



COSCO SHIPPING Ports Limited  
中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1199)

## INTERIM REPORT 2021

**CAPTURING STRATEGIC DEVELOPMENT OPPORTUNITIES  
CONTINUING TO ENHANCE LEAN OPERATIONS**





## ABOUT COSCO SHIPPING PORTS LIMITED

COSCO SHIPPING Ports Limited (Stock Code: 1199) is a leading ports operator in the world and its terminals portfolio covers the five main port regions in China, Southeast Asia, Middle East, Europe, South America and the Mediterranean, etc. As at 30 June 2021, COSCO SHIPPING Ports operated and managed 357 berths at 36 ports worldwide, of which 210 were for containers, with an annual handling capacity of approximately 118 million TEU.

COSCO SHIPPING Ports' controlling shareholder is COSCO SHIPPING Holdings Co., Ltd. (Stock Code: 1919), whose parent company, China COSCO SHIPPING Corporation Limited, is the largest integrated shipping enterprise in the world.

## CORPORATE VISION

COSCO SHIPPING Ports has adopted "The Ports for ALL" as its mission and is working towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergistic platform that offers mutual benefits to all in the shipping industry, connecting global routes and becoming truly "the ports for all people".

# CONTENTS

<b>Financial Highlights</b>	<b>3</b>
<b>Global Terminal Network</b>	<b>4</b>
<b>Operational Review</b>	<b>8</b>
<b>Financial Review</b>	<b>10</b>
<b>Prospects</b>	<b>15</b>
<b>Interim Dividend</b>	<b>16</b>
<b>Disclosure of Interests</b>	<b>17</b>
Share Option Scheme	17
Directors' Interest in Shares, Underlying Shares and Debentures	19
Substantial Interest in the Share Capital of the Company	21
<b>Corporate Governance and Other Information</b>	<b>22</b>
Compliance with the Corporate Governance Code	22
Board Committees	22
Model Code for Securities Transactions by Directors	22
Purchase, Sale or Redemption of Listed Shares	22
Changes in Directors' Biographical Details	23
Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules	23
<b>Investor Relations</b>	<b>24</b>
<b>Corporate Sustainable Development</b>	<b>25</b>
<b>Interim Financial Information</b>	<b>27</b>
Unaudited Condensed Consolidated Balance Sheet	27
Unaudited Condensed Consolidated Income Statement	29
Unaudited Condensed Consolidated Statement of Comprehensive Income	30
Unaudited Condensed Consolidated Statement of Changes in Equity	31
Unaudited Condensed Consolidated Statement of Cash Flows	32
Notes to the Unaudited Condensed Consolidated Interim Financial Information	33
<b>Report on Review of Interim Financial Information</b>	<b>61</b>
<b>Abbreviations</b>	<b>62</b>
<b>Corporate Information</b>	<b>64</b>

## Globalisation

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Building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies

## Synergy

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Leveraging the synergies with COSCO SHIPPING and the OCEAN Alliance to strengthen its service capability to serve shipping alliances

Establishing close partnerships and maintaining good relationships with port authority groups, terminal operators and international liner companies to maximise synergies and value

## Control

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Strengthening control and management of the ports and terminals business – further integrating our existing terminals portfolio and increasing the value of these investments through building controlling stakes; increasing our influence in entire ports through equity investments in port groups; and adopting unified management and operating system to integrate terminal operations



## FINANCIAL HIGHLIGHTS

US\$ (million)

	1H2021	1H2020	Change (%)
Revenue	<b>564.9</b>	452.7	+24.8
Cost of sales	<b>416.6</b>	353.5	+17.8
Gross profit	<b>148.3</b>	99.2	+49.6
Share of profits from joint ventures and associates	<b>175.2</b>	128.7	+36.1
Profit attributable to equity holders of the Company	<b>175.6</b>	163.4	+7.5
Basic earnings per share (US cents)	<b>5.30</b>	5.17	+2.5
Profit attributable to equity holders of the Company (excluding one-off items) <sup>Note</sup>	<b>175.6</b>	94.8	+85.2
Basic earnings per share (US cents) (excluding one-off items) <sup>Note</sup>	<b>5.30</b>	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 Terminal and all the shares in Win Hanverky Investments Limited ("Win Hanverky") together with its 51% interest in 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").

# GLOBAL TERMINAL NETWORK



TOTAL THROUGHPUT  
**62,710,707**  
TEU



**OVERSEAS  
TOTAL THROUGHPUT**

**14,239,304 TEU**

	Throughput (TEU)
Piraeus Terminal	2,370,862
CSP Zeebrugge Terminal	433,150
CSP Spain Related Companies	1,779,480
CSP Abu Dhabi Terminal	330,308
COSCO-PSA Terminal	2,375,224
Vado Reefer Terminal	36,557
Euromax Terminal	1,332,903
Kumport Terminal	618,407
Suez Canal Terminal	1,770,794
Antwerp Terminal	1,116,772
Seattle Terminal	131,869
Busan Terminal	1,942,978

# GLOBAL TERMINAL NETWORK

## GREATER CHINA TOTAL THROUGHPUT

# 48,471,403 TEU

## BOHAI RIM

# 21,511,420 TEU

	Throughput (TEU)
QPI	11,660,000
Dalian Container Terminal	1,686,036
Dalian Dagang Terminal	8,554
Tianjin Euroasia Terminal	1,775,037
Tianjin Container Terminal	4,466,048
Yingkou Terminals <sup>1</sup>	1,242,950
Jinzhou New Age Terminal	366,285
Qinhuangdao New Harbour Terminal	306,510

## YANGTZE RIVER DELTA

# 7,718,194 TEU

	Throughput (TEU)
Shanghai Pudong Terminal	1,241,395
Shanghai Mingdong Terminal	3,405,517
Ningbo Yuan Dong Terminal	1,552,046
Lianyungang New Oriental Terminal	549,674
Taicang Terminal	229,655
Nantong Tonghai Terminal	739,907



## SOUTHEAST COAST AND OTHERS

# 2,971,482 TEU

	Throughput (TEU)
Xiamen Ocean Gate Terminal	1,250,465
Quan Zhou Pacific Terminal	601,274
Jinjiang Pacific Terminal	169,102
Kao Ming Terminal	950,641

## PEARL RIVER DELTA

# 13,662,407 TEU

	Throughput (TEU)
Yantian Terminals	6,486,265
Guangzhou Terminals <sup>2</sup>	5,608,596
Hong Kong Terminals <sup>3</sup>	1,567,546

## SOUTHWEST COAST

# 2,607,900 TEU

	Throughput (TEU)
Beibu Gulf Terminal	1,998,572
Beibu Gulf Port	609,328

### Notes:

- Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
- Throughput of Guangzhou Terminals was the total throughput of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal.
- Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.

