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中遠海運發展股份有限公司
COSCO SHIPPING Development Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02866)

**ANNOUNCEMENT OF THE UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

FINANCIAL HIGHLIGHTS (UNDER HKFRSs)

- Revenue amounted to RMB12,919,177,000
- Profit attributable to owners of the parent for the Period amounted to RMB2,420,306,000
- Basic earnings per share amounted to RMB0.1980

The board of directors (the “**Board**”) of COSCO SHIPPING Development Co., Ltd. (the “**Company**” or “**COSCO SHIPPING Development**”) hereby announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (or the “**Period**”) prepared under Hong Kong Accounting Standard 34, “Interim Financial Reporting”, which has been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Company’s auditor, Ernst & Young, Certified Public Accountants, has reviewed the unaudited condensed consolidated interim financial information of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

During the Period, the Group recorded revenue of RMB12,919,177,000, representing an increase of 201.7% as compared with the restated revenue of RMB4,282,415,000 for the same period of last year; profit attributable to owners of the parent for the Period amounted to RMB2,420,306,000, representing an increase of 183.1% as compared with the profit of RMB855,018,000 for the same period of last year. Basic earnings per share amounted to RMB0.1980.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		FOR THE SIX MONTHS ENDED 30 JUNE	
	<i>Notes</i>	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
CONTINUING OPERATIONS			
REVENUE	4	12,919,177	4,282,415
Cost of sales		(10,069,363)	(3,219,611)
Gross profit		2,849,814	1,062,804
Other income	5	33,658	113,650
Other gains/(losses), net	6	145,675	(117,194)
Selling, administrative and general expenses		(383,896)	(299,516)
Expected credit losses		(72,828)	(46,263)
Finance costs		(821,729)	(1,260,892)
Share of profits of:			
Associates		1,144,849	1,023,173
Joint ventures		4,521	330
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		2,900,064	476,092
Income tax expense	7	(495,914)	(47,102)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		2,404,150	428,990
DISCONTINUED OPERATION			
Profit for the period from discontinued operations		16,156	426,028
PROFIT FOR THE PERIOD		2,420,306	855,018
Attributable to owners of the parent		2,420,306	855,018
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (expressed in RMB per share)			
Basic	8		
– For profit for the period		0.1980	0.0599
– For profit for the period from continuing operations		0.1966	0.0229
Diluted			
– For profit for the period		0.1979	0.0599
– For profit for the period from continuing operations		0.1965	0.0229

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	FOR THE SIX MONTHS ENDED 30 JUNE	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>2,420,306</u>	<u>855,018</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Associates:		
Share of other comprehensive income	51,632	2,496
Reclassification to profit or loss	<u>(52)</u>	<u>—</u>
	<u>51,580</u>	<u>2,496</u>
Share of other comprehensive loss of joint ventures	(102)	(21)
Effective portion of cash flow hedges	21,756	(18,614)
Exchange differences on translation of foreign operations	<u>59,213</u>	<u>(163,980)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>132,447</u>	<u>(180,119)</u>
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates	<u>(2,855)</u>	<u>(39,688)</u>
Net other comprehensive loss that may not to be reclassified to profit or loss in subsequent periods	<u>(2,855)</u>	<u>(39,688)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>129,592</u>	<u>(219,807)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,549,898</u>	<u>635,211</u>
Attributable to owners of the parent	<u>2,549,898</u>	<u>635,211</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		36,027,085	55,324,708
Investment properties		96,884	98,144
Right-of-use assets		187,994	222,407
Intangible assets		13,427	39,256
Investments in joint ventures		246,671	180,727
Investments in associates		25,144,234	20,841,847
Financial assets at fair value through profit or loss		3,681,831	3,932,754
Finance lease receivables		31,898,783	27,568,809
Factoring receivables		492,902	365,032
Deferred tax assets		26,600	284,670
Other long term prepayments		110,298	45,984
Total non-current assets		97,926,709	108,904,338
CURRENT ASSETS			
Inventories		1,111,658	962,410
Trade and notes receivables	<i>10</i>	3,536,447	2,445,764
Prepayments and other receivables		1,626,198	1,054,541
Financial assets at fair value through profit or loss		226,072	654,224
Finance lease receivables		3,801,588	18,296,935
Factoring receivables		1,540,980	1,083,635
Derivative financial instruments		15,807	—
Pledged deposits		115,831	590,146
Cash and cash equivalents		10,728,528	12,046,801
Total current assets		22,703,109	37,134,456
Total assets		120,629,818	146,038,794

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

30 JUNE 2021

		30 June 2021	31 December 2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade payables	11	4,604,766	3,100,895
Other payables and accruals		2,387,016	4,771,247
Contract liabilities		211,150	162,354
Derivative financial instruments		5,828	8,654
Bank and other borrowings		35,662,236	47,252,731
Corporate bonds		3,500,000	9,272,114
Lease liabilities		45,112	100,998
Tax payable		327,337	198,482
Total current liabilities		46,743,445	64,867,475
NET CURRENT LIABILITIES		(24,040,336)	(27,733,019)
TOTAL ASSETS LESS CURRENT LIABILITIES		73,886,373	81,171,319
NON-CURRENT LIABILITIES			
Bank and other borrowings		43,410,577	45,527,948
Corporate bonds		3,800,000	8,287,546
Lease liabilities		42,181	53,858
Derivative financial instruments		9,162	12,285
Deferred tax liabilities		139,361	104,888
Government grants		9,158	9,934
Other long term payables		471,161	2,804,852
Total non-current liabilities		47,881,600	56,801,311
Net assets		26,004,773	24,370,008
EQUITY			
Share capital		11,608,125	11,608,125
Treasury shares		(233,428)	(233,428)
Special reserves		525	1,360
Other reserves		(2,719,028)	(2,722,662)
Other equity instruments		6,000,000	6,000,000
Retained profits		13,708,722	12,206,348
Other comprehensive income		(2,360,143)	(2,489,735)
Total equity		26,004,773	24,370,008

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2021

1. CORPORATE INFORMATION

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

During the six months ended 30 June 2021, the principal activities of the Group were as follows:

- (a) Operating leasing and financial leasing;
- (b) Manufacture and sale of containers;
- (c) Provision of financial and insurance brokerage services; and
- (d) Equity investment.

