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# COSCO SHIPPING Ports Limited

## 中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

## 2021 INTERIM RESULTS ANNOUNCEMENT

### Announcement of Results for the Six Months Ended 30 June 2021

- Total throughput increased by 8.8% to 62,710,707 TEU; equity throughput increased by 7.7% to 19,465,295 TEU
- Throughput from terminals in which the Group has controlling stakes increased by 8.2% to 11,362,835 TEU; throughput from the Group's non-controlling terminals increased by 8.9% to 51,347,872 TEU
- Profit attributable to equity holders of the Company was US\$175,618,000, an increase of 85.2% (excluding one-off items)<sup>Note</sup>

### Financial Highlights

US\$ (million)

	1H2021	1H2020	Change (%)
Revenue	564.9	452.7	+24.8
Cost of sales	416.6	353.5	+17.8
Gross profit	148.3	99.2	+49.6
Share of profits from joint ventures and associates	175.2	128.7	+36.1
Profit attributable to equity holders of the Company	175.6	163.4	+7.5
Basic earnings per share (US cents)	5.30	5.17	+2.5
Profit attributable to equity holders of the Company (excluding one-off items) <sup>Note</sup>	175.6	94.8	+85.2
Basic earnings per share (US cents) (excluding one-off items) <sup>Note</sup>	5.30	3.00	+76.7

Note: For the first half of 2020, excluded one-off after-tax disposal gain of US\$61,472,000 from the disposals of all the shares in COSCO Ports (Yangzhou) Limited ("CP (Yangzhou)") together with its 51% interest in Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") and all the shares in Win Hanverky Investments Limited ("Win Hanverky") together with its 51% interest in Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Terminal") and 4.59% interest in Yangzhou Yuanyang Terminal and the one-off after-tax disposal gain of US\$7,074,000 from the disposal of Jiangsu Yangtze Petrochemical Co., Ltd. ("Jiangsu Petrochemical").

## RESULTS

The board of directors (the “Board”) of COSCO SHIPPING Ports Limited (the “Company” or “COSCO SHIPPING Ports”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021.

The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards. The Group’s unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income and explanatory notes 1 to 11 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 (the “Unaudited Condensed Consolidated Interim Financial Information”) which has been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2021

	<i>Note</i>	As at 30 June 2021 <i>US\$’000</i>	As at 31 December 2020 <i>US\$’000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,367,748	3,358,970
Right-of-use assets		944,812	978,473
Investment properties		10,022	9,996
Intangible assets		446,481	474,570
Joint ventures		1,155,132	1,222,414
Loans to a joint venture		23,185	23,218
Associates		3,194,036	3,112,653
Loans to associates		114,501	118,360
Financial assets at fair value through other comprehensive income		153,144	158,206
Deferred tax assets		106,847	110,351
Other non-current assets		75,362	2,409
		<u>9,591,270</u>	<u>9,569,620</u>
<b>Current assets</b>			
Inventories		16,110	14,853
Trade and other receivables	4	325,004	293,172
Current tax recoverable		1,709	5,187
Restricted bank deposits		33,209	31,224
Cash and cash equivalents		1,189,086	1,310,289
		<u>1,565,118</u>	<u>1,654,725</u>
Assets classified as held for sale	3	69,756	-
		<u>1,634,874</u>	<u>1,654,725</u>
<b>Total assets</b>		<u><u>11,226,144</u></u>	<u><u>11,224,345</u></u>

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

	<i>Note</i>	<b>As at 30 June 2021 US\$'000</b>	<b>As at 31 December 2020 US\$'000</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital		42,574	42,574
Reserves		<u>5,626,529</u>	<u>5,507,630</u>
		<b>5,669,103</b>	<b>5,550,204</b>
<b>Non-controlling interests</b>		<u>826,107</u>	<u>827,022</u>
<b>Total equity</b>		<u>6,495,210</u>	<u>6,377,226</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		111,951	115,300
Lease liabilities		760,160	784,243
Long term borrowings		2,531,617	2,748,292
Loans from non-controlling shareholders of a subsidiary		713	737
Derivative financial instruments		5,568	7,752
Put option liability		228,947	225,679
Other long term liabilities		<u>47,065</u>	<u>51,063</u>
		<u>3,686,021</u>	<u>3,933,066</u>
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	5	495,312	536,890
Current tax liabilities		43,698	31,912
Current portion of lease liabilities		41,195	42,093
Current portion of long term borrowings		399,970	226,651
Short term borrowings		61,145	72,798
Derivative financial instruments		<u>3,588</u>	<u>3,709</u>
		<b>1,044,908</b>	<b>914,053</b>
Liabilities directly associated with assets classified as held for sale	3	<u>5</u>	<u>-</u>
		<u>1,044,913</u>	<u>914,053</u>
<b>Total liabilities</b>		<u>4,730,934</u>	<u>4,847,119</u>
<b>Total equity and liabilities</b>		<u>11,226,144</u>	<u>11,224,345</u>

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<i>US\$'000</i>	<i>US\$'000</i>
Revenues		<b>564,872</b>	452,676
Cost of sales		<b><u>(416,569)</u></b>	<u>(353,520)</u>
<b>Gross profit</b>		<b>148,303</b>	99,156
Administrative expenses		<b>(57,915)</b>	(58,756)
Other operating income		<b>20,082</b>	93,751
Other operating expenses		<b><u>(5,775)</u></b>	<u>(10,396)</u>
<b>Operating profit</b>	6	<b>104,695</b>	123,755
Finance income	7	<b>5,804</b>	7,912
Finance costs	7	<b><u>(55,986)</u></b>	<u>(58,925)</u>
Operating profit (after finance income and costs)		<b>54,513</b>	72,742
Share of profits less losses of			
- joint ventures		<b>43,136</b>	35,545
- associates		<b><u>132,045</u></b>	<u>93,145</u>
<b>Profit before taxation</b>		<b>229,694</b>	201,432
Taxation	8	<b><u>(32,236)</u></b>	<u>(29,897)</u>
<b>Profit for the period</b>		<b><u>197,458</u></b>	<u>171,535</u>
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>175,618</b>	163,359
Non-controlling interests		<b><u>21,840</u></b>	<u>8,176</u>
		<b><u>197,458</u></b>	<u>171,535</u>
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
- Basic	9	<b><u>US5.30 cents</u></b>	<u>US5.17 cents</u>
- Diluted	9	<b><u>US5.30 cents</u></b>	<u>US5.17 cents</u>

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Profit for the period</b>	<b>197,458</b>	<b>171,535</b>
<b>Other comprehensive income</b>		
<i>Items that may not be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of an associate		
- other reserves	<b>3,187</b>	(1,011)
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	<b>(4,797)</b>	(22,315)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	<b>21,419</b>	(61,200)
Release of reserve upon disposal of subsidiaries	-	(4,722)
Release of reserve upon disposal of an associate	-	3,468
Cash flow hedges, net of tax		
- fair value gain	<b>1,608</b>	256
Share of other comprehensive income of joint ventures and associates		
- exchange reserve	<b>1,475</b>	(288)
- other reserves	<b>201</b>	965
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>23,093</b>	<b>(84,847)</b>
<b>Total comprehensive income for the period</b>	<b>220,551</b>	<b>86,688</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	<b>195,025</b>	83,421
Non-controlling interests	<b>25,526</b>	3,267
	<b>220,551</b>	<b>86,688</b>

## NOTES

### 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2020 (the “2020 Annual Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

#### Adoption of new HKFRSs

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those used in the 2020 Annual Financial Statements, except that the Group has adopted the following amendments to existing standards (the “new HKFRSs”) issued by the HKICPA which are mandatory for the financial year beginning 1 January 2021:

#### Amendments

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendment	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 Amendment	COVID-19-Related Rent Concessions

The adoption of the above new HKFRSs in the current period did not have any significant effect on the Unaudited Condensed Consolidated Interim Financial Information or result in any substantial changes in the Group’s significant accounting policies.

