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# COSCO SHIPPING Ports Limited

## 中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

## 2022 INTERIM RESULTS ANNOUNCEMENT

### Announcement of Results for the Six Months Ended 30 June 2022

- Total throughput increased by 0.8% YoY to 63,210,330 TEU; equity throughput increased by 5.3% YoY to 20,494,012 TEU
- Throughput from terminals in which the Group has controlling stakes increased by 38.0% YoY to 15,679,516 TEU; throughput from the Group's non-controlling terminals decreased by 7.4% YoY to 47,530,814 TEU
- Profit attributable to equity holders of the Company increased by 0.8% YoY to US\$176,983,000

### Financial Highlights

US\$ (million)

	1H2022	1H2021	Change (%)
Revenue	704.6	564.9	+24.7
Cost of sales	506.9	416.6	+21.7
Gross profit	197.7	148.3	+33.3
Share of profits from joint ventures and associates	160.2	175.2	-8.5
Profit attributable to equity holders of the Company	177.0	175.6	+0.8
Basic earnings per share (US cents)	5.32	5.30	+0.4

## RESULTS

The board of directors (the “Board”) of COSCO SHIPPING Ports Limited (the “Company” or “COSCO SHIPPING Ports”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022.

The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards. The Group’s unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income and explanatory notes 1 to 9 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 (the “Unaudited Condensed Consolidated Interim Financial Information”) which has been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2022

	<i>Note</i>	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,808,824	3,953,801
Right-of-use assets		1,044,906	1,086,887
Investment properties		9,712	10,054
Intangible assets		383,625	426,121
Joint ventures		1,124,660	1,154,633
Loans to a joint venture		-	23,083
Associates		3,319,211	3,422,897
Loans to associates		99,266	107,643
Financial asset at fair value through profit or loss		58,823	61,922
Financial assets at fair value through other comprehensive income		166,191	161,902
Deferred tax assets		85,714	95,071
Derivative financial instruments		628	-
Other non-current assets		9,289	7,649
		<u>10,110,849</u>	<u>10,511,663</u>
<b>Current assets</b>			
Inventories		20,052	20,111
Trade and other receivables	3	337,564	237,637
Current tax recoverable		4,403	3,844
Restricted bank deposits		40,857	33,214
Cash and cash equivalents		1,102,034	1,226,841
		<u>1,504,910</u>	<u>1,521,647</u>
<b>Total assets</b>		<u>11,615,759</u>	<u>12,033,310</u>

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2022**

	<i>Note</i>	As at 30 June 2022 <i>US\$'000</i>	As at 31 December 2021 <i>US\$'000</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital		43,440	42,574
Reserves		<u>5,626,857</u>	<u>5,775,445</u>
		5,670,297	5,818,019
<b>Non-controlling interests</b>		<u>1,074,669</u>	<u>1,122,620</u>
<b>Total equity</b>		<u>6,744,966</u>	<u>6,940,639</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities		133,587	140,788
Lease liabilities		738,183	748,459
Long term borrowings		2,079,159	2,306,423
Loans from non-controlling shareholders of subsidiaries		64,923	70,591
Derivative financial instruments		-	2,991
Put option liability		235,627	232,263
Pension and retirement liabilities		11,258	11,828
Other long term liabilities		<u>42,278</u>	<u>46,942</u>
		<u>3,305,015</u>	<u>3,560,285</u>
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	4	500,206	521,630
Current tax liabilities		64,850	51,696
Current portion of lease liabilities		45,309	42,450
Current portion of long term borrowings		776,651	653,680
Short term borrowings		178,621	259,507
Derivative financial instruments		<u>141</u>	<u>3,423</u>
		<u>1,565,778</u>	<u>1,532,386</u>
<b>Total liabilities</b>		<u>4,870,793</u>	<u>5,092,671</u>
<b>Total equity and liabilities</b>		<u>11,615,759</u>	<u>12,033,310</u>

