disposed	**(65,202)**
Disposal of subsidiaries, net of cash disposed	**855,205**

13 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 dispute during impawning supervision business.

As at 31 December 2020, the Group was unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's consolidated financial statements for the year ended 31 December 2020.

14 Discontinued operation

On 29 April 2019, OOIL and its subsidiaries entered into the Sale and Purchase Agreement with Olivia Holdings LLC relating to the sale and purchase of the entire interests in LBCT, a wholly owned subsidiary of OOIL which operates the U.S. Terminal Business, for a consideration of US$1,780 million (equivalent to approximately RMB12,268 million), and subject to certain post-completion adjustment. The transaction was completed on 24 October 2019. After transaction costs and taxation, the net profit arising on the disposal was approximately RMB6,830 million which has been recognized in the consolidated income statement for the year ended 31 December 2019.

Analysis of the results and cash flows of the U.S. Terminal Business is as follows:

	2019 *RMB'000*
Results	
Revenues	1,533,505
Other operating expense	(1,012,262)
Operating profit	521,243
Finance income	8,255
Finance costs	(245,741)
Profit after income tax	283,757
Profit on disposal of a subsidiary	6,829,712
Profit from discontinued operation	7,113,469
Cash flows	
Operating cash flows	471,491
Investing cash flows	12,555,292
Financing cash flows	(805,316)
Total cash flows	12,221,467

Revenues and other operating expense above includes intra-group revenue and other operating expense, which have been eliminated in the consolidated income statement.

15 Subsequent events

On 22 January 2021, OOIL entered into a share placing and subscription agreement for the allotment and issue of 11,400,000 shares at a subscription price of HK$81.8 per share. The share subscription was completed on 29 January 2021.

On 27 January 2021, Sound Joyce Enterprises Limited, a wholly-owned subsidiary of COSCO SHIPPING Ports (as purchaser), Saudi Industrial Services Company, City Island Holdings Limited, Xenel Industries Limited and Saudi Trade and Export Development Company Limited (together as sellers), and Red Sea Ports Development Company entered into a share purchase agreement pursuant to which, the sellers have conditionally agreed to sell, and Sound Joyce Enterprises Limited has conditionally agreed to purchase shares which represent approximately 20.00% of the total issued share capital of Red Sea Gateway Terminal Company Limited ("RSGT") (the "RSGT Acquisition") at a consideration of US$140,000,000 (equivalent to RMB905,310,000) in cash. After completion of the RSGT Acquisition, RSGT will become an associate of COSCO SHIPPING Ports. As at the date of this announcement, the RSGT Acquisition was not completed.

On 26 February 2021, COSCO SHIPPING Ports (Tianjin) Limited, a wholly-owned subsidiary of COSCO SHIPPING Ports (as purchaser), Tianjin Port Holdings Co., Ltd. (as seller) and COSCO SHIPPING Ports entered into an equity transfer agreement in relation to the acquisition of 34.99% equity interests in Tianjin Port Container Terminal Co., Ltd. ("Tianjin Container Terminal") (the "TCT Acquisition") at a consideration of RMB1,348,371,228.15 in cash. The final consideration for the TCT Acquisition shall be adjusted upon completion of the transaction. Together with the 16.01% equity interests in Tianjin Container Terminal currently held by COSCO SHIPPING Ports, COSCO SHIPPING Ports will have 51% in Tianjin Container Terminal after completion of the TCT Acquisition and Tianjin Container Terminal will become a subsidiary of COSCO SHIPPING Ports. As at the date of this announcement, the TCT Acquisition was not completed.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out above in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Reporting Period prepared under the Hong Kong Financial Reporting Standards

	Period from 1 January to 31 December 2020 *RMB' 000*	Period from 1 January to 31 December 2019 *RMB' 000*	Difference *RMB' 000*
Revenue	**171,258,834**	150,540,591	20,718,243
Operating profit	**15,574,719**	7,222,834	8,351,885
Profit before income tax from continuing operations	**13,947,709**	4,059,415	9,888,294
Profit after income tax from continuing operations	**13,187,494**	3,080,848	10,106,646
Profit after tax from discontinued operation	**–**	7,113,469	(7,113,469)
Profit for the period	**13,187,494**	10,194,317	2,993,177
Profit attributable to equity holders of the Company	**9,927,098**	6,690,106	3,236,992
Profit attributable to equity holders of the Company arising from:			
– Continuing operations	**9,927,098**	1,355,004	8,572,094
– Discontinued operation	**–**	5,335,102	(5,335,102)
Basic earnings per share (RMB)	**0.81**	0.55	0.26

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

The revenue from the continuing operations of the Company under Hong Kong Financial Reporting Standards during the Reporting Period was RMB171.259 billion, representing an increase of 13.76% as compared to that of the last year; the Group realized a profit attributable to equity holders of the Company of RMB9.927 billion, representing an increase of 48.38% as compared to that of last year, of which the profit attributable to equity holders of the Company generated from continuing operations was RMB9.927 billion, representing an increase of 632.62% as compared to that of last year; and basic earnings per share was RMB0.81.

The Board recommends the Company to issue 3 shares for every 10 shares to all shareholders of the Company by way of conversion of capital reserve to share capital.

Fully leverages the advantage of scale while refining the global network

In 2020, facing an upheaving market since the outbreak of the COVID-19 pandemic, COSCO SHIPPING Holdings actively shouldered its responsibilities, stuck closely to shipping services, and continuously operated sea routes as to bolster the global resumption of work and production as well as economic recovery. While leveraging its advantage of scale as a leading global liner, the Company firmly adhered to its globalization strategy, further expanded and improved its global route network layout and strove to expand further its routes coverage.

In 2020, as based on maintaining competitive edge on the major east-west main route, COSCO SHIPPING Holdings timely took advantage of the changes in the global economic and trade pattern during the pandemic to raise its shipping capacity in third-country markets, emerging markets and regional markets. Throughout the year, the cargo volume of the Company's two brands (COSCO SHIPPING Lines Co., Ltd. ("**COSCO SHIPPING Lines**") and Orient Overseas Container Line Limited ("**OOCL**")) in emerging markets and non-China markets had respectively increased by 3.6% and 3.0% as compared to that of the last year, which served to further refine its global network layout.

In 2020, the OCEAN Alliance, of which the Company is a member, had launched the "DAY4" product. This product covered 329 vessels, with a shipping capacity of 3.86 million TEUs and 40 groups of alliance routes by the end of the period, which provided customers with a wider range of more stable and efficient services.

In respect of the terminal business, COSCO SHIPPING Ports Limited ("**COSCO SHIPPING Ports**"), a subsidiary of the Company and as the world's leading ports operator, fully capitalized on its industry chain synergy advantages with the container shipping segment of the Company while practicing the concept of "lean operation" to continuously improve the quality and service level of terminals operation throughout the year. In 2020, the Company introduced 45 new routes to its controlled terminals, thereby providing stable cargo volume for terminals operation during the pandemic.

During the Reporting Period, the Company's container shipping business handled a shipping volume of 26.3445 million TEUs, up by 2.35% compared to 25.7391 million TEUs in 2019. COSCO SHIPPING Lines handled a shipping volume of 18.8825 million TEUs, representing an increase of 0.52% as compared to that of last year. The Orient Overseas Container Line Limited (OOCL) handled a shipping volume of 7.4619 million TEUs, representing an increase of 7.30% as compared to that of last year. COSCO SHIPPING Ports achieved a total throughput of 123.8246 million TEU in its terminal business, representing an increase of 0.03%.