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

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Going concern

The Group had net current liabilities of RMB24,040,336,000 as at 30 June 2021. The directors are of the opinion that based on the available unutilised banking facilities and unutilised quota for the issuance of corporate bonds as at 30 June 2021, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors are of the opinion that it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

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

Amendments to HKAS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. OPERATING SEGMENT INFORMATION

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 June 2021 and 2020, respectively:

	For the six months ended 30 June 2021					For the six months ended 30 June 2020				
	Shipping and industry- related leasing RMB'000 (Unaudited)	Container manufacturing RMB'000 (Unaudited)	Investment and service RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Shipping and industry- related leasing RMB'000 (Unaudited) (Restated)	Container manufacturing RMB'000 (Unaudited) (Restated)	Investment and service RMB'000 (Unaudited) (Restated)	Others RMB'000 (Unaudited) (Restated)	Total RMB'000 (Unaudited) (Restated)
Segment revenue:										
Sales of containers	-	10,070,986	-	-	10,070,986	-	2,033,181	-	-	2,033,181
Rendering of service	-	-	24,122	-	24,122	-	-	24,424	-	24,424
Total revenue from contracts with customers to external customers	-	10,070,986	24,122	-	10,095,108	-	2,033,181	24,424	-	2,057,605
Other revenue to external customers	2,752,687	-	71,382	-	2,824,069	2,151,648	-	73,162	-	2,224,810
Total revenue to external customers	2,752,687	10,070,986	95,504	-	12,919,177	2,151,648	2,033,181	97,586	-	4,282,415
Intersegment revenue from contracts with customers	-	635,070	4,925	-	639,995	-	393,260	4,275	-	397,535
Total revenue	2,752,687	10,706,056	100,429	-	13,559,172	2,151,648	2,426,441	101,861	-	4,679,950
Segment results	565,819	1,445,967	1,170,788	-	3,182,574	256,571	157,896	442,564	(5,574)	851,457
Elimination of intersegment results					(107,631)					(19,740)
Unallocated administrative and general expenses					(47,087)					(54,000)
Unallocated finance costs					(127,792)					(301,625)
Profit before tax from continuing operations					2,900,064					476,092

4. REVENUE

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Revenue from contracts with customers	10,095,108	2,057,605
Other revenue	2,824,069	2,224,810
	12,919,177	4,282,415

The disaggregation of the Group's revenue from contracts with customers, including sale of goods and rendering of services above, for the six months ended 30 June 2021 and 30 June 2020 is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Type of goods or services		
Sales of containers	10,070,986	2,033,181
Rendering of service	24,122	24,424
Total revenue from contracts with customers	10,095,108	2,057,605
Geographical markets		
United States	7,773,904	535,402
Hong Kong	861,766	307,072
Mainland China	687,258	712,707
Asia (excluding Hong Kong and Mainland China)	639,166	457,865
Europe	89,671	43,780
Others	43,343	779
Total revenue from contracts with customers	10,095,108	2,057,605
Timing of revenue recognition		
Goods transferred at a point in time	10,070,986	2,033,181
Services transferred at a point in time	24,122	24,424
Total revenue from contracts with customers	10,095,108	2,057,605

5. OTHER INCOME

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest income	29,576	70,267
Government grant related to expense items	3,139	22,333
Others	943	21,050
	33,658	113,650

6. OTHER GAINS/(LOSSES), NET

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Gain on disposal of items of property, plant and equipment	3,827	20,266
Gain on disposal of investments in an associate	23,236	–
Gain on disposal of investments in a joint venture	–	10,206
Fair value gain/(loss) on financial assets at fair value through profit or loss	228,209	(177,817)
Foreign exchange (loss)/gain, net	(131,722)	34,133
Others	22,125	(3,982)
	145,675	(117,194)

7. INCOME TAX

According to the Corporate Income Tax (“CIT”) Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the six months ended 30 June 2021 and 2020.

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong of the Group’s companies operating in Hong Kong for the six months ended 30 June 2021 (six months ended 30 June 2020: 16.5%).

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. For the Group, the applicable rate is 10%. Certain of the Group’s overseas subsidiaries are therefore liable for withholding taxes on dividends distributed by certain associates established in the PRC in respect of earnings generated from 1 January 2008.