The HKICPA has issued certain new standard, interpretation, amendments and improvements to existing standards which are not yet effective for the year ending 31 December 2021 and have not been early adopted by the Group. The Group will apply these new standard, interpretation, amendments and improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group, certain of which may give rise to change in presentation, disclosure and measurements of certain items in the consolidated financial statements.

## 2. SEGMENT INFORMATION

### (a) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. Terminals and related businesses were identified as the operating segment in accordance with the Group's business.

The performance of the operating segments was assessed based on their segment profit/loss attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the Unaudited Condensed Consolidated Interim Financial Information.

The segment of "Others" primarily includes corporate level activities. Assets under the segment of "Others" comprise property, plant and equipment, right-of-use assets, investment properties, intangible assets, inter-segment loans, other receivables and prepayments and cash and cash equivalents.

Additions to non-current assets comprise additions to property, plant and equipment, intangible assets and right-of-use assets.

#### Segment assets

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
<b>At 30 June 2021</b>				
Segment assets	<u>10,355,548</u>	<u>1,171,064</u>	<u>(300,468)</u>	<u>11,226,144</u>
Segment assets include:				
Joint ventures	1,155,132	-	-	1,155,132
Associates	3,194,036	-	-	3,194,036
Financial assets at fair value through other comprehensive income ("FVOCI")	<u>153,144</u>	<u>-</u>	<u>-</u>	<u>153,144</u>
<b>At 31 December 2020</b>				
Segment assets	<u>10,137,784</u>	<u>1,304,583</u>	<u>(218,022)</u>	<u>11,224,345</u>
Segment assets include:				
Joint ventures	1,222,414	-	-	1,222,414
Associates	3,112,653	-	-	3,112,653
Financial assets at FVOCI	<u>158,206</u>	<u>-</u>	<u>-</u>	<u>158,206</u>

## 2. SEGMENT INFORMATION (CONTINUED)

### (a) Operating segments (Continued)

#### Segment revenues, results and other information

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Six months ended 30 June 2021</b>				
Revenues - total sales	<u>564,872</u>	<u>-</u>	<u>-</u>	<u>564,872</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>216,860</u>	<u>(41,242)</u>	<u>-</u>	<u>175,618</u>
Segment profit/(loss) includes:				
Finance income	789	8,887	(3,872)	5,804
Finance costs	(42,307)	(17,588)	3,909	(55,986)
Share of profits less losses of				
- joint ventures	43,136	-	-	43,136
- associates	132,045	-	-	132,045
Taxation	(26,575)	(5,661)	-	(32,236)
Depreciation and amortisation	(107,913)	(2,478)	-	(110,391)
Other non-cash (expense)/income	<u>(933)</u>	<u>1</u>	<u>-</u>	<u>(932)</u>
Additions to non-current assets	<u>(89,215)</u>	<u>(2,359)</u>	<u>-</u>	<u>(91,574)</u>

## 2. SEGMENT INFORMATION (CONTINUED)

### (a) Operating segments (Continued)

#### Segment revenues, results and other information (Continued)

	Terminals and related businesses <i>US\$ '000</i>	Others <i>US\$ '000</i>	Elimination <i>US\$ '000</i>	Total <i>US\$ '000</i>
Six months ended 30 June 2020				
Revenues - total sales	<u>452,676</u>	<u>-</u>	<u>-</u>	<u>452,676</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>204,197</u>	<u>(40,838)</u>	<u>-</u>	<u>163,359</u>
Segment profit/(loss) includes:				
Finance income	320	15,132	(7,540)	7,912
Finance costs	(43,224)	(23,248)	7,547	(58,925)
Share of profits less losses of				
- joint ventures	35,545	-	-	35,545
- associates	93,145	-	-	93,145
Taxation	(24,455)	(5,442)	-	(29,897)
Gain on disposal of subsidiaries	71,150	-	-	71,150
Depreciation and amortisation	(93,170)	(1,926)	-	(95,096)
Other non-cash expense	<u>(201)</u>	<u>-</u>	<u>-</u>	<u>(201)</u>
Additions to non-current assets	<u>(85,759)</u>	<u>(81)</u>	<u>-</u>	<u>(85,840)</u>

## 2. SEGMENT INFORMATION (CONTINUED)

### (b) Geographical information

#### (i) Revenues

In respect of terminals and related businesses, revenues are based on the geographical areas in which the business operations are located.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	<b>238,597</b>	184,120
- Europe	<b>314,612</b>	254,899
- Others	<b>11,663</b>	13,657
	<b>564,872</b>	452,676

#### (ii) Non-current assets

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

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

The activities of terminals and related businesses of the Group, its joint ventures and associates are predominantly carried out in Mainland China, Greece, Spain, Belgium, Abu Dhabi, Peru, Turkey, the Netherlands, Italy, Egypt, Hong Kong, Singapore and Taiwan.

	<b>Subsidiaries and corporate</b>	<b>Joint ventures and associates</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>As at 30 June 2021</b>			
Mainland China (excluding Hong Kong)	<b>2,412,998</b>	<b>3,380,129</b>	<b>5,793,127</b>
Europe	<b>1,564,598</b>	<b>14,699</b>	<b>1,579,297</b>
Others	<b>866,829</b>	<b>954,340</b>	<b>1,821,169</b>
	<b>4,844,425</b>	<b>4,349,168</b>	<b>9,193,593</b>
<b>As at 31 December 2020</b>			
Mainland China (excluding Hong Kong)	2,333,858	3,380,136	5,713,994
Europe	1,652,794	14,890	1,667,684
Others	837,766	940,041	1,777,807
	4,824,418	4,335,067	9,159,485

### 3. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 28 April 2021, the Company entered into an agreement with Tianjin Port Holdings Co., Ltd. in respect of the disposal of the entire 30% equity interests in Tianjin Port Euroasia International Container Terminal Co., Ltd. via the disposal of 100% equity interests in COSCO SHIPPING Ports (Tianjin Euroasia) Limited. Assets and liabilities of the aforementioned entities for sale were reclassified as assets classified as held for sale and liabilities directly associated with assets classified as held for sale as at 30 June 2021.