As at the end of 2020, the Company's container fleet had 536 vessels with a total shipping capacity of 3,073,684 TEUs, representing an increase of 3.6% as compared to that as at the end of 2019. The Company's shipping capacity continued to rank third in the world. COSCO SHIPPING Ports operated 210 container berths in 36 ports worldwide with an annual designed handling capacity of 136 million TEUs.

Innovative business models to ensure the stability of the container logistics supply chain

Facing the pandemic challenge, COSCO SHIPPING Holdings stuck closely to the nature of shipping services, actively improved service standards, refined the customer service system, and resolved customer difficulties. While solving difficulties for customers through various measures such as enlarging shipping capacity and optimizing services, the Company leveraged its advantage in global end-to-end transportation network to ensure the quality of route services. This could also ease the contradiction between the supply and demand for container transportation, and at the same time, guarantee the long-term stability of the container logistics supply chain.

In the second half of 2020, the Company took the opportunity of the container shipping market's recovery and added 40 vessels to its global routes, and guaranteed its shipping capacity during the recovery period. In order to ensure the quality of its route services, the Company actively adopted various measures to ensure the effective connection of schedules. According to the on-schedule rate statistics of Shanghai Shipping Exchange, the Company's on-schedule rate in cargo receipt and delivery ranked first in 2020, which fully reflected the reliability of its schedule service and was thus widely recognized by customers.

Facing the adverse impacts brought on by the pandemic, the Company endeavored to solve the bottleneck in container shipping in line with customers' demands, launched various transportation models such as "water-water trans-shipment", "water-railway transportation", "designated logistics vessel" and "air to sea", to meet customers' transportation demand in this extraordinary period. In response to the lack of containers in the market, the Company actively increased the transfers of overseas empty containers to relieve container supply pressure.

During the Reporting Period, the Company actively accelerated the construction of a new development pattern which highlights domestic economic loop as the main vehicle, to be supplemented by domestic and international economic double-loops. The Company sought to connect the offshore and onshore points of this economic double-loops, and developed end-to-end projects such as the China-Europe Sea-rail Express, the China-Europe railway services and China Western Land-Sea Trade Corridor to organically connect the "Belt and Road" logistics channels. During the Reporting Period, the volume of container shipments completed on the China-Europe Sea-rail Express increased by 45% as compared to that of last year. The volume of container shipments completed on China Western Land-Sea Trade Corridor increased by 74% as compared to that of last year. The China-Europe railway services have maintained steady growth.

During the pandemic, to solve small and medium-sized enterprises' export difficulties, the Company launched the small and medium-sized customer service line on some routes to provide them with cabin-and-container-guaranteed services. It served to effectively simplify the communication process of freights for small and medium-sized customers.

Accelerating transformation and upgrade with new achievements in digital construction

In 2020, the Company accelerated digital transformation and upgrading, actively promoted the application of artificial intelligence, blockchain, big data, Internet of Things, 5G and other technologies in the shipping field, and proactively improved its supply chain service integration capability and comprehensive capability in research, judgment and analysis, and its efficient collaborative operation capability.

Firstly, in terms of improving the efficiency of middle-and-back-office operations, the Company relied on IRIS-4 system to maintain a rapid response to remote services, laying a crucial foundation for improvement in the Company's marketing and customer service standards. Secondly, in terms of optimizing front-end services, the Company depended on the e-commerce platform to tap online products vertically and expand its global market coverage horizontally to meet its customers' demands for "contactless" services. As a result, the container volume of foreign trade e-commerce transaction services of COSCO SHIPPING Lines, a subsidiary of the Company, increased by 270% in 2020 as compared to that of last year. Thirdly, in terms of building an industrial chain ecosystem, the paperless imported cargo discharge model powered by blockchain technology was further promoted, which reflected the Company's advantages in digital networking. In November 2020, COSCO SHIPPING Lines jointly launched with the Bank of China and other partners the world's first blockchain bill of lading with a property right.

In May 2020, Xiamen Ocean Gate Terminal of COSCO SHIPPING Ports began operation as the first all-5G-covered smart port in China. Currently, the basic 5G coverage of the port zone has been completed. By leveraging technologies such as edge computing, high precision location service, artificial intelligence and computed visualization, the terminal can realize 5G deployments such as autonomous driving, smart cargo tally, Automated Guided Vehicle (AGV) management, smart security protection and others.

In-depth utilization of synergetic potential to reduce cost and save expenses while guaranteeing service quality

In 2020, the global container logistics supply chain had been impacted by the COVID-19 epidemic. While striving to ensure the quality of customer service, the Company made good use of the synergy potential of dual brands in the container shipping business by utilizing its advantageous dual-brand fleet network to improve and strengthen the cost and commercial synergies between dual brands and promoting integration of mid-and-back-office functions and other means, so as to enable continuous application of dual-brand synergies.

In the field of fuel procurement, the Company took advantage of the low market price level to lock in low-sulfur fuel sources for foreign trade in 2020 and 2021 and strived to achieve the lowest cost on the basis of quality and supply. In fuel utilization, the Company refined its management further in maritime operations, and gave full play to the synergistic advantages between the terminal business and the container shipping business and strived to ensure the operational efficiency of its fleet, achieving positive results.

During the Reporting Period, by leveraging a window period in global monetary policy and seizing market opportunities in the interest rate market and foreign exchange rate market, the Company strengthened the overall management of its capitals and debts and further reduced its corporate capital costs. As a result, the Company's financial expenses decreased significantly by 17.60% compared to that of last year, and the asset-liability ratio at the end of the Reporting Period decreased by 2.58 percentage points as compared to that at the beginning of the Reporting Period. The Company continued to optimize the asset-liability structure, and further consolidated its competition base.

Fulfilling social responsibilities and leading the sustainable development of the industry

In 2020, the Company endeavored to build up the "green channel" for the export of epidemic prevention materials and improved cargo transportation efficiency in all aspects from cargo loading and unloading to ship berthing and document handling. It was to ensure that all epidemic prevention materials and emergency supplies, such as masks and medical devices urgently needed during the outbreak were shipped to relevant areas as soon as possible.

The Company had a high concern over the physical health of its staff. By effectively implementing epidemic prevention measures, the Company coordinated the related parties to facilitate crew shifting, which accounted for over 13,000 crew members and actively promoted the crew members' vaccination.

In 2020, the IMO2020 low sulphur cap policy was effective. The Company strictly implemented the low-sulfur oil policy and continued promoting and using various advanced energy-saving and emission reduction technologies. The Company also sought to effectively reduce fuel consumption through management measures such as optimizing fleet structure, optimizing shipping routes, and improving ship operation efficiency in ports, thereby reducing business operations' impact on the environment. In September, COSCO SHIPPING Lines was awarded again a gold prize by the U.S. Environmental Protection Agency as part of the "Protecting Blue Whales and Blue Skies" Program.

The Company gives full play to the international humanitarian spirit and actively carries out rescue operations for ships in distress. In September 2020, the Company's vessel COSCO MALAYSIA successfully rescued a sailboat in distress and four personnel on board in the waters of the Gulf of Mexico, 130 nautical miles west of Port of Tampa Bay, Florida, the United States.

Looking forward to 2021, as COVID-19 pandemic prevention and control is becoming a part of life, the world economy is expected to achieve restorative growth. However, the recovery could be unstable and uneven, while risks and challenges are still posed to medium- and long-term growth, China as the only major economy having achieved positive growth in 2020 vows to further inject a strong impetus into the recovery of the world economy. At the same time, new trends such as the differentiation of global trade centers, the upward shift of the market focus and the extension of the business focus, would also bring new challenges and opportunities to the transportation market.

