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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 2024**

FINANCIAL HIGHLIGHTS (UNDER HKFRSs)

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

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 2024 (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, SHINEWING (HK) CPA Limited, 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 RMB11,659,244,000, representing an increase of 105.2% as compared with the restated revenue of RMB5,681,563,000 for the same period of last year; profit for the Period attributable to owners of the Company amounted to RMB895,488,000, representing a decrease of 18.8% as compared with the restated profit of RMB1,103,339,000 for the same period of last year. Basic earnings per share amounted to RMB0.0661.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	FOR THE SIX MONTHS ENDED 30 JUNE	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Continuing operations:			
Revenue	4	11,659,244	5,681,563
Cost of sales		(9,426,189)	(3,872,106)
Gross profit		2,233,055	1,809,457
Other income	5	148,622	248,326
Other gains, net	6	141,545	634,953
Selling, administrative and general expenses		(506,264)	(579,810)
Expected credit losses, net		(53,897)	(89,089)
Finance costs		(2,063,814)	(1,859,547)
Share of profits of associates		898,557	1,052,098
Share of profits of joint ventures		1,745	1,772
Profit before tax		799,549	1,218,160
Income tax expenses	7	(110,283)	(128,776)
Profit for the period from continuing operations		689,266	1,089,384
Discontinued operation			
Profit for the period from a discontinued operation		213,660	13,955
Profit for the period		902,926	1,103,339
Profit for the period attributable to owners of the Company:			
– From continuing operations		681,828	1,089,384
– From a discontinued operation		213,660	13,955
Profit for the period attributable to owners of the Company		895,488	1,103,339
Profit for the period attributable to non-controlling interests:			
– From continuing operations		7,438	–
		902,926	1,103,339

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<i>Note</i>	FOR THE SIX MONTHS ENDED 30 JUNE	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited) (Restated)
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	<i>8</i>		
Basic			
– For profit for the period		0.0661	0.0815
– For profit from continuing operations		0.0503	0.0805
		<u><u> </u></u>	<u><u> </u></u>
Diluted			
– For profit for the period		0.0661	0.0815
– For profit from continuing operations		0.0503	0.0805
		<u><u> </u></u>	<u><u> </u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	30 June	31 December
	2024	2023
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	45,874,878	45,256,774
Investment properties	104,998	104,661
Right-of-use assets	723,047	768,387
Intangible assets	108,396	118,247
Investments in joint ventures	124,682	133,235
Investments in associates	26,210,843	25,668,181
Financial assets at fair value through profit or loss	2,527,752	2,300,347
Finance lease receivables	27,892,386	28,491,377
Derivative financial instruments	38,047	35,609
Deferred tax assets	284,314	261,900
Other long-term prepayments	176,289	170,656
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Total non-current assets	104,065,632	103,309,374
Current assets		
Inventories	3,169,689	2,197,550
Trade and notes receivables	2,370,558	1,778,295
Prepayments and other receivables	3,102,593	1,862,121
Financial assets at fair value through profit or loss	39,577	661,647
Finance lease receivables	2,718,927	2,870,565
Factoring receivables	16,360	16,805
Derivative financial instruments	–	30,998
Restricted and pledged deposits	4,567	3,150
Cash and cash equivalents	9,007,317	13,023,417
	<hr/>	<hr/>
	20,429,588	22,444,548
Assets classified as held for sale	–	177,068
	<hr/>	<hr/>
Total current assets	20,429,588	22,621,616
	<hr/>	<hr/>
Total assets	124,495,220	125,930,990
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2024