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

	<b>As at 30 June 2021 US\$'000</b>
<b>Assets classified as held for sale</b>	
A joint venture	<b>69,747</b>
Cash and cash equivalents	<b>9</b>
	<hr/>
	<b>69,756</b>
	<hr/>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Accruals	<b>5</b>
	<hr/> <hr/>

#### 4. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>US\$'000</i>	As at 31 December 2020 <i>US\$'000</i>
Trade receivables		
- third parties	67,279	59,675
- fellow subsidiaries	30,297	19,345
- non-controlling shareholders of subsidiaries	5,548	4,869
- an associate	12	5
- related companies	7,621	4,438
	<u>110,757</u>	<u>88,332</u>
Bills receivable	3,308	4,617
	<u>114,065</u>	<u>92,949</u>
Less: provision for impairment	(914)	(573)
	<u>113,151</u>	<u>92,376</u>
Deposits and prepayments	32,686	27,526
Other receivables	64,061	112,404
Loan to an associate	46,251	47,810
Amounts due from		
- fellow subsidiaries	640	844
- non-controlling shareholders of subsidiaries	501	965
- joint ventures	3,444	239
- associates	64,270	11,008
	<u>325,004</u>	<u>293,172</u>

The Group grants credit periods of 30 to 90 days to its customers. The ageing analysis of the combined trade receivables and bills receivable (net of provision) based on invoice date and issuance date respectively is as follows:

	As at 30 June 2021 <i>US\$'000</i>	As at 31 December 2020 <i>US\$'000</i>
Within 30 days	73,750	55,251
31 - 60 days	23,354	24,446
61 - 90 days	10,380	9,036
Over 90 days	5,667	3,643
	<u>113,151</u>	<u>92,376</u>

## 5. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 June 2021 <i>US\$'000</i>	As at 31 December 2020 <i>US\$'000</i>
Trade payables		
- third parties	60,623	55,639
- fellow subsidiaries	4,104	2,476
- non-controlling shareholders of subsidiaries	3,428	3,179
- joint ventures	297	185
- an associate	517	-
- related companies	579	1,430
	<u>69,548</u>	<u>62,909</u>
Accruals	35,612	34,342
Other payables	161,420	229,440
Contract liabilities	16,036	11,789
Dividend payable	7	7
Loans from a joint venture	34,829	34,483
Loans from an associate	21,671	-
Loans from non-controlling shareholders of subsidiaries	57,561	84,266
Amounts due to		
- fellow subsidiaries	8,604	2,162
- non-controlling shareholders of subsidiaries	89,737	77,247
- joint ventures	275	245
- related companies	12	-
	<u>495,312</u>	<u>536,890</u>

The ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2021 <i>US\$'000</i>	As at 31 December 2020 <i>US\$'000</i>
Within 30 days	33,716	37,068
31 - 60 days	5,845	9,387
61 - 90 days	2,790	5,172
Over 90 days	27,197	11,282
	<u>69,548</u>	<u>62,909</u>

## 6. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2021	2020
	US\$'000	US\$'000
<b>Crediting</b>		
Dividends income from listed and unlisted financial assets at FVOCI	2,239	1,729
Gain on disposal of property, plant and equipment	119	223
Gain on disposal of subsidiaries (note (a))	-	71,150
Gain on disposal of an associate	-	9,951
Rental income from investment properties	<u>507</u>	<u>375</u>
<b>Charging</b>		
Depreciation and amortisation		
- right-of-use assets	19,837	16,926
- others	90,554	78,170
Loss on disposal of property, plant and equipment	126	15
Rental expenses under leases of		
- concession from a fellow subsidiary and a non-controlling shareholder of a subsidiary (note (b))	33,837	28,084
- concession from third parties (note (b))	<u>4,293</u>	<u>3,938</u>

Notes:

- (a) On 10 February 2020, the Company completed the disposal of all the shares in CP (Yangzhou) together with its 51% interest in Yangzhou Yuanyang Terminal and the disposal of all the shares in Win Hanverky together with its 51% interest in Zhangjiagang Terminal and 4.59% interest in Yangzhou Yuanyang Terminal to Shanghai International Port Group (HK) Co., Limited ("SIPG (HK)") at considerations of approximately RMB316,039,000 (equivalent to approximately US\$45,772,000) and approximately RMB380,774,000 (equivalent to approximately US\$55,148,000) respectively. The aggregate sum of payables owing to the Company by the disposal entities of approximately US\$29,967,000 were also transferred to SIPG (HK) on the same day at its carrying amount. Upon completion of the disposals, CP (Yangzhou), Yangzhou Yuanyang Terminal, Win Hanverky and Zhangjiagang Terminal ceased to be subsidiaries of the Company. The disposals resulted in a pre-tax gain of US\$71,150,000.
- (b) For the six months ended 30 June 2021 and 2020, the amounts represent variable lease payments linked to revenues/throughput.

## 7. FINANCE INCOME AND COSTS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Finance income</b>		
Interest income on		
- bank balances and deposits	2,028	3,616
- deposits with other financial institution	1,697	1,041
- loans to joint ventures and associates	2,079	2,064
- loans to a former subsidiary	-	1,191
	<u>5,804</u>	<u>7,912</u>
<b>Finance costs</b>		
Interest expenses on		
- bank loans	(33,020)	(37,804)
- notes wholly repayable within five years	(6,564)	(6,564)
- loans from other financial institutions	(842)	(169)
- loans from non-controlling shareholders of subsidiaries	(283)	(793)
- loans from a joint venture	(402)	(372)
- loans from an associate	(240)	(196)
- lease liabilities	(14,189)	(13,688)
Amortised amount of		
- discount on issue of notes	(72)	(80)
- transaction costs on bank loans and notes	(1,607)	(1,542)
	<u>(57,219)</u>	<u>(61,208)</u>
Less: amount capitalised in construction in progress	<u>2,483</u>	<u>3,541</u>
	<u>(54,736)</u>	<u>(57,667)</u>
Other incidental borrowing costs and charges	<u>(1,250)</u>	<u>(1,258)</u>
	<u>(55,986)</u>	<u>(58,925)</u>
Net finance costs	<u>(50,182)</u>	<u>(51,013)</u>

## 8. TAXATION

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current taxation		
- Hong Kong profits tax	-	9,839
- Mainland China taxation	<b>23,700</b>	19,212
- Overseas taxation	<b>9,730</b>	3,210
- (Over)/under provision in prior years	<b>(1)</b>	<b>3</b>
	<b>33,429</b>	32,264
Deferred taxation credit	<b>(1,193)</b>	<b>(2,367)</b>
	<b>32,236</b>	<b>29,897</b>

Hong Kong profits tax was provided at a rate of 16.5% (1H2020: 16.5%) on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

## 9. EARNINGS PER SHARE

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Profit attributable to equity holders of the Company	<u>US\$175,618,000</u>	<u>US\$163,359,000</u>
Weighted average number of ordinary shares in issue	<u>3,315,296,374</u>	<u>3,161,958,830</u>
Basic earnings per share	<u>US5.30 cents</u>	<u>US5.17 cents</u>

### (b) Diluted

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

For the six months ended 30 June 2021 and 2020, the outstanding share options granted by the Company did not have any dilutive effect on the earnings per share, and the diluted earnings per share is equal to the basic earnings per share.