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<i>US\$'000</i>	<i>US\$'000</i>
Revenues		<b>704,622</b>	564,872
Cost of sales		<b>(506,933)</b>	(416,569)
<b>Gross profit</b>		<b>197,689</b>	148,303
Administrative expenses		<b>(71,632)</b>	(57,915)
Other operating income		<b>17,883</b>	20,082
Other operating expenses		<b>(7,997)</b>	(5,775)
<b>Operating profit</b>	5	<b>135,943</b>	104,695
Finance income	6	<b>4,990</b>	5,804
Finance costs	6	<b>(57,534)</b>	(55,986)
Operating profit (after finance income and costs)		<b>83,399</b>	54,513
Share of profits less losses of			
- joint ventures		<b>38,845</b>	43,136
- associates		<b>121,376</b>	132,045
<b>Profit before taxation</b>		<b>243,620</b>	229,694
Taxation	7	<b>(30,654)</b>	(32,236)
<b>Profit for the period</b>		<b>212,966</b>	197,458
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>176,983</b>	175,618
Non-controlling interests		<b>35,983</b>	21,840
		<b>212,966</b>	197,458
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
- Basic	8	<b>US5.32 cents</b>	US5.30 cents
- Diluted	8	<b>US5.32 cents</b>	US5.30 cents

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Profit for the period</b>	<b>212,966</b>	197,458
<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>(10,080)</b>	3,187
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	<b>9,296</b>	(4,797)
<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>(338,434)</b>	21,419
Cash flow hedges, net of tax		
- fair value gain	<b>4,991</b>	1,608
Share of other comprehensive income of joint ventures and associates		
- exchange reserve	<b>(4,668)</b>	1,475
- other reserves	<b>278</b>	201
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(338,617)</b>	23,093
<b>Total comprehensive (loss)/income for the period</b>	<b>(125,651)</b>	220,551
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the Company	<b>(115,140)</b>	195,025
Non-controlling interests	<b>(10,511)</b>	25,526
	<b>(125,651)</b>	220,551

## NOTES

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

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

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2021 (the “2021 Annual Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

As at 30 June 2022, the Group had net current liabilities of US\$60,868,000. Taking into account the unutilised banking facilities and expected cash flows from operations, the Group will have adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the next twelve months. Accordingly, the Group has continued to adopt the going concern basis in preparing the Unaudited Condensed Consolidated Interim Financial Information.

#### 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 2021 Annual Financial Statements, except that the Group has adopted the following amendments and improvements to existing standards (the “new HKFRSs”) issued by the HKICPA which are mandatory for the financial year beginning 1 January 2022:

#### Amendments

AG 5 (revised)	Merger Accounting for Common Control Combinations
HKAS 16 Amendment	Proceeds before Intended Use
HKAS 37 Amendment	Onerous Contracts - Cost of Fulfilling a Contract
HKFRS 3 Amendment	Reference to the Conceptual Framework
HKFRS 16 Amendment	COVID-19 – Related Rent Concessions beyond 2021

#### Annual Improvements 2018-2020 Cycle

HKAS 41 Amendment	Taxation in Fair Value Measurements
HKFRS 1 Amendment	Subsidiary as a First-time Adopter
HKFRS 9 Amendment	Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
HKFRS 16 Amendment	Lease Incentives

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

The HKICPA has issued certain new standard, interpretation and amendments to existing standards which are not yet effective for the year ending 31 December 2022 and have not been early adopted by the Group. The Group will apply these new standard, interpretation and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group, certain of which may give rise to change in presentation, disclosure and measurements of certain items in the consolidated financial statements.

## 2. SEGMENT INFORMATION

### (a) Operating segments

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

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

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

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

#### Segment assets

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
<b>At 30 June 2022</b>				
Segment assets	<u>10,821,282</u>	<u>1,048,777</u>	<u>(254,300)</u>	<u>11,615,759</u>
Segment assets include:				
Joint ventures	1,124,660	-	-	1,124,660
Associates	3,319,211	-	-	3,319,211
Financial asset at fair value through profit or loss ("FVPL")	58,823	-	-	58,823
Financial assets at fair value through other comprehensive income ("FVOCI")	<u>166,191</u>	<u>-</u>	<u>-</u>	<u>166,191</u>
<b>At 31 December 2021</b>				
Segment assets	<u>11,335,798</u>	<u>968,430</u>	<u>(270,918)</u>	<u>12,033,310</u>
Segment assets include:				
Joint ventures	1,154,633	-	-	1,154,633
Associates	3,422,897	-	-	3,422,897
Financial asset at FVPL	61,922	-	-	61,922
Financial assets at FVOCI	<u>161,902</u>	<u>-</u>	<u>-</u>	<u>161,902</u>