Earlier in this year, main international economic organizations predicted that the world economy would continue to rebound from a low level on the whole in 2021. The International Monetary Fund (IMF) predicted that the growth rate of the global economy would be 5.5% and the value of global trade would have a recovery growth of 8.1% in 2021.

Meanwhile, the epidemic also shuffled the global industrial patterns and business models which would present new opportunities to develop a global container logistics supply chain. The execution of RCEP and the China-EU Comprehensive Agreement on Investment would directly contribute to the development of regional markets. Industrial chains have become more regionalized and localized. The formation of a new dual-circulation development pattern will promote further growth of the Chinese economy. China's enormous domestic market demand will propell new changes in global trade patterns and flow of goods.

Facing challenges and opportunities in the global economy and shipping market, COSCO Shipping Holdings as a global leading integrated container shipping service provider would focus sharply on "three links" (link to dual circulation, link to new ecology and link to first-class) to achieve higher quality and more sustainable development in accordance with the established strategies.

Optimizing global route networks and fulfilling mission as a global carrier

Facing the emergence of a new type of globalization under the pandemic as an everyday phenomenon, which coexisted with regional integration, the Company will seek to coordinate resource allocation and continue to optimize its global network layout. In January 2021, the OCEAN Alliance launched the DAY5 route product and continued to improve and optimize the route's layout. The company will based on top of the synergy of dual-brand resources and continue to enhance the cooperation within the alliance to provide to its customers' route products with wider coverage, shorter lead time, and more reliable schedule.

The Company will continue to actively respond to the "Belt and Road" initiative and follow closely with the trends in industrial chain and supply chain transformation, to step up its investment in shipping capacity in the emerging markets, regional markets and third-country markets, and optimize and adjust the structure of shipping capacity of routes in line with market demand, to further balance and stabilize all route services.

Strengthening brand coordination and expanding end-to-end service value chain

The COVID-19 pandemic has accelerated the development trend of regional integration of the industrial chain. Based on a higher starting point, the Company will seek to strengthen strategic synergies of dual-brands. With a goal of improving service capability, the Company is constantly strengthening the integration of multiple values, innovating operation models in multimodal transport, and enhancing the ability of end-to-end solutions, thereby helping to upgrade the competitiveness of the container logistics supply chain.

In the future, the Company's dual-brands will continue to aim at stabilizing operation and deepening integration to realize resource utilization and value creation with higher efficiency and at a higher level. These are based on the integrated development of route network, end-to-end network and digital network to promote the expansion of end-to-end service capabilities, and work hard to add more value to traditional industry services.

Taking advantage of its global networks layout, the Company will also strengthen the construction of China-Europe Land and Sea Express and the new western land-sea corridor, with railway construction at the heart of these projects. The Company will further strengthen and improve the global end-to-end operation network to interconnect with the global route capacity network, therefore endowing a large land-sea integrated service corridor with wider coverage and higher efficiency.

Promoting digital transformation of the industry and continuously enhancing customer service capability

The Company will continue to speed up the pace of its digital transformation and upgrade to build up a digital ecosystem in the industry and constantly enhance the ability to provide timely and efficient online services.

The Company will promote the deep integration of end-to-end digital technologies to create an end-to-end specialized system platform, support a more efficiently intelligent logistics network and standardized end-to-end products, and provide customized solutions to customers to effectively expand the contents of end-to-end value-added services.

Going forward, the Company will continue to strengthen its construction of internal information system to foster operational efficiency and process optimization. Meanwhile, by relying on the platform of the Internet of Things (IoT) professional companies, the Company will actively push forward the formation of technical standards on the container IoT. It is especially worth noting that the Global Shipping Business Network (GSBN) has recently been established and in operation formally in Hong Kong after receiving regulatory approval from the relevant global regulatory authority. The Company will work to improve the industry of digital ecosystems by accelerating the integration and innovation of blockchain technology and industry.

2021 is the first year of China's 14th Five-Year Plan. As the significant component of China COSCO SHIPPING Group's core businesses and as the listed platform of the container shipping service supply chain, COSCO SHIPPING Holdings will stay confident and continue to focus on the "three links" while carrying on pandemic prevention and control on an everyday basis. The Company will actively embrace the opportunities brought forth by China's economic growth and global economic recovery to develop global container transportation market, and endeavour to evolve itself into one of the benchmarking enterprises with the highest recognition and top international brand value in the transportation sector of the capital market. Such moves will serve to provide customers with better services and to create greater value for shareholders.

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

Item	**For the year ended 31 December 2020** *RMB' 000*	For the year ended 31 December 2019 *RMB' 000*	Difference *RMB' 000*
Revenue	**171,258,834**	150,540,591	20,718,243
Cost of services and inventories sold	**(147,117,042)**	(135,211,892)	(11,905,150)
Other income and expense, net	**1,447,146**	1,855,801	(408,655)
– Other income	**2,018,765**	2,322,643	(303,878)
– Other expense	**(571,619)**	(466,842)	(104,777)
Selling, administrative and general expenses	**(9,906,472)**	(9,941,754)	35,282
Finance income	**634,269**	849,900	(215,631)
Finance costs	**(4,364,819)**	(6,073,661)	1,708,842
Share of profits less losses of			
– joint ventures	**655,548**	694,209	(38,661)
– associates	**1,447,992**	1,366,133	81,859
Income tax expenses	**(760,215)**	(978,567)	218,352
Net cash flows generated from operating activities	**44,930,556**	21,202,372	23,728,184
Net cash flows (used in)/generated from investing activities	**(3,187,313)**	4,028,710	(7,216,023)
Net cash flows used in financing activities	**(36,238,291)**	(9,537,865)	(26,700,426)

2. *Revenue*

Overview

In 2020, the revenues of the Group amounted to RMB171,258,834,000, representing an increase of RMB20,718,243,000 or 13.76% as compared to that of last year.

Revenue from container shipping business

In 2020, container shipping volume and revenue per TEU increased as compared to that of last year. As a result, the revenue amounted to RMB166,008,592,000, which represents an increase of RMB21,202,284,000 or 14.64% as compared to that of last year, of which COSCO SHIPPING Lines generated revenues of RMB112,137,270,000 from container shipping business, representing an increase of RMB13,574,374,000 or 13.77% as compared to that of last year.

Revenue from terminal business

In 2020, revenue generated from the terminal business amounted to RMB7,005,898,000, representing a decrease of RMB211,334,000 or 2.93% as compared to that of last year, which was mainly due to the impact of COVID-19 pandemic and the disposal of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal at the beginning of 2020, and the decrease in revenue as compared to that of last year as a result of the decrease in revenue throughput of the controlled terminals of COSCO SHIPPING Ports in 2020 as compared to that of last year.

Major customers

Total sales to the top five customers of the Group in 2020 amounted to RMB8,526,802,000, accounting for 4.98% of the total sales for the year.

3. Costs

Cost analysis

Business segment	Components of cost	From 1 January to 31 December 2020 *RMB' 000*	From 1 January to 31 December 2019 *RMB' 000*	Difference *RMB' 000*	Percentage of change *(%)*
Container shipping business	Equipment and cargo transportation costs	**81,360,918**	68,823,907	12,537,011	18.22%
	Voyage costs	**28,505,587**	30,910,352	(2,404,765)	(7.78%)
	Vessel costs	**25,533,628**	23,233,647	2,299,981	9.90%
	Other related business costs	**7,978,303**	8,351,853	(373,550)	(4.47%)
	Tax	**149,682**	131,410	18,272	13.90%
	Subtotal	**143,528,118**	131,451,169	12,076,949	9.19%
Container terminal business	Container terminal business costs	**5,296,732**	5,190,955	105,777	2.04%
	Elimination between different businesses	**(1,750,145)**	(1,474,920)	(275,225)	18.66%
	Tax and surcharges	**42,337**	44,688	(2,351)	(5.26%)
	Total operating costs	**147,117,042**	135,211,892	11,905,150	8.80%

Overview

In 2020, the operating cost of the Group amounted to RMB147,117,042,000, representing an increase of RMB11,905,150,000 or 8.80% as compared to that of last year.