The major components of income tax expense of the Group are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current income tax		
– PRC	404,608	29,440
– Hong Kong	15,941	4,525
– elsewhere	21,236	6,759
Deferred income tax	54,129	6,378
Total tax charge for the period from continuing operations	495,914	47,102
Total tax charge for the period from discontinued operations	68,127	51,894
	564,041	98,996

8. EARNINGS PER SHARE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share amount is calculated by dividing the profit attributable to holders of the parent by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	2,266,898	264,576
From a discontinued operation	16,156	426,028
	2,283,054	690,604
Interest on perpetual debts*	137,252	164,414
Profit attributable to equity holders of the parent before interest on perpetual debts	2,420,306	855,018
Attributable to:		
From continuing operations	2,404,150	428,990
From a discontinued operation	16,156	426,028
	2,420,306	855,018
	Number of shares for the six months ended	
	2021	2020
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	11,528,498	11,528,498
Effect of dilution-weighted average number of ordinary shares: Share options**	5,173	–
	11,533,671	11,528,498

* The Company issued perpetual debts during the years ended 31 December 2019 and 2018. The dividend distribution and repurchase of shares of the Company triggered the mandatory interest payment event of perpetual debts. For the purpose of calculating basic earnings per ordinary share in respect of the six months ended 30 June 2021 and 2020, the portion of RMB137,252,000 (six months ended 30 June 2020: RMB164,414,000) attributable to perpetual debts was deducted from profits attributable to equity holders of the Company.

** During the six months ended 30 June 2020, the share options didn't have a dilutive impact on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. There was no dilution effect on the ordinary shares for six months ended 30 June 2020.

9. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final declared – RMB0.056 (2020: RMB0.045) per ordinary share	645,596	518,782

During the period, the Company's shareholders approved the 2020 proposed final dividend with a total amount of RMB645,596,000 (six months ended 30 June 2020: RMB518,782,000).

10. TRADE AND NOTES RECEIVABLES

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	3,734,316	2,202,779
Notes receivable	466	387,926
	3,734,782	2,590,705
Impairment	(198,335)	(144,941)
	3,536,447	2,445,764

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

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	2,992,264	1,615,687
4 to 6 months	349,769	316,036
7 to 12 months	13,037	124,612
Over 1 year	180,911	1,503
	3,535,981	2,057,838

11. TRADE PAYABLES

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 3 months	3,965,121	2,557,729
4 to 6 months	389,577	374,716
7 to 12 months	243,530	145,657
Over 1 year	6,538	22,793
	4,604,766	3,100,895

12. EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

In the first half of 2021, the global economy gradually recovered, and areas such as international trade, investment and manufacturing saw accelerated recovery, with global container shipping trade recording a strong rebound. However, there were significant differences in the economic recovery of various regions and divergence in global monetary policies.

In the second half of 2021, growth recovery will remain to be the general trend. With widespread vaccination, the global pandemic has been easing gradually and the global market is expected to continue to recover. Having made several upgrades to economic growth projections, International Monetary Fund expects a 6% growth for the year. According to the forecasts of Alphaliner, a shipping consultancy, a growth rate of 5.8% in demand for containers is anticipated for the year. The shipping market is seeking a new balance amid continued supply chain disruptions, and the container market continues to be buoyant. However, factors such as the global pandemic dynamics, new developments in globalism and reshaping of the demand landscape of the shipping market will bring uncertainties for the market.

DEVELOPMENT STRATEGY OF THE COMPANY

1. Strategic Position

COSCO SHIPPING Development will integrate shipping logistics-related resources including cargo source, capital, information and equipment, and fully leverage its advantages in the shipping industry to serve and empower the shipping logistics industry, expand the capital flow value of the shipping logistics ecosystem, and develop into a world-class financial operator in the industry with characteristics of COSCO SHIPPING.

2. Development Goals

With a focus on integrated logistics industry, the Company will develop container manufacturing, container leasing and shipping leasing business as the core business and shipping supply chain finance services as auxiliary business, with a view to pursuing industry-finance integrated development underpinned by investment. Leveraging the advantage of its container industry chain, the Company will explore container-based Fintech integrating the flow of goods, capital and information and provide “one-stop” supply chain finance services covering logistics, financing and risk management, in an effort to empower its shipping logistics ecosystem, enhance the loyalty of industry chain customers and create value for customers. With market-oriented approaches, professional strengths and an international vision, the Company aspires to grow into an excellent financial operator in the shipping industry with COSCO SHIPPING characteristics.

3. Development Plans

(1) *Shipping and Industry-related Leasing Business*

Vessel leasing business focuses on the operating lease or finance lease of various vessels, such as container vessels and dry bulk cargo vessels. The Company will, based on its existing business, gradually set up a high-level professional investment and financing team and strengthen the synergy between “leasing and manufacturing, leasing and trading, and leasing and shipping”, so as to become a first-class domestic ship owner leasing enterprise. In the short term, the Company will enhance its current business model of industry-finance integration for the fleet and build a leading management platform for shipping equipment leasing within the Group. In the long run, it will gradually increase the proportion of external business, explore green zero-carbon vessel leasing and work out a “one-stop” business model leveraging COSCO SHIPPING’s advantages of full industry chain deployment, in an attempt to establish a unique competitive edge in the industry.

Container leasing business, as an integral part of the container industry chain, mainly involves container leasing and trading of various kinds. The Company will strive to develop as a leading world-class leasing company with unique competitive edges on the basis of the current leasing business of Florens International Limited (“**Florens International**”). In the short term, the Company will follow the guideline of “consolidating core businesses while seizing market opportunities”, strengthen the development on special container and reefer container business, study smart container leasing and power container leasing, improve the coordination between “leasing and manufacturing” and between “leasing and shipping”, promote the dual model of lease and sale, leverage the cyclical supply of and demand for containers to tap profits externally and generate synergy internally. In the long term, the Company will strive to seize market opportunities, actively enhance asset quality, prepare for seizing consolidation opportunities in the industry, optimize its contract portfolios and improve its capital structure so as to enhance the rate of return.