## 10. INTERIM DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
First interim dividend for the year ending 31 December 2021, declared of US2.120 cents (1H2020: US2.068 cents) per ordinary share	<u>70,284</u>	<u>67,135</u>

Notes:

- (a) At a meeting held on 30 March 2021, the directors declared a second interim cash dividend (in lieu of a final dividend) of HK17.5 cents (equivalent to US2.256 cents) per ordinary share for the year ended 31 December 2020. The second interim dividend was paid on 5 May 2021.
- (b) At a meeting held on 26 August 2021, the directors declared a first interim dividend for the year ending 31 December 2021 of HK16.4 cents (equivalent to US2.120 cents) per ordinary share. The dividend will be payable in cash. The first interim dividend declared is not reflected as dividend payable in the Unaudited Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2021.

## **11. EVENT AFTER BALANCE SHEET DATE**

On 14 July 2021, Sound Joyce Enterprises Limited (a wholly-owned subsidiary of the Company) (as purchaser) completed acquisition of approximately 20.00% of the total issued share capital of Red Sea Gateway Terminal Company Limited (“RSGT”) at a total cash consideration of US\$140,000,000 from Saudi Industrial Services Company, City Island Holdings Limited, Xenel Industries Limited and Saudi Trade and Export Development Company Limited (together as sellers). Upon completion, RSGT became an associate of the Company. Please refer to the announcement of the Company dated 27 January 2021 for details.

## INTERIM DIVIDEND

The Board has declared a first interim cash dividend for the year ending 31 December 2021 of HK16.4 cents (1H2020: HK16.0 cents) per share, which will be payable on 29 September 2021 to shareholders whose names appear on the register of members of the Company at the close of business on 15 September 2021.

For the purpose of determining the shareholders' entitlement to the first interim dividend, the register of members of the Company will be closed from 10 September 2021 to 15 September 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the first interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 9 September 2021.

## FINANCIAL REVIEW

With the resurgence of world economy and trade in the first half of 2021, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US\$175,618,000 (1H2020: US\$163,359,000), increased by 7.5% YoY, for the first half of 2021. The one-off after-tax disposal gain of US\$61,472,000 in respect of the disposal of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the one-off after-tax disposal gain of US\$7,074,000 resulted from the disposal of the interests in Jiangsu Petrochemical according to the Company's strategic planning, totalling US\$68,546,000, were included in the amount for the first half of 2020. Excluding the above one-off profit, the profit attributable to equity holders of the Company for the first half of 2021 increased by 85.2% YoY.

In the first half of 2021, profit from the terminals segment amounted to US\$216,860,000 (1H2020: US\$135,651,000 (excluding the abovementioned one-off profit)), increased by 59.9% YoY, with profit from terminals in which the Group has controlling stakes amounted to US\$40,198,000 (1H2020: US\$5,284,000), surged by US\$34,914,000 YoY. Operating terminals in which the Group has controlling stakes were affected to a certain extent by the outbreak of the COVID-19 epidemic in early 2020. Under the sustained recovery of the terminals business performance as well as the increased operating capacity of some terminals during the first half of 2021, the profit contribution saw a year-on-year growth. Profit from terminals in which the Group has controlling stakes was mainly attributable to Piraeus Container Terminal Single Member S.A. ("Piraeus Terminal"), Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") and Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal"). The profit recorded by Piraeus Terminal during the first half of 2021 was US\$15,216,000 (1H2020: US\$8,102,000), increased by 87.8% YoY, which was mainly benefited from the increase in the proportion of local containers and the increase in tariffs. Throughput of Guangzhou South China Oceangate Terminal for the first half of 2021 increased by 5.0% YoY, together with the increase in the proportion of local containers during the period, profit of the terminal for the period amounted to US\$11,270,000 (1H2020: US\$7,608,000), increased by 48.1% YoY. Throughput of Xiamen Ocean Gate Terminal for the first half of 2021 increased by 39.2% YoY, and its profit for the first half of 2021 amounted to US\$9,495,000 (1H2020: US\$2,474,000), increased by US\$7,021,000 YoY.

In respect of non-controlling terminals, benefiting from the economic recovery after the epidemic, throughput increased by 8.9% YoY, resulting in a considerable increase in profit for most non-controlling terminals. The profit from non-controlling terminals for the first half of 2021 amounted to US\$176,662,000 (1H2020: US\$130,367,000), increased by 35.5% YoY. Amongst which, Sigma Enterprises Limited and Wattrus Limited and their subsidiaries (collectively "Sigma and Wattrus Related Companies", being shareholders of Yantian Terminal), Qingdao Port International Co.,

Ltd. (“QPI”), Euromax Terminal Rotterdam B.V. (“Euromax Terminal”) and Guangxi Beibu Gulf International Container Terminal Co., Ltd (“Beibu Gulf Terminal”), which was newly acquired last year, recorded significant growth. The share of profit of these terminals increased by US\$33,448,000 YoY in total.

## **Financial Analysis**

### **Revenues**

In the first half of 2021, throughput of terminals in which the Group has controlling stakes increased by 8.2% YoY, and revenues of the Group amounted to US\$564,872,000 (1H2020: US\$452,676,000), increased by 24.8% YoY. During the period, revenues of most terminals recorded an increase. Amongst which, COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries (collectively “CSP Spain Related Companies”) recorded a revenue of US\$153,226,000 (1H2020: US\$121,244,000), increased by 26.4% YoY; Guangzhou South China Oceangate Terminal recorded a revenue of US\$95,365,000 (1H2020: US\$74,236,000), increased by 28.5% YoY; Xiamen Ocean Gate Terminal recorded a revenue of US\$53,922,000 (1H2020: US\$36,793,000), increased by 46.6% YoY; CSP Zeebrugge Terminal NV (“CSP Zeebrugge Terminal”) recorded a revenue of US\$21,630,000 (1H2020: US\$13,408,000), increased by 61.3% YoY. Although throughput of Piraeus Terminal slightly decreased by 1.6% YoY, it recorded a revenue of US\$138,845,000 (1H2020: US\$119,477,000), increased by 16.2% YoY, as a result of higher proportion of local containers and higher tariffs, as well as the increase in storage revenue.

### **Cost of sales**

Cost of sales mainly comprised operating expenses of terminals in which the Group has controlling stakes. Cost of sales for the first half of 2021 was US\$416,569,000 (1H2020: US\$353,520,000), increased by 17.8% YoY. Benefiting from our efforts in cost control, the increase in cost of sales was lower than the increase in revenue despite throughput generally increased. Amongst which, CSP Spain Related Companies recorded a cost of US\$131,836,000 (1H2020: US\$108,289,000), increased by 21.7% YoY; Guangzhou South China Oceangate Terminal recorded a cost of US\$48,807,000 (1H2020: US\$40,044,000), increased by 21.9% YoY; Xiamen Ocean Gate Terminal recorded a cost of US\$31,149,000 (1H2020: US\$24,823,000), increased by 25.5% YoY; CSP Zeebrugge Terminal recorded a cost of US\$17,073,000 (1H2020: US\$12,733,000), increased by 34.1% YoY. Due to the increase in concession fees driven by the increase in revenue during the period, Piraeus Terminal recorded a cost of US\$108,596,000 (1H2020: US\$96,163,000), increased by 12.9% YoY.