## 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%.

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

## 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 Terminal, Guangzhou South China Oceangate Terminal and 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), QPI, Euromax Terminal and 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, 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 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 Wattrus 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>2,992,732,000*</b>	<b>100.0</b>	3,047,741,000*	100.0
<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>2,992,732,000*</b>	<b>100.0</b>	3,047,741,000*	100.0
<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>2,992,732,000*</b>	<b>100.0</b>	3,047,741,000*	100.0

\* 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

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 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, Red Sea Gateway Terminal Company Limited became an associate of the Company.

## 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".

## INTERIM DIVIDEND

The board of directors of the Company (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.

## DISCLOSURE OF INTERESTS

### Share Option Scheme

On 26 October 2017, the Board approved the “Share Option Scheme of COSCO SHIPPING Ports Limited (Proposed)” (公司股票期權激勵計劃(草案)). At a special general meeting of the Company held on 8 June 2018, the shareholders of the Company approved the adoption of a share option scheme containing the terms of the said proposed scheme (the “Share Option Scheme”).

On 19 June 2018, the Board was of the view that all the conditions of the grant of options had been fulfilled, and determined the date of the initial grant be on 19 June 2018 for the granting of 53,483,200 share options to 238 eligible participants, and had handled all necessary issues regarding the grant of share options.

Pursuant to the relevant requirements under the Share Option Scheme, within one year after the abovementioned initial grant, the Company had granted a total of 3,640,554 share options to 17 participants in four times on 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019, respectively, and had handled all necessary issues regarding the grant of share options.

Please refer to the circular of the Company dated 18 May 2018 (the “Circular”) and announcements of the Company dated 19 June 2018, 29 November 2018, 29 March 2019, 23 May 2019 and 17 June 2019 for details of the Share Option Scheme and each grant.

Movements of the share options granted under the Share Option Scheme during the period are set out below:

Category	Exercise price per share HK\$	Number of share options					Lapsed during the period	Outstanding at 30 June 2021	% of total number of issued shares	Exercisable period	Notes
		Outstanding at 1 January 2021	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Outstanding at 30 June 2021					
<b>Directors</b>											
Mr. ZHANG Dayu	7.27	1,200,000	-	-	-	-	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)	
Mr. DENG Huangjun	7.27	1,200,000	-	-	-	-	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)	
Dr. WONG Tin Yau, Kelvin	7.27	1,200,000	-	-	-	-	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)	
		3,600,000	-	-	-	-	3,600,000				
<b>Continuous contract employees</b>											
	7.27	38,499,415	-	-	(27,164)	(54,409)	38,417,842	1.16%	19.6.2020-18.6.2023	(1), (3), (4)	
	8.02	604,971	-	-	-	-	604,971	0.02%	29.11.2020-28.11.2023	(5)	
	8.48	848,931	-	-	-	-	848,931	0.03%	29.3.2021-28.3.2024	(6)	
	7.27	666,151	-	-	-	-	666,151	0.02%	23.5.2021-22.5.2024	(7)	
	7.57	1,273,506	-	-	-	-	1,273,506	0.04%	17.6.2021-16.6.2024	(8)	
<b>Others</b>	7.27	6,312,220	-	-	27,164	(400,851)	5,938,533	0.18%	19.6.2020-18.6.2023	(1), (3), (9)	
		48,205,194	-	-	-	(455,260)	47,749,934				
		51,805,194	-	-	-	(455,260)	51,349,934				

## Notes:

- (1) The share options were granted on 19 June 2018 under the Share Option Scheme at an exercise price of HK\$7.27 per share of the Company (the "Share"). According to the provisions of the Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options be vested on 19 June 2020; (b) 33.3% of the share options be vested on 19 June 2021; and (c) 33.4% of the share options be vested on 19 June 2022. Details of the vesting conditions for the share options are more particularly set out in section headed "11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options" of the Circular.
- (2) These options represent personal interest held by the relevant director as beneficial owner.
- (3) These 27,164 share options were transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the Share Option Scheme.
- (4) These 54,409 share options were lapsed at the time of retirement of the relevant employee pursuant to the terms of the Share Option Scheme.
- (5) The share options were granted on 29 November 2018 under the Share Option Scheme at an exercise price of HK\$8.02 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options be vested on 29 November 2020; (b) 33.3% of the share options be vested on 29 November 2021; and (c) 33.4% of the share options be vested on 29 November 2022.
- (6) The share options were granted on 29 March 2019 under the Share Option Scheme at an exercise price of HK\$8.48 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options be vested on 29 March 2021; (b) 33.3% of the share options be vested on 29 March 2022; and (c) 33.4% of the share options be vested on 29 March 2023.
- (7) The share options were granted on 23 May 2019 under the Share Option Scheme at an exercise price of HK\$7.27 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options be vested on 23 May 2021; (b) 33.3% of the share options be vested on 23 May 2022; and (c) 33.4% of the share options be vested on 23 May 2023.
- (8) The share options were granted on 17 June 2019 under the Share Option Scheme at an exercise price of HK\$7.57 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options be vested on 17 June 2021; (b) 33.3% of the share options be vested on 17 June 2022; and (c) 33.4% of the share options be vested on 17 June 2023.
- (9) These 400,851 share options were lapsed as they were not exercised within six months after the resignation or retirement of the relevant employees pursuant to the terms of the Share Option Scheme.
- (10) As to whether various batches of share options to be vested in 2021 can be vested, the Board will review and consider if the relevant exercise conditions had been fulfilled.
- (11) No share options were granted or exercised under the Share Option Scheme during the period.

## Directors' Interest in Shares, Underlying Shares and Debentures

As at 30 June 2021, the interest of the Company's directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (A) LONG POSITIONS IN SHARES OF THE COMPANY

Name of director	Capacity	Nature of interest	Number of Shares held	% of total number of issued Shares
Mr. FENG Boming	Beneficial owner	Personal	32,379	0.001%
Mr. DENG Huangjun	Beneficial owner	Personal	53,154	0.002%
Mr. ZHANG Wei	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1,380,865	0.042%

### (B) LONG POSITIONS IN UNDERLYING SHARES (EQUITY DERIVATIVES) OF THE COMPANY

Share options were granted by the Company to certain directors of the Company pursuant to the Share Option Scheme. Details of the directors' interest in share options granted by the Company are set out under the previous section headed "Share Option Scheme" of this report.

### (C) LONG POSITIONS IN SHARES OF ASSOCIATED CORPORATIONS

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of shares held	% of total number of issued shares of the relevant class of the relevant associated corporation
COSCO SHIPPING Holdings Co., Ltd ("COSCO SHIPPING Holdings")	Mr. FENG Boming	Interest of spouse	Family	114,900 A shares <sup>(Note)</sup>	0.001%
COSCO SHIPPING Development Co., Ltd	Mr. FENG Boming	Beneficial owner	Personal	29,100 A shares	0.0004%
	Mr. DENG Huangjun	Interest of spouse	Family	38,000 A shares	0.0005%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000 H shares	0.04%

Note: Pursuant to the implementation plan of capitalisation of surplus reserves of COSCO SHIPPING Holdings for 2020, there was a capitalisation issue of 3 shares for every 10 shares of COSCO SHIPPING Holdings. As such, the number of A shares was adjusted from 114,900 to 149,370. The additional 34,470 A shares were issued and allotted on 15 July 2021.