(2) *Container Manufacturing Business*

In respect of container manufacturing, the Company will focus on industry collaboration, intelligent manufacturing and diversified development, guarantee the container supply security of the principal shipping business, and coordinate with the shipping finance business of the industry-finance platform while creating value for the industry, in a drive to achieve high-quality development of the container manufacturing segment. The Company will enhance the integrated management of entrusted assets and improve quality and efficiency, prepare for assets consolidation, improve the synergy in the container industry chain, strengthen dry container manufacturing, enhance the development of special container and reefer container business, explore the research and development of smart containers and power containers, and branch out into peripheral equipment of containers relating to the application scenarios of containers. We will improve and maintain the industry’s healthy operating environment, with an aim to develop ourselves into a world-class container manufacturing company with strong technological edge and high capacity efficiency and profitability.

(3) *Supply Chain Finance Services*

The Company will focus on the shipping logistics supply chain finance ecosystem to develop industry-finance integration and capital operation, accelerate the construction of risk control data model for medium and small enterprises, seize opportunities to expand the market share of international commercial factoring business, consolidate resources to build the most professional platform for shipping insurance in the country, effectively tap into the advantages of integrated services (comprising leasing, factoring, small loans, insurance and industry funds), focus on customers in the shipping logistics industry, provide “one-stop” supply chain finance services covering logistics, finance and risk management to boost industry stickiness, improve bargaining power, and enhance the value of cargo source. We will actively explore container financial technology to develop and improve the “one-stop” supply chain financial services platform based on block chain technology and achieve the empowerment of finance through technology and form a financial and technological closed loop along the upstream and downstream industry chain of the Company. Based on cargo transportation information from logistics and transport, we will explore synergistic marketing and mutual channelling to boost risk control and customer expansion capabilities, enhance supply chain management and expedite capital turnover of core enterprises.

(4) *Investment Management*

We will give equal weight to strategic value and financial returns, adhere to the principal business of shipping logistics, aim at integration of industry and finance through investment measures, continuously focus on investment areas, enhance investment portfolios, strengthen asset operation, gradually exit non-core financial investments strategically, reduce the risks from portfolio volatility and increase investment gains to smooth out the shipping business cycle. The Company will maintain its investment focus and make full use of capital to attract and integrate high-quality assets, intellectual property and resources based on the application scenarios of shipping, port and logistics industries, and provide intelligence and capital channelling services for the digital, intelligent and carbon-neutral development of the shipping logistics industry, in an effort to boost industry upgrade.

FINANCIAL REVIEW OF THE GROUP

The Group recorded revenue of RMB12,919,177,000 for the Period, representing an increase of 201.7% as compared with the restated revenue of RMB4,282,415,000 for the same period of last year; profit before tax from continuing operations amounted to RMB2,900,064,000, representing an increase of 509.1% as compared with the restated profit of RMB476,092,000 for the same period of last year; profit attributable to owners of the parent for the Period amounted to RMB2,420,306,000, representing an increase of 183.1% as compared with the profit of RMB855,018,000 for the same period of last year.

Analysis of segment results is as follows:

Unit: RMB'000

Segment	Revenue		Change	Cost		Change
	For the six months ended 30 June 2021	For the six months ended 30 June 2020 (Restated)		For the six months ended 30 June 2021	For the six months ended 30 June 2020 (Restated)	
Shipping and industry-related leasing business	2,752,687	2,151,648	27.9%	1,543,201	1,375,951	12.2%
Container manufacturing business	10,706,056	2,426,441	341.2%	9,034,250	2,192,318	312.1%
Investment and service business	100,429	101,861	(1.4%)	24,196	24,666	(1.9%)
Other business	–	–	–	–	4,413	(100.0%)
Offset amount	(639,995)	(397,535)	61.0%	(532,284)	(377,737)	40.9%
Total	<u>12,919,177</u>	<u>4,282,415</u>	<u>201.7%</u>	<u>10,069,363</u>	<u>3,219,611</u>	<u>212.8%</u>

1. ANALYSIS OF SHIPPING AND INDUSTRY-RELATED LEASING BUSINESS

1) *Operating Revenue*

The Group recorded revenue from the leasing business of RMB2,752,687,000 for the six months ended 30 June 2021, representing an increase of 27.9% as compared with the restated revenue of RMB2,151,648,000 for the same period of last year, which accounted for 21.3% of the total revenue of the Group. The increase was mainly due to the scale expansion of the Company's shipping and industry-related leasing business during the Period.

Revenue from the vessel leasing business amounted to RMB964,297,000, representing an increase of 180.2% as compared with the restated revenue of RMB344,195,000 for the same period of last year. Revenue from vessel operating leasing amounted to RMB243,558,000 while revenue from vessel finance leasing and other shipping finance leasing amounted to approximately RMB720,739,000. As at 30 June 2021, the Group leased out 95 vessels through finance leasing (as at 31 December 2020: 84 vessels through finance leasing).

Revenue from leasing, management and sale of containers amounted to RMB1,788,390,000, representing a decrease of 1.1% as compared with the restated revenue of RMB1,807,453,000 for the same period of last year. The decrease was mainly due to a surge in revenue from container leasing business recorded by Florens International following a strong rebound in demand for containers globally, coupled with a decrease in sales revenue from second-hand containers business, leading to steady revenue generated by the container leasing business in general during the Period.