### **Administrative expenses**

Administrative expenses in the first half of 2021 were US\$57,915,000 (1H2020: US\$58,756,000), decreased by US\$841,000 YoY.

### **Other operating income/(expenses), net**

Net other operating income for the first half of 2021 was US\$14,307,000 (1H2020: US\$83,355,000). In 2020, the one-off pre-tax gain of US\$71,150,000 in respect of the disposal of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the one-off pre-tax gain of US\$9,951,000 in respect of the disposal of the interests in Jiangsu Petrochemical, totalling US\$81,101,000, were included. Government subsidies recorded in the first half of 2021 increased by US\$4,061,000 YoY. Furthermore, exchange loss recorded in the first half of 2021 amounted to US\$51,000 (1H2020: US\$6,495,000), decreased by US\$6,444,000 YoY.

## **Finance costs**

The Group's finance costs in the first half of 2021 amounted to US\$55,986,000 (1H2020: US\$58,925,000), decreased by 5.0% YoY. The average balance of bank loans for the period amounted to US\$3,027,329,000 (1H2020: US\$2,824,758,000), increased by 7.2% YoY. The decrease in finance costs was mainly due to the decrease in London Interbank Offered Rate. Taking into account the capitalised interest, the average cost of bank borrowings in the first half of 2021 (including the amortization of transaction costs over bank loans and notes) was 2.89% (1H2020: 3.36%).

## **Share of profits less losses of joint ventures and associates**

The Group's share of profits less losses of joint ventures and associates for the first half of 2021 totalled US\$175,181,000 (1H2020: US\$128,690,000), increased by 36.1% YoY. As throughput increased compared with the corresponding period last year, share of profit of Sigma and Wattрус Related Companies amounted to US\$33,937,000 (1H2020: US\$19,704,000), increased by 72.2% YoY. With the increase in shareholding in QPI to 19.79% in the first quarter of 2020, there was a corresponding increase in share of profit of QPI. Together with the increase in throughput compared with the corresponding period last year, the share of profit of QPI amounted to US\$65,419,000 (1H2020: US\$55,051,000), increased by 18.8% YoY. In addition, as a result of the increase in throughput and tariffs, share of profit of Euromax Terminal during the period amounted to US\$2,847,000 (1H2020: loss of US\$2,108,000), a turnaround from loss. Beibu Gulf Terminal became an associate of COSCO SHIPPING Ports at the end of 2020 and its share of profit for the first half of 2021 amounted to US\$3,892,000 (1H2020: Nil).

## **Taxation**

Taxation for the period amounted to US\$32,236,000 (1H2020: US\$29,897,000), increased by 7.8% YoY. The increase was mainly attributable to the increase in profit from terminals in which the Group has controlling stakes as compared with the corresponding period last year, which led to the increase in income tax and withholding income tax. On the other hand, the disposals of interests in Zhangjiagang Terminal, Yangzhou Yuanyang Terminal as well as Jiangsu Petrochemical in the first half of 2020 incurred a total tax expense of US\$12,555,000 and no tax expense in relation to one-off items was recorded in the first half of 2021.

## **Financial Position**

### **Cash flow**

In the first half of 2021, the Group continued to receive steady cash flow income. The Group's net cash generated from operating activities amounted to US\$141,821,000 (1H2020: US\$104,795,000) during the period. In the first half of 2021, the Group borrowed bank loans of US\$126,885,000 (1H2020: US\$351,354,000) and repaid loans of US\$161,502,000 (1H2020: US\$463,393,000). During the period, US\$127,714,000 (1H2020: US\$123,967,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment.

## Financing and credit facilities

As at 30 June 2021, the Group's total outstanding borrowings amounted to US\$2,992,732,000 (31 December 2020: US\$3,047,741,000) and cash balance amounted to US\$1,222,295,000 (31 December 2020: US\$1,341,513,000). Banking facilities available but unused amounted to US\$921,540,000 (31 December 2020: US\$813,455,000).

## Assets and liabilities

As at 30 June 2021, the Group's total assets and total liabilities were US\$11,226,144,000 (31 December 2020: US\$11,224,345,000) and US\$4,730,934,000 (31 December 2020: US\$4,847,119,000), respectively. Net assets were US\$6,495,210,000 (31 December 2020: US\$6,377,226,000). Net current assets as at 30 June 2021 amounted to US\$589,961,000 (31 December 2020: US\$740,672,000). As at 30 June 2021, net asset value per share of the Company was US\$1.96 (31 December 2020: US\$1.92).

As at 30 June 2021, the net debt-to-total-equity ratio (excluding lease liabilities) was 27.3% (31 December 2020: 26.8%) and the interest coverage was 5.1 times (1H2020: 4.4 times).

As at 30 June 2021, certain assets of the Group with an aggregate net book value of US\$335,680,000 (31 December 2020: US\$340,672,000), together with the Company's restricted bank deposits and interest in subsidiaries, were pledged to secure bank loans and a loan from other financial institution, totalling US\$938,688,000 (31 December 2020: US\$1,052,879,000).

## Debt analysis

<b>By repayment term</b>	<b>As at 30 June 2021</b>		<b>As at 31 December 2020</b>	
	<b>US\$</b>	<b>(%)</b>	<b>US\$</b>	<b>(%)</b>
Within the first year	<b>461,115,000</b>	<b>15.4</b>	299,449,000	9.8
Within the second year	<b>814,740,000</b>	<b>27.2</b>	658,312,000	21.6
Within the third year	<b>592,472,000</b>	<b>19.8</b>	430,725,000	14.1
Within the fourth year	<b>307,177,000</b>	<b>10.3</b>	799,512,000	26.3
Within the fifth year and after	<b>817,228,000</b>	<b>27.3</b>	859,743,000	28.2
	<b><u>2,992,732,000</u></b> *	<b><u>100.0</u></b>	<b><u>3,047,741,000</u></b> *	<b><u>100.0</u></b>
<b>By category</b>				
Secured borrowings	<b>938,688,000</b>	<b>31.4</b>	1,052,879,000	34.5
Unsecured borrowings	<b>2,054,044,000</b>	<b>68.6</b>	1,994,862,000	65.5
	<b><u>2,992,732,000</u></b> *	<b><u>100.0</u></b>	<b><u>3,047,741,000</u></b> *	<b><u>100.0</u></b>
<b>By denominated currency</b>				
US dollar borrowings	<b>1,139,826,000</b>	<b>38.1</b>	1,119,283,000	36.8
RMB borrowings	<b>733,865,000</b>	<b>24.5</b>	763,015,000	25.0
Euro borrowings	<b>835,674,000</b>	<b>27.9</b>	881,667,000	28.9
HK dollar borrowings	<b>283,367,000</b>	<b>9.5</b>	283,776,000	9.3
	<b><u>2,992,732,000</u></b> *	<b><u>100.0</u></b>	<b><u>3,047,741,000</u></b> *	<b><u>100.0</u></b>

\* Net of unamortised discount on notes and transaction costs on borrowings and notes.