Container shipping business cost

In 2020, the container shipping business cost amounted to RMB143,528,118,000, representing an increase of RMB12,076,949,000 or 9.19% as compared to that of last year, of which, the container shipping business cost incurred by COSCO SHIPPING Lines in 2020 amounted to RMB100,464,410,000, representing an increase of RMB9,735,134,000 or 10.73% as compared to that of last year.

Terminal business cost

In 2020, the terminal business cost amounted to RMB5,296,732,000, representing an increase of RMB105,777,000 or 2.04% as compared to that of last year.

4. Other profit or loss items

Other income and expense, net

The other income and expense, net in 2020 was RMB1,447,146,000, representing a decrease of RMB408,655,000 as compared to that of last year.

COSCO SHIPPING Ports has disposed of the equity interests of Zhangjiagang Terminal, Yangzhou Yuanyang Terminal, Jiangsu Yangtze Petrochemical Co., Ltd and Guangxi Qinzhou Container Terminal Co., Ltd. (廣西欽州集裝箱碼頭有限公司), resulting in net gain from disposal of RMB627,916,000 for the period. It has also disposed of the equity interests in Tianjin Five Continents Container Terminal Co., Ltd. (天津五洲集裝箱碼頭有限公司) and Nanjing Port Longtan Container Co., Ltd., resulting in net gain from disposal of RMB242,321,000 for the last year. Net loss from foreign exchange of RMB401,196,000 was included in 2020, and net gain from foreign exchange of RMB462,989,000 was included for the last year.

Selling, administrative and general expenses

In 2020, the selling, administrative and general expenses of the Group amounted to RMB9,906,472,000, representing a decrease of RMB35,282,000 or 0.35% as compared to that of last year.

Finance income

In 2020, mainly due to a decrease in deposit interest rates as compared to that of last year, the finance income of the Group amounted to RMB634,269,000, representing a decrease of RMB215,631,000 or 25.37% as compared to that of last year.

Finance costs

In 2020, the finance costs of the Group amounted to RMB4,364,819,000, representing a decrease of RMB1,708,842,000 or 28.14% as compared to that of last year. In 2020, the interest rate of loans decreased as compared to that of last year. In 2020, the Company strengthened the management of funds and debts, and implemented the low-cost financing and loan replacement, which led to a relatively significant decrease in interest costs.

Share of profits of joint ventures and associated companies

The Group's share of profits of joint ventures and associated companies in aggregate amounted to RMB2,103,540,000 in 2020, representing an increase of RMB43,198,000 as compared to that of last year.

Income tax expenses

Income tax expenses of the Group in 2020 amounted to RMB760,215,000, representing a decrease of RMB218,352,000 as compared to that of last year.

Major suppliers

Total purchases from the top five suppliers of the Group in 2020 amounted to RMB15,128,605,000, accounting for 10.30% of the total purchases for the year.

Analysis of discontinued operation during the Reporting Period

In 2020, the Group did not have discontinued operations. In the last year, the Group recorded profit after tax from discontinued operations of RMB7,113,469,000, including an operating profit of RMB283,757,000 realized before the sales of Long Beach Container Terminal, and the net gain after tax of RMB6,829,712,000 on the disposal of Long Beach Container Terminal.

5. Cash flow

As at the end of 2020, the cash and cash equivalents amounted to RMB52,630,330,000, representing an increase of RMB2,865,530,000 or 5.76% as compared to that as at the end of last year. The cash and cash equivalents of the Group were principally denominated in RMB and US dollar, and the rest were denominated in EURO, Hong Kong dollar and other currencies.

(1) Net cash flow from operating activities

In 2020, the cash inflow from operating activities amounted to RMB44,930,556,000, representing an increase of RMB23,728,184,000 or 111.91% as compared to that of last year mainly due to the substantial improvement in the performance of container shipping business.

(2) Net cash flow from investing activities

In 2020, the net cash outflow from investing activities amounted to RMB3,187,313,000, which included the cash outflows for the construction of container vessels, the purchase of containers and the terminal construction projects and the net cash inflow from cash consideration of disposals of Yangzhou Yuanyang Terminal and Zhangjiagang Terminal, etc.. The net cash inflow amounted to RMB4,028,710,000 in last year.

(3) Net cash flow from financing activities

In 2020, the net cash outflow from financing activities amounted to RMB36,238,291,000, representing an increase of RMB26,700,426,000 as compared to that of last year. The cash inflow from financing activities of RMB26,784,796,000 that consists of cash inflow generated from borrowings from banks and non-bank financial institutions and cash inflow generated from capital increase of minority shareholders of holding subsidiaries. The cash outflow from financing activities of RMB63,023,087,000 included cash outflow generated from repayment of debts to banks and non-bank financial institutions and cash outflow generated from profit distribution to minority shareholders by subsidiaries and rental paid for right-of-use asset lease, etc.

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

The balance of cash and cash equivalents decreased by RMB2,639,421,000 at the end of 2020, which was primarily due to the decrease in the exchange rate of US dollar against RMB for the Reporting Period.

(II) Working Capital, Financial Resources and Capital Structure

Overview

As at 31 December 2020, the total assets of the Group amounted to RMB271,926,074,000, representing an increase of RMB9,702,044,000 or 3.70% from the end of last year. The total liabilities amounted to RMB193,229,017,000, representing an increase of RMB130,224,000 or 0.07% from the end of last year.

As at 31 December 2020, the total outstanding borrowings (interest bearing liabilities net of lease liabilities) of the Group were RMB94,971,671,000. After deducting the cash and cash equivalents, the net amount was RMB42,341,341,000, representing a decrease of RMB27,845,757,000 or 39.67% as compared to that at the end of last year. As at 31 December 2020, the net current liabilities of the Group were RMB2,065,094,000 as compared to the net current assets of RMB1,627,562,000 at the end of last year. As at 31 December 2020, the net debt to equity ratio was 53.80%, representing a decrease of 47.74% as compared to that at the end of last year. The formula for calculating the net debt to equity ratio is: net debt to equity ratio = (total borrowings – cash and cash equivalents)/owner's 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, purchases of containers, investments in terminals and repayment of loans.

Debt analysis *(excluding discontinued operation)*

Categories	**As of 31 December 2020** ***RMB' 000***	As of 31 December 2019 *RMB' 000*
Short-term borrowings	**6,130,490**	16,252,030
Long-term borrowings	**88,841,181**	103,624,852
Among which: Less than one year	**15,884,981**	11,099,640
one to two years	**10,318,571**	17,336,279
three to five years	**30,810,521**	36,959,286
Over five years	**31,827,108**	38,229,647
Total of long-term and short-term borrowings	**94,971,671**	119,876,882

Borrowings by categories

As at 31 December 2020, the Group had bank borrowings of RMB70,634,406,000, notes and bonds payable of RMB15,449,759,000 and other borrowings of RMB8,887,506,000, representing 74.37%, 16.27% and 9.36% of the total borrowings, respectively. Of the bank borrowings, secured borrowings amounted to RMB25,706,143,000 and unsecured borrowings amounted to RMB44,928,263,000, representing 27.06% and 47.31% of the total borrowings, respectively. Most of the borrowings of the Group bear interest at floating rate.