2) *Operating Costs*

Operating costs of the leasing business mainly include the depreciation and maintenance costs of self-owned vessels, depreciation of self-owned containers, staff salaries, net carrying value of sale of containers returned upon expiry and financing costs of leased-in vessels and containers. Operating costs of the leasing business for the six months ended 30 June 2021 amounted to RMB1,543,201,000, representing an increase of 12.2% as compared with the restated costs of RMB1,375,951,000 for the same period of last year. Costs of vessel leasing increased by 213.7% from the restated costs of the same period of last year, mainly due to the completion of the bulk carriers and special vessels of Oriental Fleet during the Period, leading to an increase in operating costs; costs of container leasing decreased by 14.7% from the restated costs of the same period of last year, mainly due to the decrease in used containers available for sale of Florens International, leading to a corresponding decrease in cost of sales of second-hand containers.

2. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

1) Operating Revenue

For the six months ended 30 June 2021, the Group recorded operating revenue from the container manufacturing business of RMB10,706,056,000, representing an increase of 341.2% as compared with the restated revenue of RMB2,426,411,000 for the same period of last year, primarily attributable to the fact that container turnover rate in major ports in Europe and the USA reduced amid the COVID-19 pandemic, leading to a structural and regional shortage in available containers globally, while the complete industry chain, supply chain and recovered production capacity following rapid pandemic containment in China contributed to a robust growth in China's exports, growing demands in the container market and significant increase in container price index and global new container delivery volume. The Group's container sales amounted to 619,907 TEUs for the Period, representing an increase of 230.4% as compared with 187,636 TEUs for the same period of last year.

2) Operating Costs

Operating costs of the container manufacturing business mainly consist of raw material costs, employee compensation and depreciation expenses. The operating costs for the six months ended 30 June 2021 amounted to RMB9,034,250,000, representing an increase of 312.1% as compared with the restated costs of RMB2,192,318,000 for the same period of last year. Such increase was mainly due to the rising boom in the container manufacturing market, increase in container sales volume and a rise in raw material prices during the Period, the combined effects of which led to an increase in costs of raw materials and labor cost.

3. ANALYSIS OF INVESTMENT AND SERVICE BUSINESS

1) Operating Revenue

For the six months ended 30 June 2021, the Group recorded revenue from the financial service business of RMB100,429,000, representing a decrease of 1.4% as compared with the restated revenue of RMB101,861,000 for the same period of last year, which remained stable.

2) Operating Costs

Operating costs for the six months ended 30 June 2021 amounted to RMB24,196,000, representing a decrease of 1.9% as compared with the restated costs of RMB24,666,000 for the same period of last year.

3) Net Investment Income

For the six months ended 30 June 2021, the Group recorded net income from the investment business of RMB1,400,815,000, representing an increase of 63.7% as compared with the restated income of RMB855,892,000 for the same period of last year. The increase in income was mainly attributable to the increase in profit of associates and joint ventures in which the Group held investments and increase in value of equity interests held by the Group in unlisted entities.

GROSS PROFIT

Due to the above reasons, the Group recorded a gross profit of RMB2,849,814,000 for the six months ended 30 June 2021 (the restated gross profit for the same period of last year was RMB1,062,804,000).

SIGNIFICANT SECURITIES INVESTMENT

For the six months ended 30 June 2021, the Company's equity investments in associates and joint ventures generated a profit of RMB1,149,370,000, which was mainly attributable to the profits from China Everbright Bank Co., Ltd., China Bohai Bank Co., Ltd., COSCO SHIPPING Finance Company Limited and China International Marine Containers (Group) Co., Ltd. for the Period.

1. Shareholdings in Other Listed Companies

Stock code	Company name	Initial investment cost (RMB)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
000039/02039	China International Marine Containers (Group) Co., Ltd.	1,964,084,000	4.69	4.66	2,090,844,000	192,988,000	(5,473,000)	46,899,000	Investment in associates	Purchase
601818	China Everbright Bank Co., Ltd.	3,398,255,000	1.34	1.34	4,689,937,000	268,574,000	–	152,040,000	Investment in associates	Purchase
600643	Shanghai AJ Group Co., Ltd.	25,452,000	0.22	0.22	24,674,000	(1,909,000)	–	–	Financial assets at fair value through profit or loss	Purchase
000617	CNPC Capital Company Limited	493,270,000	0.31	0.06	253,074,000	(240,194,000)	–	–	Financial assets at fair value through profit or loss	Purchase
600390	Minmetals Capital Co., Ltd.	996,139,000	3.17	3.17	853,428,000	(142,713,000)	–	–	Financial assets at fair value through profit or loss	Purchase
Total		<u>6,878,331,000</u>	<u>/</u>	<u>/</u>	<u>7,911,957,000</u>	<u>75,887,000</u>	<u>(5,473,000)</u>	<u>198,939,000</u>		

2. Shareholdings in Financial Enterprises

Name of investee	Initial investment cost (RMB)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
China Bohai Bank Co., Ltd.	5,749,379,000	11.12	11.12	9,618,513,000	541,979,000	13,643,000	167,902,000	Investment in associates	Purchase
Bank of Kunlun Co., Ltd.	1,077,153,000	3.74	3.74	1,409,004,000	61,719,000	320,000	16,153,000	Investment in associates	Purchase
Shanghai Life Insurance Co., Ltd.	998,400,000	16	16	1,083,168,000	4,002,000	33,163,000	–	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000,000	10	10	371,658,000	20,692,000	–	–	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	125,000,000	25	25	129,464,000	1,876,000	–	–	Investment in joint ventures	Purchase
Chinese Enterprise Elephant Financial Information Services Company Limited	20,000,000	12.5	12.5	22,142,000	375,000	–	1,000,000	Investment in associates	Purchase
Shanghai COSCO SHIPPING Microfinance Company Limited	90,000,000	45	45	94,294,000	1,477,000	–	–	Investment in associates	Purchase
COSCO SHIPPING Finance Company Limited	1,934,677,000	23.38	23.38	2,101,697,000	51,520,000	(718,000)	68,301,000	Investment in associates	Purchase
Total	10,094,609,000	/	/	14,829,940,000	683,640,000	46,408,000	253,356,000		