## **Financial guarantee contracts**

As at 30 June 2021 and 31 December 2020, the Company did not have any guarantee contract.

## **Treasury policy**

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as much as possible. The functional currency of the Group's terminals business is mainly either Euro or Renminbi, the same currency of its borrowings, revenues and expenses, so as to provide a natural hedge against the foreign exchange volatility.

Interest rate swap contracts with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure. As at 30 June 2021, 32.0% (31 December 2020: 30.7%) of the Group's borrowings were at fixed rates. In light of market conditions, the Group will continue to monitor and regulate its fixed and floating-rate debt portfolio, with a view to minimising its potential interest rate exposure.

## **Event after balance sheet date**

Please refer to the explanatory note 11 "EVENT AFTER BALANCE SHEET DATE" on page 18 of this announcement.

## OPERATIONAL REVIEW

In the first half of 2021, as COVID-19 vaccination began throughout the world, the epidemic is expected to be eased with the revival of global economy and trade. The World Economic Outlook released by the International Monetary Fund (IMF) in April forecasted a higher global economic growth this year, estimating that the global economy would grow by 6% this year, 5.5% higher than the forecast in January.

In the first half of 2021, China's foreign trade showed signs of strong recovery. According to the General Administration of Customs of the PRC, China's imports and exports reached RMB18.07 trillion in the first half of 2021, increased by 27.1% YoY. In particular, exports of goods increased by 28.1% to RMB9.85 trillion and imports of goods increased by 25.9% to RMB8.22 trillion.

With the recovery of global economy and trade, total throughput of the Group increased by 8.8% YoY to 62,710,707 TEU for the six months ended 30 June 2021 (1H2020: 57,634,191 TEU). In particular, the total throughput from terminal companies in which the Group has controlling stakes increased by 8.2% YoY to 11,362,835 TEU (1H2020: 10,501,481 TEU), accounting for 18.1% of the Group's total throughput; the total throughput from non-controlling terminal companies increased by 8.9% YoY to 51,347,872 TEU (1H2020: 47,132,710 TEU), accounting for 81.9% of the Group's total throughput.

The Group's equity throughput increased by 7.7% YoY to 19,465,295 TEU (1H2020: 18,077,467 TEU). In particular, the equity throughput from terminal companies in which the Group has controlling stakes increased by 5.7% YoY to 7,185,630 TEU (1H2020: 6,798,800 TEU), accounting for 36.9%; the equity throughput from non-controlling terminal companies increased by 8.9% YoY to 12,279,665 TEU (1H2020: 11,278,667 TEU), accounting for 63.1%.

	<b>1H2021 (TEU)</b>	<b>1H2020 (TEU)</b>	<b>Change (%)</b>
<b>Total Throughput</b>	<b>62,710,707</b>	<b>57,634,191</b>	<b>+8.8</b>
Throughput from terminals in which the Group has controlling stakes	11,362,835	10,501,481	+8.2
Throughput from the Group's non-controlling terminals	51,347,872	47,132,710	+8.9
<b>Equity Throughput</b>	<b>19,465,295</b>	<b>18,077,467</b>	<b>+7.7</b>
Equity throughput from terminals in which the Group has controlling stakes	7,185,630	6,798,800	+5.7
Equity throughput from the Group's non-controlling terminals	12,279,665	11,278,667	+8.9

### Greater China

During the period, total throughput of the Greater China region increased by 10.1% YoY to 48,471,403 TEU (1H2020: 44,037,541 TEU) and accounted for 77.3% of the Group's total throughput.

### Bohai Rim

During the period, total throughput of the Bohai Rim region increased by 6.3% YoY to 21,511,420 TEU (1H2020: 20,236,784 TEU) and accounted for 34.3% of the Group's total throughput. As the economic recovery brought about a rapid increase in the container volume of domestic and foreign trade, throughput of Tianjin Container Terminal increased by 21.7% YoY to 4,466,048 TEU (1H2020: 3,669,875 TEU). Throughput of QPI increased by 12.8% YoY to 11,660,000 TEU (1H2020: 10,340,000 TEU).

## **Yangtze River Delta**

During the period, total throughput of the Yangtze River Delta region increased by 12.9% YoY to 7,718,194 TEU (1H2020: 6,836,157 TEU) and accounted for 12.3% of the Group's total throughput. Benefiting from the continuous improvement of China's economy, in order to seize the strong demand for domestic and foreign trade, Nantong Tonghai Port Co., Ltd. continued to strengthen internal synergy and external customer marketing, and further improved the domestic trade routes network, as a result of which the throughput increased by 12.2% YoY to 739,907 TEU (1H2020: 659,634 TEU). The throughput of Shanghai Mingdong Container Terminals Limited increased by 16.2% YoY to 3,405,517 TEU (1H2020: 2,931,455 TEU).

## **Southeast Coast and Others**

During the period, total throughput of the Southeast Coast region increased by 17.2% YoY to 2,971,482 TEU (1H2020: 2,535,043 TEU) and accounted for 4.7% of the Group's total throughput. The throughput of Xiamen Ocean Gate Terminal increased by 39.2% YoY to 1,250,465 TEU (1H2020: 898,266 TEU), mainly due to the favorable trend of overall shipment as a result of the good momentum maintained in foreign trade and increased investment in transportation capacity by shipping companies.

## **Pearl River Delta**

During the period, total throughput of the Pearl River Delta region increased by 12.5% YoY to 13,662,407 TEU (1H2020: 12,149,056 TEU) and accounted for 21.8% of the Group's total throughput. Benefiting from the increased container volume of foreign trade, the throughput of Guangzhou South China Oceangate Terminal increased by 5.0% YoY to 2,840,610 TEU (1H2020: 2,706,410 TEU).

## **Southwest Coast**

During the period, total throughput of the Southwest Coast region increased by 14.4% YoY to 2,607,900 TEU (1H2020: 2,280,501 TEU) and accounted for 4.2% of the Group's total throughput, which was mainly benefited from the increased trade activities between China and Southeast Asia.

## **Overseas**

During the period, total throughput of the overseas region increased by 4.7% YoY to 14,239,304 TEU (1H2020: 13,596,650 TEU) and accounted for 22.7% of the Group's total throughput. Due to the continuous congestion of certain terminals in northwest Europe, the volume from ad-hoc shipping calls of CSP Zeebrugge Terminal increased and the throughput increased by 48.1% YoY to 433,150 TEU (1H2020: 292,531 TEU). Benefiting from the epidemic alleviation and new routes, the throughput of CSP Spain Related Companies increased by 14.9% YoY to 1,779,480 TEU (1H2020: 1,548,548 TEU).