Borrowings by currency

As of 31 December 2020, the borrowings of the Group denominated in US dollar amounted to RMB63,756,248,000, borrowings denominated in RMB amounted to RMB23,606,222,000, borrowings denominated in EURO amounted to RMB5,757,593,000, and borrowings denominated in Hong Kong dollar amounted to RMB1,851,608,000, representing 67.13%, 24.86%, 6.06% and 1.95% of the total borrowings, respectively.

Secured borrowings

As of 31 December 2020, certain properties, plant and equipment and right-of-use assets of the Group with net book value of RMB70,522,618,000 (as at 31 December 2019: RMB52,383,376,000) were mortgaged to banks and financial institutions as collaterals for borrowings in the total amount of RMB26,213,943,000 (as at 31 December 2019: RMB34,881,411,000), representing 68.58% of the total value of the property, plant and equipment and right-of-use assets (as at 31 December 2019: 50.28%).

Company 's guarantees *(excluding discontinued operation)*

As at 31 December 2020, the Group had provided guarantees in the amount of RMB35,689,869,000 to subsidiaries (as at 31 December 2019: RMB43,949,868,000).

Contingent liabilities

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

As at 31 December 2020, the Group was unable to ascertain the likelihood and amounts of the above- mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the directors of the Company (the "**Director(s)**") were of the opinion that the relevant claims amounts should not have material effect on the Group's consolidated financial statements for the year ended 31 December 2020.

Foreign exchange risk

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

Capital commitments *(excluding discontinued operation)*

As at 31 December 2020, the Group had 12 container vessels under construction. The capital commitments for future construction of container vessels is RMB11,689,612,000.

As at 31 December 2020, the Group 's capital commitments for investment in terminals amounted to RMB4,538,658,000 in aggregate, of which the commitments for purchasing fixed assets amounted to RMB2,145,230,000 and the equity investment commitment of terminals amounted to RMB2,393,428,000.

Facilities and financing plans

Facilities

As at 31 December 2020, the unutilized bank loan facilities of the Group were RMB66,591,244,000. The Group paid close attention to the potential financial risks of the loan facilities, and has strengthened the monitoring of liabilities and gearing ratio of its subsidiaries and repaid bank loans in full as scheduled.

Financing plans

The Group will take the repayment of debts due, debts replacement and its future material capital expenditure into consideration to manage financing arrangements in advance, enhance capital and debts management, and optimize the utilization efficiency of funds and to control the scale of debts effectively.

(III) Investment analysis

1. Overall analysis of external equity investments

As at 31 December 2020, the total balance of the Group's equity investments in associated companies and joint ventures amounted to RMB31,345,522,000, representing an increase of RMB582,958,000 from the end of last year. In the Reporting Period, the Group had four new associated companies and joint ventures and closed down four of its associated companies and joint ventures.

Significant equity investments

Unit: RMB' 000

Invested Companies	Shareholding at the beginning of the period (%)	Shareholding at the end of the period (%)	Increase in the investment costs during the year
Qingdao Port International Co., Ltd.	18.46	19.79	392,463
COSCO SHIPPING Finance Co., Ltd.	11.04	11.04	353,414

Notes:

① In 2020, COSCO SHIPPING Ports' equity interest in Qingdao Port International Co., Ltd. increased by 1.33% through acquisition at the secondary market at the consideration of HK$441,324,300.

② On 24 April 2020, COSCO SHIPPING Lines and its wholly-owned subsidiary, COSCO International Freight Co., Ltd., entered into the Capital Increase Agreement with other fourteen shareholders of COSCO SHIPPING Finance Co., Ltd., including COSCO SHIPPING, pursuant to which they have agreed to increase the registered capital of COSCO SHIPPING Finance Co., Ltd. in proportion to their respective shareholding in an aggregate amount of RMB353,414,400, of which RMB250,976,000 was contributed by COSCO SHIPPING Lines at its own fund and RMB102,438,400 was contributed by COSCO International Freight Co., Ltd. at its own fund. This transaction constitutes a connected transaction of the Company. For details, please see the relevant announcement of the Company dated 24 April 2020.

2. *Financial assets at fair value*

Unit: RMB' 000

Item	Shareholding at the end of the period (%)	Opening carrying amount	Closing carrying amount	Effect on current profit	Change in carrying amount during the reporting period
Investment portfolio including shares, bonds and funds	–	1,066,819	656,143	-5,141	-410,676
Guangzhou Port Co., Ltd.	3.98	944,409	828,516	10,356	-115,893
Shanghai Tianhongli Asset Management Co., Ltd.	19.00	482,271	495,674	2,097	13,403
Ocean Hotel Shanghai Co., Ltd.	10.00	112,257	109,857	–	-2,400
Yantai Port Co., Ltd.	3.90	198,837	146,837	–	-52,000
Hui Xian Holdings Ltd.	7.90	109,249	51,288	54,513	-57,961
Qinhuangdao Port Co., Ltd.	0.88	57,933	48,466	3,861	-9,467
Other financial assets at fair value	–	192,300	106,934	3,945	-85,366
Total	**–**	**3,164,075**	**2,443,715**	**69,631**	**-720,360**

(IV) Industry Operation Information

Container shipping business

In 2020, the sudden outbreak of the COVID-19 pandemic brought about many uncertainties to the global economy and trade. Both global economy and trade declined and the container shipping market was also impacted to a greater extent. The global demand for container transportation demonstrated a trend of first decline and then rise during the year, and the loaded container traffic declined slightly on the whole. According to the the statistics of Container Trades Statistics (the "**CTS**"), the world loaded container traffic in 2020 dropped by 1.0% as compared to that of last year, which is better than expected at the beginning of the year.

During the Reporting Period, the Company closely monitored the trend of the epidemic, controlled the pace, and took initiative in improving shipping capacity to support the resumption of work and production, so as to meet the shipping needs of customers to the greatest extent. Meanwhile, the Company unswervingly implemented the strategy of globalization, focused on enhancing the advantages of dual-brand core business, and gave full play to strategic synergy, thus competitive advantages of dual-brand routes network being further strengthened to achieve synergetic effect. During the year, the services of maritime alliances continued to be upgraded, cooperation among the members of maritime alliances further deepened, and the advantages of major east-west services continued to be strengthened. The Company proactively adapted to changes in the global industrial chain structure and yielded pleasing results in external expansion by continuously increasing strategic shifts in emerging markets and developing north-south routes. The Company rapidly grasped the new growth pole of global economy, and relying on the Piraeus Port strategy, coordinated the formation of a unique competitive advantage of Piraeus Port jointly with the alliance members. Based on the construction of the Hainan Free Trade Zone, the Company independently opened the first intercontinental route affiliated to Hainan Yangpu, adding a strategic fulcrum for the Company to develop emerging markets in the South Pacific.

Focusing on the structural adjustment of global transportation demand chain, the Company continued to strengthen the sales linkage of global marketing resources and delivered results in targeted marketing. During the Reporting Period, the Company centered on customer needs, and based itself on solving the bottleneck of global supply chain during the epidemic to launch the "water-water transshipment and water-railway transportation" service in China and overseas, which opened up the connection between customer supply and demand, and optimized the efficiency of customers' supply chain. In particular, the China-Europe Sea-rail Express became a brand-new benchmark leading the end-to-end service sector, and the new China Western Land-Sea Corridor focused on building a large-scale integrated sea-rail transportation logistics platform of ports, shipping and cargo in the southwest. In terms of service quality improvement, the Company started with consolidating the foundation of global service network to return to the essence of shipping, and continuously enhanced the timeliness, reliability and satisfaction of services by raising service standards, improving customer service system, solving customer's problems and other aspects, thereby gradual transforming its advantages in scale of fleet into customer service.