## 2. SEGMENT INFORMATION (CONTINUED)

### (a) Operating segments (Continued)

#### Segment revenues, results and other information

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Six months ended 30 June 2022</b>				
Revenues - total sales	<u>704,622</u>	<u>-</u>	<u>-</u>	<u>704,622</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>215,570</u>	<u>(38,587)</u>	<u>-</u>	<u>176,983</u>
Segment profit/(loss) includes:				
Finance income	1,233	6,984	(3,227)	4,990
Finance costs	(41,750)	(19,011)	3,227	(57,534)
Share of profits less losses of				
- joint ventures	38,845	-	-	38,845
- associates	121,376	-	-	121,376
Taxation	(30,142)	(512)	-	(30,654)
Depreciation and amortisation	(123,839)	(2,690)	-	(126,529)
Other non-cash expense	<u>(190)</u>	<u>-</u>	<u>-</u>	<u>(190)</u>
Additions to non-current assets	<u>(140,880)</u>	<u>(58)</u>	<u>-</u>	<u>(140,938)</u>

## 2. SEGMENT INFORMATION (CONTINUED)

### (a) Operating segments (Continued)

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

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

## 2. SEGMENT INFORMATION (CONTINUED)

### (b) Geographical information

#### (i) Revenues

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	<b>344,028</b>	238,597
- Europe	<b>342,146</b>	314,612
- Others	<b>18,448</b>	11,663
	<u><b>704,622</b></u>	<u>564,872</u>

#### (ii) Non-current assets

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

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

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

	<b>Subsidiaries and corporate <i>US\$'000</i></b>	<b>Joint ventures and associates <i>US\$'000</i></b>	<b>Total <i>US\$'000</i></b>
<b>As at 30 June 2022</b>			
Mainland China (excluding Hong Kong)	<b>2,861,150</b>	<b>3,313,839</b>	<b>6,174,989</b>
Europe	<b>1,355,702</b>	<b>62,033</b>	<b>1,417,735</b>
Others	<b>1,039,504</b>	<b>1,067,999</b>	<b>2,107,503</b>
	<u><b>5,256,356</b></u>	<u><b>4,443,871</b></u>	<u><b>9,700,227</b></u>
<b>As at 31 December 2021</b>			
Mainland China (excluding Hong Kong)	3,035,705	3,437,218	6,472,923
Europe	1,471,803	63,523	1,535,326
Others	977,004	1,076,789	2,053,793
	<u>5,484,512</u>	<u>4,577,530</u>	<u>10,062,042</u>

### 3. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Trade receivables		
- third parties	100,963	71,907
- fellow subsidiaries	33,728	18,572
- non-controlling shareholders of subsidiaries	5,867	5,167
- associates	30	5
- a joint venture	-	656
- related companies	6,668	7,280
	<u>147,256</u>	<u>103,587</u>
Bills receivable	971	7,250
	<u>148,227</u>	<u>110,837</u>
Less: provision for impairment	(556)	(324)
	<u>147,671</u>	<u>110,513</u>
Deposits and prepayments	37,030	33,701
Other receivables	33,709	69,040
Loans to a joint venture	22,936	-
Amounts due from		
- fellow subsidiaries	3,236	261
- non-controlling shareholders of subsidiaries	500	933
- joint ventures	21,966	6,874
- associates	70,420	16,315
- a related company	96	-
	<u>337,564</u>	<u>237,637</u>

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

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Within 30 days	102,140	72,688
31 - 60 days	25,983	23,915
61 - 90 days	14,520	8,500
Over 90 days	5,028	5,410
	<u>147,671</u>	<u>110,513</u>