## PROSPECTS

As the global economy has started to show signs of recovery, imports and exports of China recorded strong performance for the first half of 2021, and trade and economic activities are expected to further improve, driving shipping industry's prosperity into an upward cycle. Leveraging on the leading position in the global ports operator industry, the Company actively grasped development opportunities to enhance business scale and improve in both earnings and quality through its latest strategy of the two-wheel drive of "building global terminal network" and "lean operations". On the back of our growth strategy, we are committed to pursuing our total throughput growth in 2021 to outpace our peers. The Group will be able to leverage on its ample cash to maintain a stable financial position and facilitate sustainable development, which will also support its dividend policy in 2021.

The Company is actively deepening lean operations management, continuously improving service quality to strengthen customer service and communication, and continuing to promote business optimisation and precise marketing. The Company will further improve the efficiency of terminal operation, adopt a series of measures to reduce costs and increase revenue, promote the quality and efficiency of terminal portfolio, and continuously improve the profitability of the Company to achieve value proposition for our shareholders.

The Company will continue to optimize the global terminal network, provide support and pivot for the container fleet of the parent company in the global routes network, to further leverage the synergy from the parent company and the OCEAN Alliance, strengthen the ship calls from other shipping alliances, promote the introduction of new routes, and strive for more routes to call at the Company's terminals so as to achieve the increase of the container volume.

In terms of information technology development, the Company has persistently improved the corporate information-based management capabilities and actively built 5G smart port, so as to implement specific business scenarios under 5G smart port on the basis of the construction of 5G dedicated network in ports, combined with technologies such as high precision location and artificial intelligence. The Company is actively undergoing big data preparation to satisfy necessary conditions for the digital transformation of the Company and will keep on proceeding and improving terminal automation.

Looking forward, as a global leading ports operator, the Company will serve regional economic development by building a shipping network that can provide synergetic effects in terms of cost, service and synergy, so as to achieve global connectivity and distribution of goods, and become "The Ports for ALL".

Throughput of the Group for the six months ended 30 June 2021, was set out below:

	<b>1H2021</b> <b>(TEU)</b>	<b>1H2020</b> <b>(TEU)</b>	<b>Change</b> <b>(%)</b>
<b>Bohai Rim</b>	<b>21,511,420</b>	<b>20,236,784</b>	<b>+6.3</b>
Qingdao Port International Co., Ltd.	11,660,000	10,340,000	+12.8
Dalian Container Terminal Co., Ltd.	1,686,036	2,910,061	-42.1
Dalian Dagang China Shipping Container Terminal Co., Ltd.	8,554	8,036	+6.4
Tianjin Port Euroasia International Container Terminal Co., Ltd.	1,775,037	1,436,704	+23.5
Tianjin Port Container Terminal Co., Ltd.	4,466,048	3,669,875	+21.7
Yingkou Terminals <sup>Note 1</sup>	1,242,950	1,278,625	-2.8
Jinzhou New Age Container Terminal Co., Ltd.	366,285	312,668	+17.1
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	306,510	280,815	+9.2
<b>Yangtze River Delta</b>	<b>7,718,194</b>	<b>6,836,157</b>	<b>+12.9</b>
Shanghai Pudong International Container Terminals Limited	1,241,395	1,141,165	+8.8
Shanghai Mingdong Container Terminals Limited	3,405,517	2,931,455	+16.2
Ningbo Yuan Dong Terminals Limited	1,552,046	1,491,333	+4.1
Lianyungang New Oriental International Terminals Co., Ltd.	549,674	456,717	+20.4
Zhangjiagang Win Hanverky Container Terminal Co., Ltd. <sup>Note 2</sup>	N/A	48,008	N/A
Yangzhou Yuanyang International Ports Co., Ltd. <sup>Note 2</sup>	N/A	31,841	N/A
Taicang International Container Terminal Co., Ltd.	229,655	76,004	+202.2
Nantong Tonghai Port Co., Ltd.	739,907	659,634	+12.2
<b>Southeast Coast and others</b>	<b>2,971,482</b>	<b>2,535,043</b>	<b>+17.2</b>
Xiamen Ocean Gate Container Terminal Co., Ltd.	1,250,465	898,266	+39.2
Quan Zhou Pacific Container Terminal Co., Ltd.	601,274	592,026	+1.6
Jinjiang Pacific Ports Development Co., Ltd.	169,102	263,394	-35.8
Kao Ming Container Terminal Corp.	950,641	781,357	+21.7
<b>Pearl River Delta</b>	<b>13,662,407</b>	<b>12,149,056</b>	<b>+12.5</b>
Yantian International Container Terminals Co., Ltd.	6,486,265	5,347,421	+21.3
Guangzhou Terminals <sup>Note 3</sup>	5,608,596	5,321,761	+5.4
Hong Kong Terminals <sup>Note 4</sup>	1,567,546	1,479,874	+5.9
<b>Southwest Coast</b>	<b>2,607,900</b>	<b>2,280,501</b>	<b>+14.4</b>
Guangxi Beibu Gulf International Container Terminal Co., Ltd. <sup>Note 5</sup>	1,998,572	742,115	+169.3
Beibu Gulf Port Co., Ltd. <sup>Note 6</sup>	609,328	1,538,386	-60.4
<b>Overseas</b>	<b>14,239,304</b>	<b>13,596,650</b>	<b>+4.7</b>
Piraeus Container Terminal Single Member S.A.	2,370,862	2,409,403	-1.6
CSP Zeebrugge Terminal NV	433,150	292,531	+48.1
CSP Spain Related Companies	1,779,480	1,548,548	+14.9
CSP Abu Dhabi Terminal L.L.C.	330,308	340,727	-3.1
COSCO-PSA Terminal Private Limited	2,375,224	2,500,501	-5.0
Reefer Terminal S.p.A.	36,557	28,119	+30.0
Euromax Terminal Rotterdam B.V.	1,332,903	1,147,430	+16.2
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	618,407	602,377	+2.7
Suez Canal Container Terminal S.A.E.	1,770,794	1,739,698	+1.8
Antwerp Gateway NV	1,116,772	1,033,117	+8.1
SSA Terminals (Seattle), LLC	131,869	106,011	+24.4
Busan Port Terminal Co., Ltd.	1,942,978	1,848,188	+5.1
<b>Total</b>	<b>62,710,707</b>	<b>57,634,191</b>	<b>+8.8</b>

- Note 1: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.
- Note 2: On 10 February 2020, the Group completed the sale of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and therefore their throughput were not included in the throughput of the Group since February 2020. The figures of the two terminals for 2020 were the throughput for January 2020.
- Note 3: Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 4: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 5: On 30 November 2020, the Group completed the acquisition of equity interest in Beibu Gulf Terminal through injection of its equity interest in Guangxi Qinzhou International Container Terminal Co., Ltd. (“Qinzhou International Terminal”) into Beibu Gulf Terminal and cash consideration. Therefore, throughput of Qinzhou International Terminal for January to November 2020 was included in the throughput of Beibu Gulf Terminal. Since December 2020, only throughput of Beibu Gulf Terminal was included in the throughput of the Group.
- Note 6: Since December 2020, throughput of Beibu Gulf Port Co., Ltd. (“Beibu Gulf Port”) did not include throughput of Beibu Gulf Terminal which had been separately listed out. In the first half of 2021, total throughput of Beibu Gulf Port amounted to 2,607,900 TEU, increased by 14.4% YoY.
- Note 7: Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the six months ended 30 June 2021 was 204,684,621 tons (1H2020: 190,953,474 tons), representing an increase of 7.2%. Total throughput of automobile for the six months ended 30 June 2021 was 424,947 vehicles (1H2020: 315,926 vehicles), representing an increase of 34.5%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the six months ended 30 June 2021 was 189,259 pallets (1H2020: 207,449 pallets), representing a decrease of 8.8%.