	<i>Note</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current liabilities			
Trade and notes payables	<i>11</i>	2,867,388	2,603,395
Other payables and accruals		2,675,960	2,878,261
Contract liabilities		208,654	63,047
Derivative financial instruments		15,147	–
Bank and other borrowings		29,724,068	32,221,992
Lease liabilities		111,048	106,660
Tax payable		236,070	189,441
		<u>35,838,335</u>	<u>38,062,796</u>
Liabilities associated with assets classified as held for sale		<u>–</u>	<u>148,392</u>
Total current liabilities		<u>35,838,335</u>	<u>38,211,188</u>
Net current liabilities		<u>(15,408,747)</u>	<u>(15,589,572)</u>
Total assets less current liabilities		<u>88,656,885</u>	<u>87,719,802</u>
Non-current liabilities			
Bank and other borrowings		47,546,645	49,629,059
Corporate bonds		10,000,000	8,000,000
Lease liabilities		141,702	169,325
Deferred tax liabilities		14,026	17,521
Government grants		84,506	83,379
Other long-term payables		662,150	536,840
Total non-current liabilities		<u>58,449,029</u>	<u>58,436,124</u>
Net assets		<u>30,207,856</u>	<u>29,283,678</u>
Equity			
Share capital		13,575,939	13,575,939
Treasury shares		(84,206)	(84,206)
Other reserves		16,348,906	15,791,945
Equity attributable to owners of the Company		<u>29,840,639</u>	<u>29,283,678</u>
Non-controlling interests		<u>367,217</u>	<u>–</u>
Total equity		<u>30,207,856</u>	<u>29,283,678</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

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

2.1 BASIS OF PREPARATION

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

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

Going concern

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

2.2 PRINCIPAL ACCOUNTING POLICIES

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

2.2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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 2024 and 2023, respectively:

	For the six months ended 30 June 2024				For the six months ended 30 June 2023			
	Shipping leasing and container leasing <i>RMB’000</i> (Unaudited)	Container manufacturing <i>RMB’000</i> (Unaudited)	Investment management <i>RMB’000</i> (Unaudited)	Total <i>RMB’000</i> (Unaudited)	Shipping leasing and container leasing <i>RMB’000</i> (Unaudited)	Container manufacturing <i>RMB’000</i> (Unaudited)	Investment management <i>RMB’000</i> (Unaudited) (Restated)	Total <i>RMB’000</i> (Unaudited) (Restated)
Continuing operations								
Segment revenue:								
Sales of containers	-	7,901,401	-	7,901,401	-	2,000,915	-	2,000,915
Other revenue from external customers	3,750,869	-	6,974	3,757,843	3,664,441	-	16,207	3,680,648
Subtotal segment revenue from external customers	3,750,869	7,901,401	6,974	11,659,244	3,664,441	2,000,915	16,207	5,681,563
Intersegment revenue from contracts with customers	-	1,779,830	-	1,779,830	-	1,553,543	-	1,553,543
Total segment revenue	<u>3,750,869</u>	<u>9,681,231</u>	<u>6,974</u>	<u>13,439,074</u>	<u>3,664,441</u>	<u>3,554,458</u>	<u>16,207</u>	<u>7,235,106</u>
Segment results	299,027	346,336	609,559	1,254,922	422,816	100,182	1,175,977	1,698,975
Elimination of intersegment results				(128,041)				(183,188)
Unallocated selling, administrative and general expenses				(83,197)				(56,259)
Unallocated finance costs				(244,135)				(241,368)
Profit before tax from continuing operations				<u>799,549</u>				<u>1,218,160</u>

4. REVENUE

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

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

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

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

5. OTHER INCOME

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

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

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

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

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

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

	For the six months ended 30 June	
	2024	2023
Continuing operations	RMB’000	RMB’000
	(Unaudited)	(Unaudited) (Restated)
Current income tax:		
Mainland China	101,843	113,057
Hong Kong, China	27,850	1,387
Elsewhere	6,262	5,721
	<hr/>	<hr/>
Subtotal	135,955	120,165
Deferred income tax	(25,672)	8,611
	<hr/>	<hr/>
Total	110,283	128,776
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8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

From continuing and discontinued operations

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

	For the six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited) (Restated)
Earnings		
Profit for the period attributable to the owners of the Company:		
– From continuing operations	681,828	1,089,384
– From a discontinued operation	213,660	13,955
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Earnings for the purpose of basic and diluted earnings per share	895,488	1,103,339
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**8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY
(CONTINUED)**