**(D) LONG POSITIONS IN UNDERLYING SHARES (EQUITY DERIVATIVES) OF ASSOCIATED CORPORATIONS**

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price RMB	Numbers of share options	% of total number of issued shares of the relevant class of the relevant associated corporation	Notes
COSCO SHIPPING Holdings	Mr. FENG Boming	Interest of spouse	Family	4.10	355,100	0.004%	(1), (5)
		Beneficial owner	Personal	3.50	936,000	0.010%	(2), (3), (5)
	Mr. ZHANG Wei	Beneficial owner	Personal	3.50	754,000	0.008%	(2), (4), (5)

Notes:

- (1) Such share options were granted on 3 June 2019 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings adopted on 30 May 2019 (the "CSH Share Option Scheme") and can be exercised during the period from 3 June 2021 to 2 June 2026. Pursuant to the implementation plan of capitalisation of surplus reserves of COSCO SHIPPING Holdings for 2020, the exercise price of these 355,100 outstanding share options was adjusted from RMB4.10 per share to RMB3.15 per share with the number of share options adjusted to 461,630. The statutory registration procedures on such adjustments was completed on 16 July 2021.
- (2) Such share options were granted on 29 May 2020 pursuant to the CSH Share Option Scheme (as amended pursuant to the amendments approved by the shareholders of COSCO SHIPPING Holdings on 18 May 2020) and can be exercised during the period from 30 May 2022 to 28 May 2027.
- (3) Pursuant to the implementation plan of capitalisation of surplus reserves of COSCO SHIPPING Holdings for 2020, the exercise price of these 936,000 share options was adjusted from RMB3.50 per share to RMB2.69 per share with the number of share options adjusted to 1,216,800. The statutory registration procedures on such adjustments was completed on 24 August 2021.
- (4) Pursuant to the implementation plan of capitalisation of surplus reserves of COSCO SHIPPING Holdings for 2020, the exercise price of these 754,000 share options was adjusted from RMB3.50 per share to RMB2.69 per share with the number of share options adjusted to 980,200. The statutory registration procedures on such adjustments was completed on 24 August 2021.
- (5) Such share options will be vested after 24 months from the date of grant (the "Vesting Period"). Subject to the fulfilment of the relevant vesting conditions, such share options will be vested in three batches after the Vesting Period, i.e. (a) 33% of the share options can be exercised during the first trading day after 24 months from the date of grant to the last trading day within 36 months from the date of grant; (b) 33% of the share options can be exercised during the first trading day after 36 months from the date of grant to the last trading day within 48 months from the date of grant; and (c) 34% of the share options can be exercised during the first trading day after 48 months from the date of grant to the last trading day within 84 months from the date of grant.

Save as disclosed above, as at 30 June 2021, none of the directors or chief executive of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## Substantial Interest in the Share Capital of the Company

As at 30 June 2021, the interest of substantial shareholders and other persons in the Shares as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Nature of interests	Number of Shares/Percentage of total number of issued Shares				Notes
			Long positions	%	Short positions	%	
COSCO Investments Limited	Beneficial owner	Beneficial interest	223,548,369	6.89	-	-	(1)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,623,313,935	50.00	-	-	(1)
COSCO SHIPPING Holdings	Interest of controlled corporation	Corporate interest	1,623,313,935	50.00	-	-	(1)
China Ocean Shipping Co., Ltd.	Interest of controlled corporation	Corporate interest	1,623,313,935	50.00	-	-	(1)
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	Corporate interest	1,623,313,935	50.00	-	-	(1)
Silchester International Investors LLP	Investment manager	Other interest	396,846,563	11.97	-	-	(2)

Notes:

- (1) The 1,623,313,935 Shares relate to the same batch of Shares. COSCO Investments Limited ("COSCO Investments") is a wholly owned subsidiary of China COSCO (Hong Kong) Limited ("China COSCO (HK)"). Accordingly, the 223,548,369 Shares held by COSCO Investments are also included as part of China COSCO (HK)'s interest in the Company. China COSCO (HK) is a wholly owned subsidiary of COSCO SHIPPING Holdings and it itself held 1,399,765,566 Shares beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,623,313,935 Shares is also recorded as COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping Co., Ltd. ("COSCO Group") held 37.72% equity interest in COSCO SHIPPING Holdings as at 30 June 2021, and accordingly, COSCO Group is deemed to have the interest of 1,623,313,935 Shares held by China COSCO (HK). COSCO Group is a wholly owned subsidiary of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"). Accordingly, COSCO Group's interest in relation to the 1,623,313,935 Shares is also recorded as COSCO SHIPPING's interest in the Company.

As informed by China COSCO (HK), as at 30 June 2021, it was interested in a total of 1,665,229,935 Shares (representing approximately 50.23% of the total number of issued Shares as at 30 June 2021), of which 223,548,369 Shares (representing 6.47% of the total number of issued Shares as at 30 June 2021) were held by COSCO Investments. Such increase in shareholding was not required to be disclosed under Part XV of the SFO.

- (2) The 396,846,563 Shares represented approximately 11.97% of the total number of issued Shares as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Company has not been notified of any other interest or short positions in the shares and underlying shares of the Company which had to be recorded in the register required to be kept under Section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Compliance with the Corporate Governance Code

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 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 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.

## Changes in Directors' Biographical Details

Changes in directors' biographical details since the date of the 2020 annual report of the Company and up to the date of this report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of director	Details of changes
Dr. WONG Tin Yau, Kelvin	<ul style="list-style-type: none"> <li>• Ceased to be an independent non-executive director of I.T Limited, a company which had withdrawn from listing on the Stock Exchange</li> <li>• Retired as an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange</li> </ul>
Mr. Adrian David LI Man Kiu	<ul style="list-style-type: none"> <li>• Resigned as a member of the Judging Panel of the BAI Global Innovation Awards</li> </ul>
Mr. YANG Liang Yee Philip	<ul style="list-style-type: none"> <li>• Ceased to be a member of the Asian International Arbitration Centre in Malaysia</li> <li>• Ceased to be a member of the Korean Commercial Arbitration Board</li> </ul>

Save as disclosed above, there is no other changes in the directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 June 2021 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US\$'000
Non-current assets	1,834,279
Current assets	437,008
Current liabilities	(138,106)
Non-current liabilities	(1,791,189)
Net assets	341,992
Share capital	21,419
Reserves	280,359
Non-controlling interest	40,214
Capital and reserves	341,992

As at 30 June 2021, the Group's attributable interests in these affiliated companies amounted to US\$404,115,000.