#### 4. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 June 2022 <i>US\$'000</i>	As at 31 December 2021 <i>US\$'000</i>
Trade payables		
- third parties	83,764	100,856
- fellow subsidiaries	2,970	3,935
- non-controlling shareholders of subsidiaries	2,532	4,493
- joint ventures	1,060	6,030
- an associate	481	472
- related companies	<u>5,318</u>	<u>4,407</u>
	<b>96,125</b>	<b>120,193</b>
Accruals	36,113	35,551
Other payables	166,680	167,319
Contract liabilities	15,231	19,425
Dividend payable	7	7
Loans from a joint venture	33,546	35,290
Loans from an associate	23,855	21,958
Loans from non-controlling shareholders of subsidiaries	41,275	42,969
Amounts due to		
- fellow subsidiaries	197	256
- non-controlling shareholders of subsidiaries	86,255	77,455
- joint ventures	29	61
- related companies	<u>893</u>	<u>1,146</u>
	<b><u>500,206</u></b>	<b><u>521,630</u></b>

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

	As at 30 June 2022 <i>US\$'000</i>	As at 31 December 2021 <i>US\$'000</i>
Within 30 days	44,595	65,884
31 - 60 days	8,977	18,214
61 - 90 days	5,565	4,780
Over 90 days	<u>36,988</u>	<u>31,315</u>
	<b><u>96,125</u></b>	<b><u>120,193</u></b>

## 5. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Crediting</b>		
Dividends income from listed and unlisted financial assets at FVOCI	<b>2,490</b>	2,239
Gain on disposal of property, plant and equipment and intangible assets	<b>1,348</b>	119
Rental income from investment properties	<b>606</b>	507
<b>Charging</b>		
Depreciation and amortisation		
- right-of-use assets	<b>23,606</b>	19,837
- others	<b>102,923</b>	90,554
Loss on deemed disposal of an associate	<b>3,215</b>	-
Loss on disposal of property, plant and equipment	<b>342</b>	126
Rental expenses under leases of		
- concession from a fellow subsidiary and a non-controlling shareholder of a subsidiary (note)	<b>37,131</b>	33,837
- concession from third parties (note)	<b>4,137</b>	4,293

Note: For the six months ended 30 June 2022 and 2021, the amounts represent variable lease payments linked to revenues/throughput.

## 6. FINANCE INCOME AND COSTS

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Finance income</b>		
Interest income on		
- bank balances and deposits	1,419	2,028
- deposits with other financial institution	2,554	1,697
- loans to joint ventures and associates	1,017	2,079
	<u>4,990</u>	<u>5,804</u>
<b>Finance costs</b>		
Interest expenses on		
- bank loans	(31,647)	(33,020)
- notes wholly repayable within five years	(6,564)	(6,564)
- loans from other financial institutions	(4,289)	(842)
- loans from non-controlling shareholders of subsidiaries	(521)	(283)
- loan from a joint venture	(401)	(402)
- loan from an associate	(284)	(240)
- lease liabilities	(14,907)	(14,189)
Amortised amount of		
- discount on issue of notes	(60)	(72)
- transaction costs on bank loans and notes	(1,525)	(1,607)
	<u>(60,198)</u>	<u>(57,219)</u>
Less: amount capitalised in construction in progress	3,656	2,483
	<u>(56,542)</u>	<u>(54,736)</u>
Other incidental borrowing costs and charges	(992)	(1,250)
	<u>(57,534)</u>	<u>(55,986)</u>
Net finance costs	<u>(52,544)</u>	<u>(50,182)</u>

## 7. TAXATION

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current taxation		
- Mainland China taxation	<b>30,093</b>	23,700
- Overseas taxation	<b>11,603</b>	9,730
- Over provision in prior years	<b>(5,912)</b>	(1)
	<b>35,784</b>	33,429
Deferred taxation credit	<b>(5,130)</b>	(1,193)
	<b>30,654</b>	32,236

Hong Kong profits tax was provided at a rate of 16.5% (1H2021: 16.5%) on the estimated assessable profit for the period.

Taxation on overseas and Mainland China profits have 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 tax is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

## 8. EARNINGS PER SHARE

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
Profit attributable to equity holders of the Company	<u>US\$176,983,000</u>	<u>US\$175,618,000</u>
Weighted average number of ordinary shares in issue	<u>3,326,555,229</u>	<u>3,315,296,374</u>
Basic earnings per share	<u>US\$5.32 cents</u>	<u>US\$5.30 cents</u>

### (b) Diluted

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

For the six months ended 30 June 2022 and 2021, 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.