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

Name of investee	Exchange	Principal business
China International Marine Containers (Group) Co., Ltd.	Shenzhen Stock Exchange/ The Stock Exchange of Hong Kong Limited (the “ Hong Kong Stock Exchange ”)	Manufacturing and sales of containers
Shanghai AJ Group Co., Ltd.	Shanghai Stock Exchange	Investment in industries and other financial business
China Everbright Bank Co., Ltd.	Shanghai Stock Exchange	Bank business
Minmetals Capital Co., Ltd.	Shanghai Stock Exchange	Integrated financial business
CIB Fund Management Co., Ltd.	/	Fund management business
Bank of Kunlun Co., Ltd.	/	Bank business
Shanghai Life Insurance Co., Ltd.	/	Insurance business
China Bohai Bank Co., Ltd.	/	Bank business
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	/	Leasing business
CNPC Capital Company Limited	Shenzhen Stock Exchange	Integrated financial business
Chinese Enterprise Elephant Financial Information Services Company Limited	/	Financial information service
Shanghai COSCO SHIPPING Microfinance Company Limited	/	Loan extending and other business
COSCO SHIPPING Finance Company Limited	/	Deposit absorbing, loan extending and other business

The stock market was volatile during the six months ended 30 June 2021. The Company expects the investment portfolio of the Group (including the above significant investments) will be subject to the fluctuations of interest rates, market factors and macroeconomic factors, etc. Moreover, the market value of individual shares will be affected by the financial results, development plans as well as prospects of the industries of the relevant companies. To mitigate the relevant risks, the Group will take appropriate measures in due course and adjust its investment strategies in response to market circumstances.

INCOME TAX

For the six months ended 30 June 2021, the corporate income tax (“CIT”) rate applicable to the Company and its subsidiaries in the PRC was 25%.

Pursuant to the relevant new CIT regulations, the profits derived from the Company’s offshore subsidiaries are subject to applicable CIT when dividends are declared by such offshore subsidiaries. The Company uses an applicable tax rate in accordance with relevant regulations to pay CIT on profits of the offshore subsidiaries.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the six months ended 30 June 2021, the Group’s selling, administrative and general expenses amounted to RMB383,896,000, representing an increase of 28.2% as compared with the restated expenses for the same period of last year.

OTHER GAINS/(LOSSES)

For the six months ended 30 June 2021, other gains of the Group amounted to RMB145,675,000, representing an increase of approximately RMB262,869,000 as compared with the restated other losses of RMB117,194,000 for the same period of last year, mainly attributable to the rise in share prices of unlisted equity investments held by the Group and the increase in exchange loss as a result of depreciation of USD against RMB during the Period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT FOR THE PERIOD

The profit attributable to owners of the parent of the Company for the six months ended 30 June 2021 was RMB2,420,306,000, representing an increase of 183.1% as compared with the profit of RMB855,018,000 for the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity and Borrowings

The Group’s principal sources of liquidity are operating cash inflow and short-term bank borrowings. The Group’s cash is mainly used for operating expenses, repayment of loans, procurement of containers, and the Group’s financial leasing business. During the Period, the Group’s net operating cash inflow was RMB3,902,747,000. As at 30 June 2021, the Group’s cash and cash equivalents amounted to RMB10,728,528,000.

As at 30 June 2021, the Group's total bank and other borrowings amounted to RMB79,072,813,000, with RMB35,662,236,000 repayable within one year. The Group's long-term bank and other borrowings are mainly used for the procurement of vessels and containers, equity acquisitions and replenishment of liquidity.

As at 30 June 2021, the Group's RMB-denominated corporate bonds payables amounted to RMB7,300,000,000, which were used for the purchase of financial lease assets, repayment of loans and replenishment of liquidity.

The Group's RMB-denominated borrowings at fixed interest rates amounted to RMB17,976,071,000. USD-denominated borrowings at fixed interest rates amounted to USD1,228,762,000 (equivalent to approximately RMB7,937,928,000), RMB-denominated borrowings at floating interest rates amounted to RMB1,266,612,000, and USD-denominated borrowings at floating interest rates amounted to USD8,032,724,000 (equivalent to approximately RMB51,892,202,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are primarily denominated in RMB and USD.

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

Net Current Liabilities

As at 30 June 2021, the Group's net current liabilities amounted to RMB24,040,336,000. Current assets mainly included inventories of RMB1,111,658,000, trade and notes receivables of RMB3,536,447,000, prepayments and other receivables of RMB1,626,198,000, the current portion of finance lease receivables of RMB3,801,588,000, cash and cash equivalents of RMB10,728,528,000, and restricted deposits of RMB115,831,000. Current liabilities mainly included trade payables of RMB4,604,766,000, other payables and accruals of RMB2,387,016,000, contract liabilities of RMB211,150,000, tax payable of RMB327,337,000, short-term bank borrowings of RMB20,566,617,000, current portion of long-term borrowings of RMB15,095,619,000, corporate bonds of RMB3,500,000,000, and current portion of lease liabilities of RMB45,112,000.