## **CORPORATE GOVERNANCE**

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2021.

## **BOARD COMMITTEES**

### **Audit Committee**

The Audit Committee of the Company comprises three independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2021.

### **Remuneration Committee**

The Remuneration Committee of the Company comprises five members, a majority of whom are independent non-executive directors. The Committee formulates the remuneration policy of directors and senior management of the Group, reviews their remuneration packages and makes recommendations to the Board regarding the directors' fee and annual salary of executive directors and senior management.

### **Nomination Committee**

The Nomination Committee of the Company comprises three members, a majority of whom are independent non-executive directors. The Committee reviews the structure, size and composition of the Board and the policy regarding Board diversity, and identifies individuals suitably qualified to become Board members and make recommendations to the Board and assessing the independence of all independent non-executive directors.

### **Other Board Committees**

In addition to the above committees, the Board has also established various committees which include the Executive Committee, the Investment and Strategic Planning Committee, the Environmental, Social and Governance Committee and the Risk Management Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website at <https://ports.coscoshipping.com>.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

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

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the six months ended 30 June 2021.

## INVESTOR RELATIONS

The Company has always attached great importance to communication with shareholders and investors, and considers investor relations as an important measure to improve corporate governance. To enhance information disclosure, the Company keeps strengthening its communication with shareholders, investors, analysts, and the media. The Company also works to improve stakeholders' understanding of the Company in respect of corporate strategies and their effectiveness. The Company releases corporate information in a timely manner and in the principle of strict and transparent disclosure.

As a leading global ports operator, the Company organises regular activities such as roadshows, investor presentations and meetings, and results announcement conference calls to keep investors and analysts abreast of the Company's business development. COSCO SHIPPING Ports endeavours to let the market fully understand its business strategies, financial results and growth prospects by communicating with the market. In the first half of 2021, the management team and Investor Relations Department proactively communicated with investors and shareholders and introduced business updates and development strategies of the Company in order to deepen investors' knowledge of the industry and the Company, and to enhance their confidence in investing the Company.

In the first half of 2021, despite the impact from the epidemic, the Company proactively participated in online roadshow activities via video or conference call to communicate with investors from China, the United States, the United Kingdom, Australia and Singapore. The Company also joined investor forums in the hope of enlarging and diversifying the Company's shareholder base. From January to June 2021, the Company communicated with a total of around 220 investors and analysts, and will continue to strengthen communication with investors.

In addition, to effectively capitalise on the function of the Investor Relations Department, the Company conducts shareholder analysis on a regular basis, and hires professional institutions to identify investors' shareholding positions and relevant changes. The Investor Relations Department actively enhances communication with investors and answers their questions regarding the Company and the industry in a timely manner. In addition, the Investor Relations Department actively approaches potential investors and identifies institutional investors interested in the industry and the Company, with an aim to broaden the shareholder base.

The Company remains committed to establishing its international image and enhancing corporate governance. In the first half of 2021, by virtue of its excellent port operations and high quality of corporate governance, the Company was awarded "Best Shipping Port Operator Hong Kong", "Best Investor Relations Company (Ports sector) Hong Kong", "Most Sustainable Company (Ports sector) Hong Kong" and "Best CSR Company (Ports sector) Hong Kong" by International Business Magazine. Meanwhile, the Company also won a number of international awards, including "Best Container Operator of the Year" and "Most Socially Responsible Port Operator" from Global Business Outlook Magazine, "Best Port Operator" and "Best CSR Company (Port Sector)" from Finance Derivative Magazine, "Best Port Operator" from Business Tabloid Magazine and "Most Innovative Port Operator" from International Finance Magazine. In addition, the Company's ESG efforts were also recognised by the market, and the Company was awarded the "Best in ESG Awards – Middle Market Capitalisation", "Best in Reporting Awards – Middle Market Capitalisation" and "ESG Report of the Year Awards – Middle Market Capitalisation" from BDO.

## **CORPORATE SUSTAINABLE DEVELOPMENT**

COSCO SHIPPING Ports has always adhered to the concept of “The Ports for ALL” to strengthen epidemic prevention and control, while actively promoting business development to ensure success in both epidemic prevention and operations.

### **Caring for Our People**

Confronted with the COVID-19 epidemic, the Company attaches great importance to the development of employees and actively strengthened personnel training to cope with changes in the market. During the period, the Company held seminars for members of its middle and senior management as well as operational and marketing teams to further enhance the Company’s capabilities in operations management and marketing.

### **Customers First**

The epidemic has wreaked havoc around the world, causing shipment delays, port blockages and disruptions to existing industry chains. As a global integrated container terminal operator, COSCO SHIPPING Ports has demonstrated business resilience during the epidemic, maintained close contact with customers, coordinated actively and offered solutions, striving to mitigate the impact of border closures and port blockages in various regions.

### **Green Development**

Determined to put the concept of sustainable development into practice, the Company actively invests in and builds green and smart ports, reducing the carbon footprint while improving the efficiency of terminal operations, and promotes the standardisation of energy conservation and emissions reduction. During the period, the Company launched a green finance framework to facilitate future investment in more suitable green projects.

### **Win-win Cooperation**

The Company adheres to the principle of win-win cooperation and actively cooperates with all parties to promote technological advancement such as fully automated terminal operations, 5G unmanned driving and big data collaboration in the port area. The Company will continue to actively collaborate with partners, and promote digital reforms on an on-going basis to consolidate the foundation for digital transformation of ports.

### **Investing in Communities**

The Company remains committed to the culture of “Being Grateful to Society and Repaying Society”, performs its corporate social responsibility, and actively mobilises its terminal companies to support and create value for local communities through donations and charity activities.

By Order of the Board  
**COSCO SHIPPING Ports Limited**  
**FENG Boming**  
*Chairman*

Hong Kong, 26 August 2021

As at the date of this announcement, the Board comprises Mr. FENG Boming<sup>1</sup> (Chairman), Mr. ZHANG Dayu<sup>1</sup> (Managing Director), Mr. DENG Huangjun<sup>1</sup>, Mr. ZHANG Wei<sup>2</sup>, Mr. CHEN Dong<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Dr. FAN HSU Lai Tai, Rita<sup>3</sup>, Mr. Adrian David LI Man Kiu<sup>3</sup>, Mr. LAM Yiu Kin<sup>3</sup>, Prof. CHAN Ka Lok<sup>3</sup> and Mr. YANG Liang Yee Philip<sup>3</sup>.

<sup>1</sup> Executive Director

<sup>2</sup> Non-executive Director

<sup>3</sup> Independent Non-executive Director