## 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 report, 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

## INTERIM FINANCIAL INFORMATION

The board of directors (the "Board") of COSCO SHIPPING Ports Limited (the "Company" or "COSCO SHIPPING Ports") is pleased to present the interim report, including the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2021. The interim report has been reviewed by the Company's Audit Committee.

The Group's unaudited condensed consolidated interim financial information as set out on pages 27 to 60 has also 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

	Note	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	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	7	75,362	2,409
		<b>9,591,270</b>	<b>9,569,620</b>
<b>Current assets</b>			
Inventories		16,110	14,853
Trade and other receivables	8	325,004	293,172
Current tax recoverable		1,709	5,187
Restricted bank deposits	9	33,209	31,224
Cash and cash equivalents	9	1,189,086	1,310,289
		<b>1,565,118</b>	<b>1,654,725</b>
Assets classified as held for sale	13	69,756	–
		<b>1,634,874</b>	<b>1,654,725</b>
<b>Total assets</b>		<b>11,226,144</b>	<b>11,224,345</b>

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2021

	Note	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	10	<b>42,574</b>	42,574
Reserves		<b>5,626,529</b>	5,507,630
		<b>5,669,103</b>	5,550,204
<b>Non-controlling interests</b>		<b>826,107</b>	827,022
<b>Total equity</b>		<b>6,495,210</b>	6,377,226
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>111,951</b>	115,300
Lease liabilities		<b>760,160</b>	784,243
Long term borrowings	11	<b>2,531,617</b>	2,748,292
Loans from non-controlling shareholders of a subsidiary		<b>713</b>	737
Derivative financial instruments		<b>5,568</b>	7,752
Put option liability		<b>228,947</b>	225,679
Other long term liabilities		<b>47,065</b>	51,063
		<b>3,686,021</b>	3,933,066
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	12	<b>495,312</b>	536,890
Current tax liabilities		<b>43,698</b>	31,912
Current portion of lease liabilities		<b>41,195</b>	42,093
Current portion of long term borrowings	11	<b>399,970</b>	226,651
Short term borrowings	11	<b>61,145</b>	72,798
Derivative financial instruments		<b>3,588</b>	3,709
		<b>1,044,908</b>	914,053
Liabilities directly associated with assets classified as held for sale	13	<b>5</b>	–
		<b>1,044,913</b>	914,053
<b>Total liabilities</b>		<b>4,730,934</b>	4,847,119
<b>Total equity and liabilities</b>		<b>11,226,144</b>	11,224,345

The accompanying notes on pages 33 to 60 are an integral part of these unaudited condensed consolidated interim financial information.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

For the Six Months Ended 30 June 2021

	Note	Six months ended 30 June	
		2021 US\$'000	2020 US\$'000
Revenues		<b>564,872</b>	452,676
Cost of sales		<b>(416,569)</b>	(353,520)
<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>(5,775)</b>	(10,396)
<b>Operating profit</b>	14	<b>104,695</b>	123,755
Finance income	15	<b>5,804</b>	7,912
Finance costs	15	<b>(55,986)</b>	(58,925)
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>132,045</b>	93,145
<b>Profit before taxation</b>		<b>229,694</b>	201,432
Taxation	16	<b>(32,236)</b>	(29,897)
<b>Profit for the period</b>		<b>197,458</b>	171,535
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>175,618</b>	163,359
Non-controlling interests		<b>21,840</b>	8,176
		<b>197,458</b>	171,535
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
– Basic	17	<b>US5.30 cents</b>	US5.17 cents
– Diluted	17	<b>US5.30 cents</b>	US5.17 cents

The accompanying notes on pages 33 to 60 are an integral part of these unaudited condensed consolidated interim financial information.

**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>	171,535
<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>	(84,847)
<b>Total comprehensive income for the period</b>	<b>220,551</b>	86,688
<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>	86,688

The accompanying notes on pages 33 to 60 are an integral part of these unaudited condensed consolidated interim financial information.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six Months ended 30 June 2021

	<b>Capital and reserves attributable to the equity holders of the Company</b>	<b>Non- controlling interests</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000
<b>Total equity at 1 January 2021</b>	<b>5,550,204</b>	<b>827,022</b>	<b>6,377,226</b>
Total comprehensive income for the period	195,025	25,526	220,551
Share of reserve movement of associates	1,084	–	1,084
Put option liability movement	(3,268)	–	(3,268)
Fair value of share options granted	850	–	850
Dividends paid to			
– equity holders of the Company	(74,792)	–	(74,792)
– non-controlling shareholders of subsidiaries	–	(26,441)	(26,441)
	<b>118,899</b>	<b>(915)</b>	<b>117,984</b>
<b>Total equity at 30 June 2021</b>	<b>5,669,103</b>	<b>826,107</b>	<b>6,495,210</b>
Total equity at 1 January 2020	4,995,461	769,744	5,765,205
Total comprehensive income for the period	83,421	3,267	86,688
Disposal of subsidiaries	–	(63,797)	(63,797)
Partial disposal of subsidiaries	34,081	64,692	98,773
Share of reserve movement of associates	1,143	–	1,143
Put option liability movement	(3,948)	–	(3,948)
Fair value of share options granted	979	–	979
Dividends paid to			
– equity holders of the Company	(64,125)	–	(64,125)
– non-controlling shareholders of subsidiaries	–	(15,390)	(15,390)
	51,551	(11,228)	40,323
Total equity at 30 June 2020	5,047,012	758,516	5,805,528

The accompanying notes on pages 33 to 60 are an integral part of these unaudited condensed consolidated interim financial information.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six Months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 US\$'000	2020 US\$'000
Net cash generated from operating activities		<b>141,821</b>	104,795
Net cash (used in)/generated from investing activities		<b>(72,981)</b>	166,374
Net cash used in financing activities		<b>(195,156)</b>	(112,722)
Net (decrease)/increase in cash and cash equivalents		<b>(126,316)</b>	158,447
Cash and cash equivalents at 1 January		<b>1,310,289</b>	937,947
Exchange differences		<b>5,122</b>	(8,481)
Cash and cash equivalents at 30 June		<b>1,189,095</b>	1,087,913
Analysis of balances of cash and cash equivalents:			
Time deposits		<b>379,074</b>	534,083
Bank balances and cash		<b>582,390</b>	262,305
Balances placed with other financial institution		<b>227,622</b>	291,525
Cash and cash equivalents of a subsidiary reclassified as assets classified as held for sale	13	<b>9</b>	–
		<b>1,189,095</b>	1,087,913

The accompanying notes on pages 33 to 60 are an integral part of these unaudited condensed consolidated interim financial information.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 General information

COSCO SHIPPING Ports Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in the businesses of managing and operating terminals, and related businesses. The Company is a limited liability company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The intermediate holding company of the Company is COSCO SHIPPING Holdings Co., Ltd. (“COSCO SHIPPING Holdings”), a company established in the People’s Republic of China (the “PRC”) with its H-Shares and A-Shares listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively. The immediate holding company and ultimate holding company of COSCO SHIPPING Holdings is China Ocean Shipping Company Limited (“COSCO”) and China COSCO SHIPPING Corporation Limited (“COSCO SHIPPING”), state-owned enterprises established in the PRC, respectively.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 (the “Unaudited Condensed Consolidated Interim Financial Information”) is presented in United States (“US”) dollar, unless otherwise stated and has been approved for issue by the Board on 26 August 2021.