Cash Flows

For the six months ended 30 June 2021, the Group's net cash inflow generated from operating activities was RMB3,902,747,000, denominated principally in RMB and USD, representing an increase of RMB321,200,000 as compared with the net cash inflow generated from operating activities of RMB3,581,547,000 for the corresponding period of 2020. The cash inflow generated from financing activities of the Group for the Period was mainly derived from bank and other borrowings and such funds were used mainly for short-term operation and the purchase and construction of vessels and containers. The balance of cash and cash equivalents as at 30 June 2021 decreased by RMB1,318,273,000 as compared with that at the beginning of the Period, mainly because the net cash outflow generated from investing activities exceeded the net cash inflow generated from financing activities and operating activities.

The following table provides the information regarding the Group's cash flows for the six months ended 30 June 2021 and 30 June 2020:

	<i>Unit: RMB</i>	
	30 June 2021	30 June 2020
Net cash generated from operating activities	3,902,747,000	3,581,547,000
Net cash used in investing activities	(10,218,253,000)	(3,537,561,000)
Net cash generated from financing activities	5,037,951,000	1,923,201,000
Impact of exchange rate movement on cash	(40,718,000)	56,158,000

Net Cash Generated from Operating Activities

For the six months ended 30 June 2021, the net cash inflow generated from operating activities was RMB3,902,747,000, representing an increase of RMB321,200,000 as compared with RMB3,581,547,000 of net inflow generated from operating activities for the same period of last year. The increase in the Group's net cash generated from operating activities was mainly due to normal operating activities.

Net Cash Used in Investing Activities

For the six months ended 30 June 2021, the net cash outflow used in investing activities was RMB10,218,253,000, representing an increase of RMB6,680,692,000 as compared with RMB3,537,561,000 of net outflow used in investing activities for the same period of last year. The increase in the Group's net cash used in investing activities was mainly due to the expanded scale of the finance lease business of the Group, acquisition of containers, machinery and equipment, vessels and other expenditures led to increased cash outflow during the six months ended 30 June 2021.

Net Cash Generated from Financing Activities

For the six months ended 30 June 2021, the net cash inflow generated from financing activities was RMB5,037,951,000, representing an increase of RMB3,114,750,000 as compared with the net cash flow generated from financing activities of RMB1,923,201,000 for the same period of 2020. For the six months ended 30 June 2021, the Group's bank and other borrowings amounted to RMB37,886,865,000, repayment of bank and other borrowings amounted to RMB28,994,120,000, and proceeds from new issuance of bonds amounted to RMB3,780,000,000.

Average Turnover Days of Trade and Notes Receivables

As at 30 June 2021, the Group's net amount of trade and notes receivables was RMB3,536,447,000, representing an increase of RMB1,090,683,000 as compared with that for the same period of last year, of which notes receivables decreased by RMB387,460,000 and trade receivables increased by RMB1,478,143,000, which was mainly due to the substantial increase in sales income of the container manufacturing segment.

Gearing Ratio

As at 30 June 2021, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 291%, which was lower than 402% as at 31 December 2020. The decrease in net gearing ratio was mainly due to an increase in shareholders' equity and a decrease in liabilities as at the end of the Period, leading to a lower net debt ratio.

Foreign Exchange Risk

Revenues and costs of the Group's shipping-related leasing business and container manufacturing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. For the six months ended 30 June 2021, the Group recorded an exchange loss of RMB131,722,000, which was mainly due to fluctuations of the USD exchange rate during the Period; the increase in exchange difference which was charged to equity attributable to shareholders of the parent amounted to RMB59,213,000. The Group will continue to monitor the exchange rate fluctuation of RMB and major international settlement currencies, reduce the loss arising from exchange rate fluctuation, and take appropriate measures to mitigate the Group's foreign exchange risk when necessary.

Capital Expenditures

For the six months ended 30 June 2021, the Group's expenditures on the acquisition of containers, machinery and equipment and other expenditures amounted to RMB8,234,024,000, expenditures on the acquisition of finance lease assets amounted to RMB14,647,870,000.

Capital Commitments

As at 30 June 2021, the Group had RMB2,836,692,000 in capital commitment to fixed assets which had been contracted but not provided for, and RMB425,779,000 in equity investment commitment.

Pledge

As at 30 June 2021, certain container vessels and containers with net carrying value of approximately RMB17,529,315,000 (31 December 2020: RMB25,232,185,000), finance lease receivables of RMB18,594,805,000 (31 December 2020: RMB24,367,438,000) and restricted deposits of RMB18,255,000 (31 December 2020: RMB279,603,000) of the Group were pledged for the grant of bank borrowings and issuance of corporate bonds.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

At the 29th meeting of the sixth session of the Board held on 10 December 2020 and the 2020 sixth extraordinary general meeting of the Company held on 28 December 2020, the Resolution in Relation to Transfer of the 35.22% Equity Interest in COSCO SHIPPING Leasing Co., Ltd. was considered and approved, pursuant to which, the Company proposed to transfer the 35.22% equity interest held in COSCO SHIPPING Leasing Co., Ltd. (“**COSCO SHIPPING Leasing**”) to Chengtong Mixed Reform Equity Investment Fund Management Co., Ltd. (誠通混改股權投資基金管理有限公司) by way of non-disclosure agreement at a consideration of RMB1.8 billion.