Meanwhile, the Company continued to speed up the digital transformation and upgrade. The Company took advantages of the IRIS4 system during the pandemic. All links in the transportation chain maintained a rapid response to remote services, laying a crucial foundation for improvement in the Company's marketing and customer service standards. At the same time, the Company depended on the e-commerce platform for domestic and foreign trade to tap online products vertically and expand its global market coverage horizontally, so as to meet its customers' demands for "contactless" services. During the Reporting Period, the Company actively built an industrial chain ecosystem with blockchain technology, and the effect of digital network began to appear. The Company continued to build a safe and trustworthy data exchange platform in the industry. Upon review and approval by relevant global regulatory authorities, the GSBN was successfully established and put into operation, which will become a key milestone in the process of the Company's digital transformation.

(1) Containers

Containers shipped by the Group (TEU)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	4,981,838	4,636,818	7.44
Asia and Europe (including the Mediterranean)	4,917,841	4,907,352	0.21
Asia Region (including Australia)	8,346,979	7,985,493	4.53
Other international region (including the Atlantic)	2,460,510	2,473,322	-0.52
Mainland China	5,637,295	5,736,118	-1.72
Total	**26,344,463**	**25,739,103**	**2.35**

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

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	2,815,386	2,669,999	5.45
Asia and Europe (including the Mediterranean)	3,421,633	3,484,236	-1.80
Asia Region (including Australia)	5,092,248	4,898,993	3.94
Other international region (including the Atlantic)	1,915,960	1,995,615	-3.99
Mainland China	5,637,295	5,736,118	-1.72
Total	**18,882,522**	**18,784,961**	**0.52**

(2) Revenue from routes

Revenue from routes by the Group (RMB' 000)

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	48,709,934	40,758,236	19.51
Asia and Europe (including the Mediterranean)	34,500,757	28,953,172	19.16
Asia Region (including Australia)	40,972,961	34,076,924	20.24
Other international region (including the Atlantic)	20,263,618	18,867,048	7.40
Mainland China	12,166,044	12,314,994	-1.21
Total	**156,613,314**	**134,970,374**	**16.04**

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

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	28,004,277	23,452,383	19.41
Asia and Europe (including the Mediterranean)	24,373,499	20,542,565	18.65
Asia Region (including Australia)	25,237,582	20,967,181	20.37
Other international region (including the Atlantic)	16,633,322	14,919,651	11.49
Mainland China	12,269,840	12,394,230	-1.00
Total	**106,518,520**	**92,276,010**	**15.43**

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

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	7,059,001	5,913,847	19.36
Asia and Europe (including the Mediterranean)	4,999,820	4,200,983	19.02
Asia Region (including Australia)	5,937,766	4,944,417	20.09
Other international region (including the Atlantic)	2,936,586	2,737,529	7.27
Mainland China	1,763,093	1,786,853	-1.33
Total	**22,696,266**	**19,583,629**	**15.89**

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

Routes	Current period	Same period of last year	Percentage of Change (%)
Trans-Pacific	4,058,356	3,402,841	19.26
Asia and Europe (including the Mediterranean)	3,532,186	2,980,639	18.50
Asia Region (including Australia)	3,657,409	3,042,249	20.22
Other international region (including the Atlantic)	2,410,487	2,164,778	11.35
Mainland China	1,778,134	1,798,350	-1.12
Total	**15,436,572**	**13,388,858**	**15.29**

(3) Major performance indicators

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

Items	Current period	Same period of last year	Difference
Revenue from container shipping business (RMB' 000)	166,008,592	144,806,308	21,202,284
Including: Revenue from routes (RMB' 000)	156,613,314	134,970,374	21,642,940
EBIT (RMB' 000)	14,644,097	6,617,250	8,026,847
EBIT margin	8.82%	4.57%	4.25%
Net profit (RMB' 000)	12,013,969	2,354,690	9,659,279

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

Items	Current period	Same period of last year	Difference
Revenue from container shipping business (RMB' 000)	112,137,270	98,562,896	13,574,374
Including: Revenue from routes (RMB' 000)	106,518,520	92,276,010	14,242,510
EBIT (RMB' 000)	7,583,120	3,890,937	3,692,183
EBIT margin	6.76%	3.95%	2.81%
Net profit (RMB' 000)	5,715,398	1,157,526	4,557,872

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

Items	Current period	Same period of last year	Difference
Revenue from container shipping business (USD' 000)	24,057,822	21,010,782	3,047,040
Including: Revenue from routes (USD' 000)	22,696,266	19,583,629	3,112,637
Revenue per TEU from international routes (USD/TEU)	1,010.91	889.71	121.20
EBIT (USD' 000)	2,122,210	960,135	1,162,075
Net profit (USD' 000)	1,741,054	341,656	1,399,398

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

Items	Current period	Same period of last year	Difference
Revenue from container shipping business (USD' 000)	16,250,836	14,301,059	1,949,777
Including: Revenue from routes (USD' 000)	15,436,572	13,388,858	2,047,714
Revenue per TEU from international routes (USD/TEU)	1,031.20	888.24	142.96
EBIT (USD' 000)	1,098,939	564,558	534,381
Net profit (USD' 000)	828,270	167,952	660,318

Notes:

The revenue from routes and major performance indicators above were translated into US dollars at an average exchange rate of: RMB6.9004: USD1 in 2020 and RMB6.8920: USD1 in 2019.

Terminal business

In 2020, the total throughput of COSCO SHIPPING Ports, a subsidiary of the Group, amounted to 123,824,600 TEUs, representing an increase of 0.03% as compared to that of last year, of which, the throughput of controlled terminals amounted to 22,328,700 TEUs, representing a decrease of 11.06% as compared to that of last year; the throughput of non-controlled terminals amounted to 101,495,900 TEUs, representing an increase of 2.85% as compared to that of last year.

The total throughput of the container terminal business of the Group

Location of terminal	Current period (TEU)	Same period of last year (TEU)	Percentage of Change (%)
Bohai Rim Region	41,884,560	40,659,612	3.01%
Yangtze River Delta Region	14,768,442	20,238,468	-27.03%
Southeast Coast and others	5,445,662	5,783,821	-5.85%
Pearl River Delta Region	27,898,470	27,469,330	1.56%
Southwest Coast	5,383,701	1,638,621	228.55%
Overseas	28,443,740	27,994,483	1.60%
Total	123,824,575	123,784,335	0.03%
Of which: Controlled terminals	22,328,730	25,104,282	-11.06%
Non-controlled terminals	101,495,845	98,680,053	2.85%

Major acquisition and disposal of assets and equity

1. On 18 September 2019, COSCO SHIPPING Ports, as seller, entered into three share purchase agreements with Shanghai International Port Group (HK) Co., Limited ("**SIPG (HK)**"), as purchaser, in relation to the sale and purchase of the indirect interests of COSCO SHIPPING Ports in Nanjing Longtan Container Co., Ltd. (南京港龍潭集裝箱有限公司) (via COSCO Ports (Nanjing) Limited (中遠碼頭(南京)有限公司), Yangzhou Yuanyang Terminal International Ports Co., Ltd. (揚州遠揚國際碼頭有限公司) (via COSCO Ports (Yangzhou) Limited (中遠碼頭(揚州)有限公司) and Win Hanverky Investments Limited) and Zhangjiagang Win Hanverky Container Terminal Co., Ltd. (張家港永嘉集裝箱碼頭有限公司) (via Win Hanverky Investments Limited), respectively. The aggregated consideration under such agreements was approximately RMB1,064,119,000. Such transactions constitute connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). For details of such transactions, please refer to the announcement of the Company dated 19 September 2019.