### 2 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.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****2 Basis of preparation and significant accounting policies (Continued)****ADOPTION OF NEW HKFRSs (CONTINUED)**

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.

**3 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

**(a) IMPAIRMENT OF TERMINAL ASSETS, INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

Management determines whether terminal assets, investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use or fair value less costs of disposal calculations. The determination of impairment indication requires significant judgement and the calculations require the use of estimates which are subject to change of economic environment in future.

**(b) ASSESSMENT OF GOODWILL IMPAIRMENT**

The Group tests annually whether goodwill have suffered any impairment and when there is indication that they may be impaired, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions. These calculations require the use of estimates.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 Critical accounting estimates and judgements (Continued)

#### (c) TAXATION

Deferred tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled (note 16).

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

#### (d) FAIR VALUE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

If information on current or recent prices of financial assets at FVOCI is not available, the fair values of financial assets at FVOCI are determined using valuation techniques (market multiples derived from a set of comparable companies). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

### 4 Financial risk management

#### 4.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Unaudited Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2020 Annual Financial Statements of the Group.

Compared to 31 December 2020, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

There have been no changes in the risk management policies of the Group since year end.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**4 Financial risk management (Continued)****4.2 FAIR VALUE ESTIMATION****(a) Fair value hierarchy**

The Group's financial instruments that are measured at fair value is disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2021 and 31 December 2020:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>As at 30 June 2021</b>				
Financial assets at FVOCI	129,140	–	24,004	153,144
Derivative financial instruments				
– interest rate swap	–	9,156	–	9,156
<b>As at 31 December 2020</b>				
Financial assets at FVOCI	134,405	–	23,801	158,206
Derivative financial instruments				
– interest rate swap	–	11,461	–	11,461

**(b) Valuation techniques used to determine fair value**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as financial assets at FVOCI.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**4 Financial risk management (Continued)****4.2 FAIR VALUE ESTIMATION (CONTINUED)****(b) Valuation techniques used to determine fair value (Continued)**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

For interest rate swap, the present value of the estimated future cash flows based on observable yield curves is used to value financial instruments. The resulting fair value estimates are included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no changes made to the valuation techniques applied as of 31 December 2020.

For the six months ended 30 June 2021, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

As at 30 June 2021, the fair value of unlisted financial assets at FVOCI is determined by the valuation performed by management using valuation techniques (market multiples derived from a set of comparable companies). A discount rate of 20% is applied to compute the fair value on top of market price/book multiples. These financial assets at FVOCI are included in level 3.

The price/book multiples are estimated by making reference to the historical net asset value of companies with similar business nature and having their operating activities in the PRC. The higher the price/book multiples, the higher the fair value. Whereas the discount rate is a common illiquidity rate applied in valuation of unlisted security. The higher the discount rate, the lower the fair value.

The movements in financial instruments included in level 3 are as follows:

***Unlisted financial assets at FVOCI***

	<b>2021</b>
	<b>US\$'000</b>
At 1 January	<b>23,801</b>
Translation differences	<b>203</b>
At 30 June	<b>24,004</b>

**(c) Transfer between levels 1 and 3**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the six months ended 30 June 2021.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**4 Financial risk management (Continued)****4.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST**

The fair value of the long term borrowings is as follows:

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
Bank loans and loans from other financial institution	<b>2,226,874</b>	2,409,949
Notes	<b>299,357</b>	299,142
	<b>2,526,231</b>	2,709,091

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Cash and cash equivalents
- Restricted bank deposits
- Trade and other payables
- Put option liability
- Borrowings except for those disclosed above

**5 Segment information****5.1 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 segments 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**5 Segment information (Continued)****5.1 OPERATING SEGMENTS (CONTINUED)**

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**

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**5 Segment information (Continued)****5.1 OPERATING SEGMENTS (CONTINUED)**

## Segment revenues, results and other information

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**5 Segment information (Continued)****5.1 OPERATING SEGMENTS (CONTINUED)****Segment revenues, results and other information (Continued)**

	Terminals and related businesses US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
Six months ended 30 June 2020				
Revenues – total sales	452,676	–	–	452,676
Segment profit/(loss) attributable to equity holders of the Company	204,197	(40,838)	–	163,359
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 expenses	(201)	–	–	(201)
Additions to non-current assets	(85,759)	(81)	–	(85,840)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**5 Segment information (Continued)****5.2 GEOGRAPHICAL INFORMATION****(a) 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>
	<b>US\$'000</b>	<b>US\$'000</b>
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

**(b) 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 US\$'000</b>	<b>Joint ventures and associates US\$'000</b>	<b>Total US\$'000</b>
At 30 June 2021			
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>
At 31 December 2020			
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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**6 Property, plant and equipment**

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of US\$80,098,000 (2020: US\$83,678,000). The Group also disposed of property, plant and equipment with net book value of US\$416,000 (2020: US\$326,000).

**7 Other non-current assets**

As at 30 June 2021, other non-current assets of the Group mainly represent deposit paid for subscription of a financial asset at fair value through profit or loss.

**8 Trade and other receivables**

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**8 Trade and other receivables (Continued)**

Notes:

- (a) 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:

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

- (b) The balances are unsecured and interest free. Trading balances have credit periods ranging from 30 to 90 days while other balances have no fixed terms of repayment.
- (c) Balance of US\$46,251,000 (31 December 2020: US\$47,810,000) is unsecured, bears interest at 3.75% above EURIBOR per annum, and is repayable in December 2021.
- (d) The amounts receivable mainly represented dividend and interest receivable from joint ventures and associates.