As of 30 June 2021, the Company received the consideration of RMB1.8 billion for the aforementioned share transfer in full, COSCO SHIPPING Leasing completed amendments to its articles of association and reorganized its board of directors, and both parties acknowledged closing of transaction. As such, the Company derecognized the transfer of 35.22% equity interest in COSCO SHIPPING Leasing on 30 June 2021.

At the 29th meeting of the sixth session of the Board held on 10 December 2020 and the 2020 sixth extraordinary general meeting of the Company held on 28 December 2020, the Resolution in Relation to Soliciting Strategic Investors Through Public Listing and Capital Increase to COSCO SHIPPING Leasing Co., Ltd. was considered and approved. One eligible investor, being China Insurance Investment Co., Ltd. (中保投資有限責任公司)(“**China Insurance Investment**”) was solicited through public solicitation. Upon consideration and confirmation at the 35th meeting of the sixth session of the Board, the parties entered into the Capital Increase Agreement and supplemental agreement, pursuant to which, China Insurance Investment will contribute RMB3 billion to subscribe for the increase in the registered capital of COSCO SHIPPING Leasing of RMB2,054,977,136.03. As of 30 June 2021, China Insurance Investment has paid in RMB1 billion for the capital increase, where the remaining RMB2 billion shall be contributed in installments within two years in accordance with the agreements. COSCO SHIPPING Leasing has made amendments to its articles of association and China Insurance Investment has designated two directors to serve on the board of directors of COSCO SHIPPING Leasing.

The Company currently holds 54.17% voting rights at the shareholders’ general meetings of COSCO SHIPPING Leasing. Pursuant to the Capital Increase Agreement and upon assessment of the payment capacity of China Insurance Investment, the Company believes that China Insurance Investment is capable of contributing the remaining balance at any time, which may dilute the Company’s voting rights at the shareholders’ general meetings of COSCO SHIPPING Leasing to below 50%. As the Company’s voting rights at the board meetings of COSCO SHIPPING Leasing has been reduced to 42.86%, the Company ceased to include COSCO SHIPPING Leasing in the scope of consolidation.

For further details, please refer to the announcement of the Company dated 10 December 2020 and the relevant overseas regulatory announcements.

SUBSEQUENT EVENTS

There were no significant subsequent events for the Group after 30 June 2021.

CONTINGENT LIABILITIES

As at 30 June 2021, there were no significant contingent liabilities for the Group.

EMPLOYEES, TRAINING AND BENEFITS

As at 30 June 2021, the Group had 5,417 employees, and the total staff costs for the Period (including staff remuneration, welfare and social insurance) amounted to approximately RMB814,172,000 (including outsourced labour costs).

Remuneration management, as one of the most effective incentives and a form of enterprise value distribution, was carried out on the basis of total budget control, value creation, internal fairness, market competition and sustainable development. Based on the principle of “contractual management, differential compensation”, the senior management of the Company has introduced and implemented the professional manager system and strengthened the incentive and restraint mechanism based on performance management. The Company’s comprehensive remuneration system applicable to the employees of the Company mainly consists of: (1) salaries, including position/title salary, performance salary, special incentives and allowances; (2) benefits, including mandatory social insurance, provident housing fund and corporate welfares; (3) approved schemes, and other items in support of corporate strategies and corporate culture.

To support the Company's human resources management reform, talent development and training, the Company has reconstructed its employee training system to make it base on identification of demand, with the support of clearly defined responsibilities and list-based management. We have enhanced the training content and implementation system, and improved the effectiveness of training resource allocation, staff training participation and satisfaction. Based on the training system, various training programmes were designed and implemented to address different types of business and positions, covering topics such as transformation and innovation, industry development, management capability, financial business, risk management, safety and personal attributes.

Pursuant to the Management Measures for Share Incentive Schemes of Listed Companies (《上市公司股權激勵管理辦法》) the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange (the “**Listing Rules**”) and other regulations, and with the authorization granted at the 2020 first extraordinary general meeting, 2020 first A shareholders class meeting and the 2020 first H shareholders class meeting, the Board determined to take 6 May 2021 as the grant date for reserved share options and granted the remaining 8,847,445 share options to 19 participants identified by the Board. For further details, please refer to (i) the announcements of the Company dated 16 December 2019, 22 January 2020, 5 March 2020, 30 March 2020 and 6 May 2021; and (ii) the circular of the Company dated 17 February 2020.

DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended 30 June 2021.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive directors, namely Mr. Lu Jianzhong and Mr. Cai Hongping, and one non-executive director, namely Mr. Huang Jian.

The Audit Committee has reviewed the interim results of the Company for the Period and agreed to the accounting treatment adopted by the Company.

CORPORATE GOVERNANCE CODE

The Company was in full compliance with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors, supervisors and relevant employees on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry by the Company of all directors and its supervisors, the directors and supervisors have each confirmed their compliance with the required standard set out in the Model Code regarding securities transactions by directors and supervisors during the Period. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

DISCLOSURE OF INFORMATION

This announcement is published on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://development.coscoshipping.com>. The interim report of the Company for the six months ended 30 June 2021, which includes the relevant financial information as required by Appendix 16 to the Listing Rules, will be despatched by the Company to its shareholders and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

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

Shanghai, the People’s Republic of China
30 August 2021

As at the date of this announcement, the Board comprises Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive directors of the Company, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive directors of the Company, and Mr. Cai Hongping, Mr. Lu Jianzhong, Ms. Zhang Weihua and Mr. Shao Ruiqing, being independent non-executive directors of the Company.

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