   The disposal of the interests in Nanjing Longtan Container Co., Ltd. (南京港龍潭集裝箱有限公司) was completed in December 2019 and the disposal of the interests in Yangzhou Yuanyang Terminal International Ports Co., Ltd. (揚州遠揚國際碼頭有限公司) and Zhangjiagang Win Hanverky Container Terminal Co., Ltd. (張家港永嘉集裝箱碼頭有限公司) was completed in February 2020.

2. On 26 November 2019，COSCO SHIPPING Ports entered into a share transfer agreement and a shareholder agreement with Qingdao Port International Development (Hong Kong) Co., Ltd. (青島港國際發展(香港)有限公司) ("**Qingdao Port (Hong Kong)**") and COSCO SHIPPING Ports (Abu Dhabi) Limited (中遠海運港口(阿布扎比)有限公司) ("**Target Companies**"), pursuant to which, COSCO SHIPPING Ports transferred 33.335% shares (i.e. 6,667 shares) of the Target Companies to Qingdao Port (Hong Kong) at a consideration of US$59,276,030 (equivalent to approximately RMB416.971 million), and thus indirectly transferred 30.0015% shares of CSP Abu Dhabi Terminal L.L.C., (90% of which are held directly and by way of trust by the Target Companies). For details, please refer to the overseas regulatory announcement of the Company dated 26 November 2019.

   The transaction was completed on 23 April 2020.

SUBSEQUENT EVENTS

Save as disclosed in Note 15 to financial information of this announcement, there is no other material subsequent event.

II. DISCUSSION AND ANALYSIS OF THE BOARD CONCERNING THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Competition in the industry and development trend

Container shipping market

In recent years, the progress of globalization was facing challenges, the global economy was on a winding path to recovery, and the growth in demand for container transportation was slow and flat. On the other hand, under the background of the regular epidemic prevention and control, the center of the world's economic and trade arena had gradually shifted to emerging economies, and the rapid development of trade regionalization had made the "diversity" characteristics of global trade become increasingly obvious.

As trade becomes more fragmented with a widening participation level, new ideas on collaboration among global industries are advocated, and they bring more challenges to the timeliness, organizing ability and professional ability of container transportation logistics for the whole process. The rapid development of more efficient trading sectors, such as building land and sea passages for international trade and China-Europe railway lines, will drive the traditional transportation model towards entire process and integration development. Operation strategies of mainstream shipping liners gradually change, and it is a general trend to extend the business scope to upstream and downstream of the supply chain. Under the trend of gradually transforming container transportation service into a whole-process logistics service, the future development of the industry will show more resilience. The COVID-19 epidemic has further promoted the digitization development of the shipment industry. New technologies such as blockchain cloud computing, big data and artificial intelligence will bring innovative ideas and efficiency enhancement to container liners to accelerate and drive the industry to a more efficient, convenient and intelligent development channel. In addition, technological innovation driven by energy-saving and emission reduction, fuel switch under the environmental protection regulations, and vessels renewal under the clean shipping trend will continue to play a key role in the development of the supply side.

After a series of reorganization and integration in the industry, mainstream shipping liners have basically realized economies of scale, and the combining capability and first-mover advantages of industry leading companies were further demonstrated. With higher concentration in the industry, the market competition landscape will be more rational. With the deepening of allied cooperation, the scope of allied cooperation operation will continue to expand in the future. Under the background of the regular epidemic prevention and control globally and the new trade pattern, the focus of industry competition will gradually shift to value creation. The transformation of shipping liners from maritime transportation carriers to integrated logistics service providers, combined with the acceleration of shipping digitization construction under the opportunity of digitization development and the shift from providing homogenized services to providing differentiated services, will make the industry competition landscape more diversified.

Terminal business market

Efforts of cooperation among global terminal operators are also expanding and deepening. On the one hand, this is conducive to enhance the competitiveness of the terminal business and respond to pressure from alliances; on the other hand, this is also conducive to lower operating costs and operating risks for terminal operators. The deep cooperation among global terminal operators will generate a multiple-winner situation, which is beneficial for the continuous, stable and healthy development of the terminal industry.

Terminal operators have participated in the entire supply chain business one after another, striving to realize diversified sources of income, and associating transportation with cargo owners more closely. This has become a main point for terminal operators to enhance bargaining power of pricing at the ports and to enhance competitiveness. In order to effectively respond to the rising bargaining power of shipping alliances, and to enhance terminal operation capabilities and service quality effectively, the pace of consolidation among port enterprises in the world has been increasing rapidly, with closer cooperation, and the concept of competition and cooperation has been deeply rooted in the mind of people.

Efforts of horizontal cooperation between port enterprises and shipping enterprises are also increasing, synergies exist not only between parent company and subsidiaries, but also between port enterprises and shipping enterprises. While the benefits, efficiency and effectiveness of synergies continue to increase, the potential of a multiple-winner landscape is also deepening and expanding. Terminal operators with a shipping company background will exert more efforts on synergy and are expected to have an advantage in the competition for cargo sources.

Investment in terminals will continue to focus on emerging markets, and will move from the traditional node of east-west shipping routes to the node of north-south shipping routes. In future, we will focus on potential layout in emerging markets, such as Middle East, Africa, Southeast Asia and South America. Large size container vessels have commenced operations successively, the network of global trunk routes has been undergoing a new round of adjustment and optimization. Meanwhile, the port industry has been developing along the trends of digitization, automation, blockchain technology, intelligent port and green and low-carbon port, utilizing artificial intelligence and consolidating maritime shipping and highway services to generate synergies and provide comprehensive services for cargo owners. This will become a catalyst for enterprise transformation and upgrading in response to development in the new era.

(II) Development strategy

COSCO SHIPPING Holdings will endeavor to become one of the most popular benchmark companies with the highest international brand value in the transportation sector of capital market, as well as one of the most comprehensively competitive and most influential multi-national enterprise groups in both container shipping and terminal around the world, by continuously promoting the strategies and business synergies of both the container shipping segment and terminal operation management segment, continuously enhancing comprehensive competitiveness, and promoting high-quality development.

On the container shipping segment, the Company will advance the “three networks” integrated development of global shipping capacity route network, end-to-end service network and digital information network, promote the simultaneous upgrade of global sales network and global service network, build a new strategic pattern of “Three Networks in One and Five Dimensions in One” of mutual support, organic integration and cyclical promotion, and continue to promote the maximization of brand value and benefit specialization to approach the goal of becoming a “customer-oriented, value-leading and world-class integrated container ecosystem service provider”.

On the terminal operation management segment, the Company will strive to be the global leading integrated port operator through the two-wheel drive development of “M&A-driven leapfrog growth” and “refined operation”, supplemented by three major changes of “establishing informatized and digitalized platform”, “building industrial chain extension support center”, and “improving organizational control and talent training system”.

The Group will continue to strengthen and develop container shipping, terminal operation management and related businesses by improving the shipping value chain. Through collaborated and refined management, and continuous enhancing the comprehensive competitiveness of container shipping and port services, the healthy, stable and sustainable development of the core business will be further promoted to provide better quality service for customers and realize corporate benefits, enterprise value and maximized return for shareholders.