**9 Cash and cash equivalents**

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
Total time deposits, bank balances and cash (note i)	<b>1,222,295</b>	1,341,513
Restricted bank deposits included in current assets	<b>(33,209)</b>	(31,224)
	<b>1,189,086</b>	1,310,289
Representing:		
Time deposits with original maturity of three months or less	<b>379,074</b>	579,539
Bank balances and cash	<b>582,390</b>	304,081
Balances placed with other financial institution (note ii)	<b>227,622</b>	426,669
	<b>1,189,086</b>	1,310,289

Notes:

- (i) As at 30 June 2021, balances of US\$251,830,000 (31 December 2020: US\$484,305,000) of the Group denominated in Renminbi and US dollar were placed with bank and other financial institution accounts operating in the PRC where exchange controls apply.
- (ii) Balances placed with other financial institution, namely COSCO SHIPPING Finance Co., Ltd., a fellow subsidiary of the Group, bear interest at prevailing market rates.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10 Share capital

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
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Issued and fully paid:

3,315,296,374 (31 December 2020: 3,315,296,374) ordinary shares of HK\$0.10 each

**42,574**                      42,574

Note:

Movements of the share options, which have been granted under the share option scheme adopted by the Group on 8 June 2018, during the six months ended 30 June 2021 and 2020 are set out below:

Category	Exercise price HK\$	For the period ended 30 June 2021						Outstanding at 30 June 2021	Exercisable period
		Number of share options							
		Outstanding at 1 January 2021	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Forfeited during the period			
Directors	7.27	3,600,000	-	-	-	-	3,600,000	19.6.2020-18.6.2023	
Continuous contract employees	7.27	38,499,415	-	-	(27,164)	(54,409)	38,417,842	19.6.2020-18.6.2023	
	8.02	604,971	-	-	-	-	604,971	29.11.2020-28.11.2023	
	8.48	848,931	-	-	-	-	848,931	29.3.2021-28.3.2024	
	7.27	666,151	-	-	-	-	666,151	23.5.2021-22.5.2024	
	7.57	1,273,506	-	-	-	-	1,273,506	17.6.2021-16.6.2024	
Others	7.27	6,312,220	-	-	27,164	(400,851)	5,938,533	19.6.2020-18.6.2023	
		51,805,194	-	-	-	(455,260)	51,349,934		

Category	Exercise price HK\$	For the period ended 30 June 2020						Outstanding at 30 June 2020	Exercisable period
		Number of share options							
		Outstanding at 1 January 2020	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed/cancelled during the period			
Directors	7.27	3,600,000	-	-	-	-	3,600,000	19.6.2020-18.6.2023	
Continuous contract employees	7.27	42,172,743	-	-	(1,445,926)	(1,105,219)	39,621,598	19.6.2020-18.6.2023	
	8.02	851,966	-	-	-	(233,501)	618,465	29.11.2020-28.11.2023	
	8.48	848,931	-	-	-	-	848,931	29.3.2021-28.3.2024	
	7.27	666,151	-	-	-	-	666,151	23.5.2021-22.5.2024	
	7.57	1,273,506	-	-	-	-	1,273,506	17.6.2021-16.6.2024	
Others	7.27	4,492,607	-	-	1,445,926	-	5,938,533	19.6.2020-18.6.2023	
		53,905,904	-	-	-	(1,338,720)	52,567,184		

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**11 Borrowings**

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
Long term borrowings		
Secured		
– bank loans (note a)	<b>933,611</b>	1,046,013
– loan from other financial institution (note a)	<b>5,077</b>	6,866
	<b>938,688</b>	1,052,879
Unsecured		
– bank loans	<b>1,693,317</b>	1,622,633
– notes (note c)	<b>299,582</b>	299,431
	<b>1,992,899</b>	1,922,064
	<b>2,931,587</b>	2,974,943
Amounts due within one year included under current liabilities	<b>(399,970)</b>	(226,651)
	<b>2,531,617</b>	2,748,292
Short term borrowings		
Unsecured		
– bank loans	–	30,652
– loan from other financial institution	<b>61,145</b>	42,146
	<b>61,145</b>	72,798

Notes:

- (a) 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 deposit and interest in subsidiaries were pledged as securities against bank loans of US\$933,611,000 (31 December 2020: US\$1,046,013,000) and a loan from other financial institution of US\$5,077,000 (31 December 2020: US\$6,866,000).

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**11 Borrowings (Continued)**

(b) The maturity of long term borrowings is as follows:

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
Bank loans		
Within one year	<b>399,970</b>	226,651
Between one and two years	<b>513,858</b>	656,473
Between two and five years	<b>1,006,740</b>	1,008,372
Over five years	<b>706,360</b>	777,150
	<b>2,626,928</b>	2,668,646
Loan from other financial institution		
Between one and two years	<b>1,300</b>	1,839
Between two and five years	<b>3,777</b>	5,027
	<b>5,077</b>	6,866
Notes		
Between one and two years	<b>299,582</b>	–
Between two and five years	–	299,431
	<b>299,582</b>	299,431
	<b>2,931,587</b>	2,974,943

(c) 10-year notes with principal amount of US\$300,000,000 were issued by a subsidiary of the Company to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320% of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US\$2,040,000. The notes bear interest from 31 January 2013, payable semi-annually in arrears on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by the Company and listed on the Stock Exchange. Unless previously redeemed or repurchased by the Company, the notes will mature on 31 January 2023 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting the taxes of certain jurisdictions.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**12 Trade and other payables and contract liabilities**

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

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**12 Trade and other payables and contract liabilities (Continued)**

Notes:

- (a) The ageing analysis of the trade payables based on invoice date is as follows:

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

- (b) The balances are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers while the other balances have no fixed terms of repayment.
- (c) Loans from a joint venture are unsecured, bear interest at 2.3% per annum and are repayable within twelve months.
- (d) Loans from an associate are unsecured, bear interest at 2.3% per annum and are repayable within twelve months.
- (e) Loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of US\$45,952,000 (31 December 2020: US\$45,952,000) is interest free. Balance of US\$11,609,000 (31 December 2020: US\$38,314,000) bears interest at 3.4% (31 December 2020: 3.92%) per annum.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**13 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. ("Tianjin Euroasia Terminal") 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	69,747
Cash and cash equivalents	9
	<u>69,756</u>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Accruals	<u>5</u>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**14 Operating profit**

Operating profit is stated after crediting and charging the following:

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

Notes:

- (a) On 10 February 2020, the Company completed the disposal of all the shares in COSCO Ports (Yangzhou) Limited ("CP (Yangzhou)") together with its 51% interest in Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") and the disposal of all the shares in Win Hanverky Investments Limited ("Win Hanverky") together with its 51% interest in Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Terminal") and 4.59% interest in Yangzhou Yuanyang Terminal to Shanghai International Port Group (HK) Co., Limited ("SIPG (HK)") at considerations of approximately RMB316,039,000 (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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**15 Finance income and costs**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
<b>Finance income</b>		
Interest income on		
– bank balances and deposits	<b>2,028</b>	3,616
– deposits with other financial institution	<b>1,697</b>	1,041
– loans to joint ventures and associates	<b>2,079</b>	2,064
– loans to a former subsidiary	–	1,191
	<b>5,804</b>	7,912
<b>Finance costs</b>		
Interest expenses on		
– bank loans	<b>(33,020)</b>	(37,804)
– notes wholly repayable within five years	<b>(6,564)</b>	(6,564)
– loans from other financial institutions	<b>(842)</b>	(169)
– loans from non-controlling shareholders of subsidiaries (note 12(e))	<b>(283)</b>	(793)
– loans from a joint venture (note 12(c))	<b>(402)</b>	(372)
– loans from an associate (note 12(d))	<b>(240)</b>	(196)
– lease liabilities	<b>(14,189)</b>	(13,688)
Amortised amount of		
– discount on issue of notes	<b>(72)</b>	(80)
– transaction costs on bank loans and notes	<b>(1,607)</b>	(1,542)
	<b>(57,219)</b>	(61,208)
Less: amount capitalised in construction in progress	<b>2,483</b>	3,541
	<b>(54,736)</b>	(57,667)
Other incidental borrowing costs and charges	<b>(1,250)</b>	(1,258)
	<b>(55,986)</b>	(58,925)
Net finance costs	<b>(50,182)</b>	(51,013)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**16 Taxation**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
Current taxation		
– Hong Kong profit 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>	3
	<b>33,429</b>	32,264
Deferred taxation credit	<b>(1,193)</b>	(2,367)
	<b>32,236</b>	29,897