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

From continuing operations

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

Earnings figures are calculated as follows:

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

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

From a discontinued operation

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

9. DIVIDENDS

Dividends attributable to the interim period

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

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

10. TRADE AND NOTES RECEIVABLES

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

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

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

11. TRADE AND NOTES PAYABLES

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

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

12. EVENT AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

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

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

DEVELOPMENT STRATEGY OF THE GROUP

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

The operations of the Group

1. Principal businesses

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

(1) Container manufacturing business

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

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

(2) Container leasing business

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

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

(3) *Shipping leasing business*

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

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

(4) *Investment management business*

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

2. Important business measures of the Company

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

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

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

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

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

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

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

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

3. Future Prospects

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

FINANCIAL REVIEW OF THE GROUP

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

Analysis of segment businesses is as follows:

Unit: RMB'000

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

1. Analysis of Container Manufacturing Business

1) Operating Revenue

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

2) *Operating Costs*

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

2. Analysis of Container Leasing Business

1) *Operating Revenue*

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

2) *Operating Costs*

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

3. Analysis of Shipping Leasing Business

1) *Operating Revenue*

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

2) *Operating Costs*

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

4. Analysis of Investment Management Business

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

GROSS PROFIT

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

SIGNIFICANT INVESTMENT IN EQUITY

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

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

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

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

1. Shareholdings in Other Listed Companies

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

2. Shareholdings in Financial Enterprises

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

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

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

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

INCOME TAX

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

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

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

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

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

OTHER GAINS, NET

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

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

ANALYSIS OF LIQUIDITY AND BORROWINGS

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

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

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

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

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

Net Current Liabilities

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

Cash Flows

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

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

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

Net Cash Generated from Operating Activities

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

Net Cash Generated from Investing Activities

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

Net Cash Used in Financing Activities

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

USE OF PROCEEDS AND FUTURE PLANS

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

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

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

Unit: RMB

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

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

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

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

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

Unit: RMB

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

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

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

Unit: RMB0'000

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

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

Trade and Notes Receivables

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

Gearing Ratio Analysis

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

Foreign Exchange Risk Analysis

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

Capital Expenditures

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

Capital Commitments

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

Pledge

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

SUBSEQUENT EVENTS

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

CONTINGENT LIABILITIES

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

EMPLOYEES, TRAINING AND BENEFITS

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

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

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

DIVIDENDS

The interim profit distribution proposal of the Company for 2024 is considered and approved at the meeting of the board of directors of the Company held on 30 August 2024. On 28 October 2024, the Company expect to make the payment of an interim dividend of RMB0.019 per share (inclusive of applicable tax) for the six months ended 30 June 2024, totalling RMB257,397,072.08 (calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 30 August 2024 deducting 28,724,292 A shares repurchased by the Company). For further details of the Company's interim dividend distribution, please refer to the Company's interim report for 2024 which will be published in due course.

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

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

AUDIT COMMITTEE

The Audit Committee is comprised of two independent non-executive directors, namely Mr. Shao Ruiqing and Mr. Chan Kwok Leung, and one non-executive director, namely Mr. Huang Jian.

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

CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors, supervisors and relevant employees on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry to all directors and supervisors of the Company, 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 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 2024, which includes the relevant financial information as required by Appendix D2 to the Listing Rules, will be sent by the Company to its shareholders in the manner as they elect to receive corporate communication and published on the websites of Hong Kong Stock Exchange and the Company in due course.

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

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

As at the date of this announcement, the Board comprises Mr. Zhang Mingwen (Chairman), being an executive director, Mr. Huang Jian, Mr. Liang Yanfeng and Mr. Ip Sing Chi, being non-executive directors, and Ms. Zhang Weihua, Mr. Shao Ruiqing and Mr. Chan Kwok Leung being independent non-executive directors.

* *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.”.*