(III) Operation plan

Container shipping business

The Company will keep a close eye on the change trend of the market climate, and endeavor to build an ecological community of the industrial chain by accelerating the upgrade of the global route shipping capacity network, end-to-end service network and digital information network, strengthening the integration of multiple values and deepening upstream and downstream cooperation.

The Company has been always adhering to the globalization development strategy, fulfilling the mission of serving the globe and constantly optimizing the structure of the route shipping capacity. While consolidating the competitiveness of the routes, the Company will actively follow the trend of industrial and supply chains transfer by continuously deploying more shipping capacity in emerging markets, regional markets and third-country markets so as to balance its global presence and development. As epidemic prevention and control measures have been normalized, we will make effective and flexible adjustment to its shipping capacity to maintain an overall balance between the overall shipping capacity supply and global demand, and further balance and stabilize route service. The Company will continue to strengthen the synergetic effects of the dual brands strategy, and stabilize operation and deepen integration to coordinate resources; the Company will promote the coordination and deep integration of the dual brands business, further consolidate the competitiveness of low cost, make strategic coordination more effective so that the dual brands strategy can develop further.

The epidemic has accelerated the regional integrated development of the industrial chain. In this regard, the Company will continue to be mainly engaged in the shipping business and set service capability enhancement as its goal. The Company will continue to strengthen the integration of multiple values, make innovations to the multimodal transport operation model and strengthen the capability in end-to-end supply chain solutions to secure more competitiveness in the industrial chain. Meanwhile, the Company will further accelerate the pace of digitalized transformation and upgrade and promote the R&D efforts of GSBN digital products, and, by accelerating the integration and innovation of the blockchain technologies and the industry, achieve data interaction and overall coordination between upstream and downstream industrial chains and link the transportation chain and the value chain seamlessly. The Company will continue to consolidate its global sales network, seek new market growth and opportunities. Furthermore, the Company will upgrade the global service network to meet customers' demand for personalized and differentiated services and constantly improve service quality.

As epidemic prevention and control measures have been normalized, the Company will maintain its strategic focus unswervingly, develop its core competitiveness in a new business form, promote higher-quality development in an all-rounded manner and continue to move towards the goal of becoming a world-class comprehensive service provider in the container ecosystem that is customer-oriented and boasts leading values.

Terminal business

The Company will fully utilize the advantages of internal synergies to strengthen service capabilities for shipping alliances and improve the Company's global container hub network continuously. Meanwhile, the Company will keep on maintaining close cooperative partnership and good relationship with port groups, terminal operators and international liner companies.

In respect of terminal investments, COSCO SHIPPING Ports will utilize its own competitive edges to seek investment opportunities in Middle East, Africa, Southeast Asia, South Americas and boost its terminal projects in due course. Meanwhile, COSCO SHIPPING Ports will also proactively seize the strategic opportunities to participate in the restructuring of important domestic port groups, and expand the scale and increase the influence of the COSCO SHIPPING Ports in China.

It is one of the strategic plans of the Company to extend services to downstream and upstream of the terminal industrial chain. COSCO SHIPPING Ports will accelerate the expansion of terminal extended business and develop the high-end warehousing businesses, to realize the extension to the upstream and downstream industries and further improve its profitability.

As a world leading terminal operator, COSCO SHIPPING Ports continues to enhance the operational efficiency of its terminals, and it plans to apply the Navis N4 system to its controlled terminal companies within three to four years.

The Company will follow its five-year strategic plan, seek opportunities and continue to implement the concept of "The Ports for All" to build a win-win and shared platform that created maximum value for all parties. Meanwhile, brand building and influence of the Group will be further enhanced to optimize its terminal assets and operational efficiency, and to improve the overall profitability of the Company.

The Proposals for Final Dividend Distribution and Conversion Capital Reserve to Share Capital of the Company for 2020

The Board resolved not to propose final dividend for the year 2020. The Board also resolved to propose a capitalization issue of 3 shares for every 10 shares by converting capital reserve to share capital based on the total share capital of ordinary shares of the Company as of the share registration date. As of 30 March 2021, the total share capital of the ordinary shares was 12,259,529,227 shares, and a total 3,677,858,768 shares will be issued. The total number of issued shares will be increased to 15,937,387,995 following the capitalization issue. In the event that the Company issues shares due to the share option incentive scheme or other activities before the issuance date for capitalization, the conversion rate would remain unchanged and the total number of shares to be converted would increase accordingly. Further announcement will be made for the adjustment of abovementioned capitalization shares. The Proposals for Profit Distribution and Conversion Capital Reserve to share capital is subject to the approval by the general meeting of the Company. The details on the Proposals for Profit Distribution and Conversion Capital Reserve to share capital will be disclosed in the circular distributed to the shareholders of the Company in due course.

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from Friday, 21 May 2021 to Friday, 28 May 2021, both days inclusive, during which period no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on Thursday, 20 May 2021 at 4:30 p.m. are entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 28 May 2021.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance within the Group, and the Board considers that effective corporate governance marks an important contribution to corporate success and to enhancing shareholders value.

The Company has adopted its own corporate governance code, which incorporates all the code provisions and a majority of the recommended best practices in the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules.

None of the Directors is aware of any information that would reasonably indicate that the Company had not been in compliance with the Code for any part of the period for the year ended 31 December 2020.

Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by the Directors and supervisors of the Company (the "**Supervisors**"). Having made specific enquiries of all Directors and Supervisors, each of them has confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2020.

Board Committees

The Company has established a strategic development committee, a risk control committee, an audit committee, a remuneration committee and a nomination committee.

Audit Committee

The audit committee of the Company (the "**Audit Committee**"), established in April 2005, comprises three independent non-executive Directors. It is chaired by Mr. ZHOU Zhonghui and the other two members are Mr. WU Dawei and Prof. MA, Si Hang Frederick. All members of the Audit Committee are competent and experienced in understanding, analyzing and reviewing the financial reports of listed companies.

The annual results of the Company have been reviewed by the Audit Committee.

Repurchase, Sale or Redemption of Shares of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries had repurchased or sold any listed securities of the Company. The Company had not redeemed the Company's securities during the Reporting Period.

Pre-emptive Rights

The articles of association of the Company and the laws of the PRC contain no provision for any pre-emptive rights, requiring the Company to offer new shares to shareholders on a pro-rata basis to their shareholdings.

Auditors

The Company has appointed PricewaterhouseCoopers and ShineWing Certified Public Accountants as the international and domestic auditors of the Company respectively for the year ended 31 December 2020. PricewaterhouseCoopers has conducted the audit of the Group's financial statements which are prepared in accordance with Hong Kong Financial Reporting Standards. Resolutions for the re-appointment of PricewaterouseCoopers and Shine Wing Certified Public Accountants, LLP as the international and domestic auditors of the Company respectively will be proposed at the forthcoming annual general meeting of the Company to be held on Friday, 28 May 2021.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operation of the Group contained in this annual 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 in this annual 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 (1) no obligation to correct or update the forward-looking statements or opinions contained in this annual results announcement; and (2) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

PUBLICATION OF ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.hold.coscoshipping.com). An annual report for the year ended 31 December 2020 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and will be available for review on the same websites in due course.

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

Shanghai, the People's Republic of China
30 March 2021

As at the date of this announcement, the Directors are Mr. XU Lirong[1] (Chairman), Mr. HUANG Xiaowen[1] (Vice Chairman), Mr. YANG Zhijian[1], Mr. FENG Boming[1], Mr. WU Dawei[2], Mr. ZHOU Zhonghui[2], Mr. TEO Siong Seng[2] and Prof. MA, Si Hang Frederick[2].

1 *Executive Director*
2 *Independent non-executive Director*

* *For identification purpose only*