Hong Kong profit 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

**(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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**18 Interim dividend**

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

Notes:

- (i) 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.
- (ii) 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**19 Capital commitments**

The Group had the following significant capital commitments as at 30 June 2021 and 31 December 2020:

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
Contracted but not provided for:		
– Investments (note)	<b>393,082</b>	362,437
– Other property, plant and equipment	<b>955,375</b>	328,776
	<b>1,348,457</b>	691,213

The Group's share of capital commitments of the joint ventures themselves not included in the above are as follows:

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
Contracted but not provided for	<b>6,770</b>	4,296

Note:

The capital commitments in respect of investments of the Group as at 30 June 2021 and 31 December 2020 are as follows:

	<b>As at 30 June 2021 US\$'000</b>	As at 31 December 2020 US\$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	<b>54,739</b>	56,796
– Tianjin Euroasia Terminal	–	107,588
– APM Terminals Vado Holding B.V.	<b>14,420</b>	14,906
– Red Sea Gateway Terminal Company Limited	<b>140,000</b>	–
– Others	<b>117,028</b>	116,917
	<b>326,187</b>	296,207
Terminal projects in:		
– Shanghai Yangshan Port Phase II	<b>61,919</b>	61,304
– Others	<b>4,976</b>	4,926
	<b>66,895</b>	66,230
	<b>393,082</b>	362,437

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 Related party transactions

The Group is controlled by COSCO SHIPPING Holdings which owns 50.23% of the Company's shares as at 30 June 2021. The parent company of COSCO SHIPPING Holdings is COSCO, and the parent company of COSCO is COSCO SHIPPING.

COSCO SHIPPING is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. PRC government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING and its subsidiaries, other government related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO SHIPPING as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO SHIPPING group companies for the interests of financial statements' users, although certain of those transactions which are individually or collectively not significant, and are exempted from disclosure upon adoption of HKAS 24 (Revised). The Directors believe that the information of related party transactions has been adequately disclosed in the Unaudited Condensed Consolidated Interim Financial Information.

In addition to those disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**20 Related party transactions (Continued)****(a) SALES/PURCHASES OF GOODS, SERVICES AND INVESTMENTS**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Management fee and service fee income from (note i)		
– joint ventures	<b>2,467</b>	2,367
– associates	<b>429</b>	366
– an investee company	<b>62</b>	43
Terminal handling and storage income from (note ii, xii)		
– fellow subsidiaries	<b>152,640</b>	113,179
– non-controlling shareholders of subsidiaries	<b>39,334</b>	41,693
Rental income received from a non-controlling shareholder of a subsidiary (note iii)	<b>81</b>	87
Container handling and logistics services fee to non-controlling shareholders of subsidiaries (note iv, xii)	<b>(1,265)</b>	(1,705)
Electricity and fuel expenses to (note v, xii)		
– fellow subsidiaries	<b>(3,240)</b>	(2,341)
– non-controlling shareholders of subsidiaries	<b>(2,715)</b>	(2,553)
Handling, storage and maintenance expenses to (note vi, xii)		
– fellow subsidiaries	<b>(2,148)</b>	(1,985)
– non-controlling shareholders of subsidiaries	<b>(1,784)</b>	(1,474)
Rental expenses paid to a non-controlling shareholder of a subsidiary (note vii, xii)	<b>(320)</b>	(1,606)
Purchase of materials from fellow subsidiaries (note viii, xii)	<b>(58)</b>	(1,485)
Insurance expense paid to a fellow subsidiary (note ix, xii)	<b>(351)</b>	(389)
Concession fee to a fellow subsidiary (note x, xii) and concession fee to a non-controlling shareholder of a subsidiary (note x)	<b>(33,837)</b>	(28,084)
Payments of lease liabilities to (note xi, xii)		
– fellow subsidiaries	<b>(7,777)</b>	(7,900)
– non-controlling shareholders of subsidiaries	<b>(2,179)</b>	(176)
Proceeds from partial disposal of a subsidiary to an associate (note xiii)	–	59,276

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**20 Related party transactions (Continued)****(a) SALES/PURCHASES OF GOODS, SERVICES AND INVESTMENTS (CONTINUED)**

Notes:

- (i) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited, a joint venture of the Group, during the period.  
  
Management fee was charged and agreed at HK\$21,775,000 (equivalent to approximately US\$2,809,000) (2020: HK\$21,495,000 (equivalent to approximately US\$2,768,000)) per annum.  
  
Other management fee and service fee income charged to joint ventures, associates and an investee company were agreed between the Group and the respective parties in concern.
- (ii) The terminal related service income received from fellow subsidiaries and non-controlling shareholders of subsidiaries in relation to the cargoes shipped from/to Quanzhou, Jinjiang, Xiamen, Nansha, Lianyungang, Jinzhou and Nantong were charged at rates by reference to rates as set out by the Ministry of Communications of the PRC.  
  
The terminal related service income received from fellow subsidiaries in relation to the cargoes shipped from/to Piraeus, Zeebrugge, Spain and Abu Dhabi were charged at rates as mutually agreed.
- (iii) Rental income received from a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.
- (iv) The terminal related service fees paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (v) Electricity and fuel expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (vi) Handling, storage and maintenance expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (vii) Rental expenses for short-term and low value leases paid to a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.
- (viii) The purchase of materials from fellow subsidiaries were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.
- (ix) Insurance expense paid to a fellow subsidiary were charged at rates as mutually agreed.
- (x) Concession fee paid to a fellow subsidiary and a non-controlling shareholder of a subsidiary were charged and mutually agreed at a variable annual concession fee based on the aggregate revenue of Piraeus Container Terminal Single Member S.A. and CSP Abu Dhabi Terminal L.L.C..
- (xi) The payments of lease liabilities to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (xii) The transactions represent continuing connected transactions which have complied with the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules").
- (xiii) On 23 April 2020, the Company sold 6,667 shares representing 33.335% equity interests in COSCO SHIPPING Ports (Abu Dhabi) Limited, a wholly owned subsidiary of the Company, to Qingdao Port International Co., Ltd., an associate of the Group, for a consideration of US\$59,276,000.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**20 Related party transactions (Continued)****(b) KEY MANAGEMENT COMPENSATION**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
Salaries, bonuses and other allowances	<b>1,776</b>	1,851
Contributions to retirement benefit schemes	<b>2</b>	2
Share-based payments	<b>72</b>	175
	<b>1,850</b>	2,028

Key management includes directors of the Company and two (2020: two) senior management members of the Group.

**21 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 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, Red Sea Gateway Terminal Company Limited became an associate of the Company.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## TO THE BOARD OF DIRECTORS OF COSCO SHIPPING PORTS LIMITED

*(incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 27 to 60, which comprises the interim condensed consolidated balance sheet of COSCO SHIPPING Ports Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on Interim Financial Information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information of the Group is not prepared, in all material respects, in accordance with HKAS 34.

### PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2021

## ABBREVIATIONS

Company Name	Abbreviation
Antwerp Gateway NV	Antwerp Terminal
Asia Container Terminals Limited	Asia Container Terminal
Beibu Gulf Port Co., Ltd.	Beibu Gulf Port
Busan Port Terminal Co., Ltd.	Busan Terminal
China COSCO SHIPPING Corporation Limited	COSCO SHIPPING
China COSCO SHIPPING Corporation Limited and its subsidiaries	COSCO SHIPPING Group
Conte-Rail, S.A.	Conte-Rail Terminal
COSCO-HIT Terminals (Hong Kong) Limited	COSCO-HIT Terminal
COSCO-PSA Terminal Private Limited	COSCO-PSA Terminal
COSCO SHIPPING Holdings Co., Ltd.	COSCO SHIPPING Holdings
COSCO SHIPPING Lines Co., Ltd.	COSCO SHIPPING Lines
COSCO SHIPPING Ports Chancay PERU S.A.	CSP Chancay Terminal
COSCO SHIPPING Ports Limited	COSCO SHIPPING Ports or the Company
COSCO SHIPPING Ports Limited and its subsidiaries	the Group
COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries	CSP Spain Related Companies
CSP Abu Dhabi Terminal L.L.C.	CSP Abu Dhabi Terminal
CSP Iberian Bilbao Terminal, S.L.	CSP Bilbao Terminal
CSP Iberian Rail Services, S.L.U.	CSP Rail Services Terminal
CSP Iberian Valencia Terminal, S.A.U.	CSP Valencia Terminal
CSP Iberian Zaragoza Rail Terminal, S.L.	CSP Zaragoza Rail Terminal
CSP Zeebrugge CFS NV	CSP Zeebrugge CFS
CSP Zeebrugge Terminal NV	CSP Zeebrugge Terminal
Dalian Automobile Terminal Co., Ltd.	Dalian Automobile Terminal
Dalian Container Terminal Co., Ltd.	Dalian Container Terminal
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Dalian Dagang Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Guangxi Beibu Gulf International Container Terminal Co., Ltd	Beibu Gulf Terminal
Guangxi Qinzhou International Container Terminal Co., Ltd.	Qinzhou International Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jinjiang Pacific Ports Development Co., Ltd.	Jinjiang Pacific Terminal
Jinzhou New Age Container Terminal Co., Ltd.	Jinzhou New Age Terminal
Kao Ming Container Terminal Corp.	Kao Ming Terminal
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	Kumport Terminal

Company Name	Abbreviation
Lianyungang New Oriental International Terminals Co., Ltd.	Lianyungang New Oriental Terminal
Nansha Stevedoring Corporation Limited of Port of Guangzhou	Guangzhou Nansha Stevedoring Terminal
Nantong Tonghai Port Co., Ltd.	Nantong Tonghai Terminal
Ningbo Meishan Bonded Port New Harbour Terminal Operating Co., Ltd.	Ningbo Meishan Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal
Piraeus Container Terminal Single Member S.A.	Piraeus Terminal
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore Terminal
Qingdao Port International Co., Ltd.	QPI
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	Qinhuangdao New Harbour Terminal
Quan Zhou Pacific Container Terminal Co., Ltd.	Quan Zhou Pacific Terminal
Reefer Terminal S.p.A.	Vado Reefer Terminal
Shanghai Mingdong Container Terminals Limited	Shanghai Mingdong Terminal
Shanghai Pudong International Container Terminals Limited	Shanghai Pudong Terminal
SSA Terminals (Seattle), LLC	Seattle Terminal
Suez Canal Container Terminal S.A.E.	Suez Canal Terminal
Taicang International Container Terminal Co., Ltd.	Taicang Terminal
Tianjin Port Container Terminal Co., Ltd.	Tianjin Container Terminal
Tianjin Port Euroasia International Container Terminal Co., Ltd.	Tianjin Euroasia Terminal
Wuhan CSP Terminal Co., Ltd.	CSP Wuhan Terminal
Xiamen Ocean Gate Container Terminal Co., Ltd.	Xiamen Ocean Gate Terminal
Yangzhou Yuanyang International Ports Co., Ltd.	Yangzhou Yuanyang Terminal
Yantian International Container Terminals Co., Ltd.	Yantian Terminal Phases I & II
Yantian International Container Terminals (Phase III) Limited	Yantian Terminal Phase III
Yingkou Container Terminals Company Limited	Yingkou Container Terminal
Yingkou New Century Container Terminal Co., Ltd.	Yingkou New Century Terminal
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	Zhangjiagang Terminal

#### Others

Twenty-foot equivalent unit

TEU

## CORPORATE INFORMATION

### Board of Directors

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>  
 Mr. YANG Liang Yee Philip<sup>3</sup>

- 1 Executive Director
- 2 Non-executive Director
- 3 Independent Non-executive Director

### General Counsel & Company Secretary

Ms. HUNG Man, Michelle

### Place of Incorporation

Bermuda

### Registered Office

Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

### Head Office and Principal Place of Business

49th Floor, COSCO Tower  
 183 Queen's Road Central  
 Hong Kong  
 Telephone: +852 2809 8188  
 Fax: +852 2907 6088  
 Website: <https://ports.coscoshipping.com>

### Independent Auditor

PricewaterhouseCoopers  
 Certified Public Accountants and  
 Registered PIE Auditor  
 22nd Floor  
 Prince's Building  
 Hong Kong

### Solicitors

Holman Fenwick Willan  
 Linklaters  
 Paul Hastings  
 Woo, Kwan, Lee & Lo

### Principal Bankers

Bank of China (Hong Kong) Limited  
 China Development Bank  
 China Merchant Bank  
 DBS Bank Ltd  
 Industrial and Commercial Bank of China  
 (Asia) Limited  
 ING Bank N.V.

### Principal Registrar and Transfer Office in Bermuda

Conyers Corporate Services (Bermuda) Limited  
 Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

### Branch Registrar and Transfer Office in Hong Kong

Tricor Secretaries Limited  
 Level 54, Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

### Listing Information/Stock Code

The Stock Exchange of Hong Kong Limited: 1199  
 Bloomberg: 1199HK  
 Reuters: 1199.HK