## 9. INTERIM DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<i>US\$'000</i>	<i>US\$'000</i>
First interim dividend for the year ending 31 December 2022, declared of US2.128 cents (1H2021: US2.120 cents) per ordinary share	<u>71,995</u>	<u>70,284</u>

Notes:

- (a) At a meeting held on 30 March 2022, the directors declared a second interim dividend (in lieu of a final dividend) of HK17.0 cents (equivalent to US2.160 cents) per ordinary share for the year ended 31 December 2021. The second interim dividend was paid on 31 May 2022.
- (b) At a meeting held on 30 August 2022, the directors declared a first interim dividend of HK16.7 cents (equivalent to US2.128 cents) per ordinary share for the year ending 31 December 2022. The dividend will be payable in cash and with a scrip dividend alternative. 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 2022.

## FIRST INTERIM DIVIDEND

The Board has declared a first interim dividend of HK16.7 cents (2021: HK16.4 cents) per share for the year ending 31 December 2022 with an option to receive new fully paid shares in lieu of cash (“Scrip Dividend Scheme”).

The first interim dividend will be payable on 17 November 2022 to shareholders whose names appear on the register of members of the Company at the close of business on 20 September 2022. The Scrip Dividend Scheme is conditional upon the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be despatched by ordinary mail on 17 November 2022.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 18 October 2022.

For the purpose of determining the shareholders’ entitlement to the first interim dividend, the register of members of the Company will be closed from 15 September 2022 to 20 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 14 September 2022.

## FINANCIAL REVIEW

Economic activity around the world continued to be repeatedly affected by the pandemic in the first half of 2022, but benefited from the approach of “Revenue Increase and Cost Reduction as well as Lean Operation”, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US\$176,983,000 in the first half of 2022 (1H2021: US\$175,618,000), increased by 0.8% YoY.

In the first half of 2022, profit from the terminals in which the Group has controlling stakes and non-controlling terminals amounted to US\$218,785,000 (1H2021: US\$216,860,000) in total, increased by 0.9% YoY, and profit from terminals in which the Group has controlling stakes amounted to US\$58,308,000 (1H2021: US\$40,198,000), increased by 45.1% YoY. With the effectiveness of the approach of “Revenue Increase and Cost Reduction as well as Lean Operations”, profit contribution from operating terminals in which the Group has controlling stakes increased YoY. Profit from terminals in which the Group has controlling stakes was mainly attributable to Piraeus Container Terminal Single Member S.A. (“Piraeus Terminal”), Xiamen Ocean Gate Container Terminal Co., Ltd. (“Xiamen Ocean Gate Terminal”) and Guangzhou South China Oceangate Container Terminal Company Limited (“Guangzhou South China Oceangate Terminal”). The profit recorded by Piraeus Terminal during the first half of 2022 was US\$17,935,000 (1H2021: US\$15,216,000), increased by 17.9% YoY, which was mainly benefited from the increase in the proportion of local containers and the increase in tariffs. Throughput of Xiamen Ocean Gate Terminal for the first half of 2022 increased by 12.5% YoY, and its profit for the first half of 2022 amounted to US\$13,652,000 (1H2021: US\$9,495,000), increased by 43.8% YoY. Storage revenue of Guangzhou South China Oceangate Terminal for the period increased, profit of the terminal for the period amounted to US\$11,903,000 (1H2021: US\$11,270,000), increased by 5.6% YoY, while throughput of CSP Zeebrugge Terminal NV (“CSP Zeebrugge Terminal”) for the first half of 2022 increased by 26.4% YoY, together with the increase in tariffs, its profit for the period amounted to US\$4,270,000 (1H2021: US\$590,000), increased significantly by US\$3,680,000 YoY. In addition, in 2021, the Group completed the acquisition of additional equity interest in Tianjin Port Container Terminal Co., Ltd. (“Tianjin Container Terminal”) to make it a subsidiary, the profit of which amounting to US\$7,489,000 (1H2021: Nil) has been included in the profit from terminals in which the Group has controlling stakes in the first half of 2022.

In respect of non-controlling terminals, the profit recorded during the first half of 2022 was US\$160,477,000 (1H2021: US\$176,662,000), decreased by 9.2% YoY. In particular, Shanghai Mingdong Container Terminals Limited (“Shanghai Mingdong Terminal”), Shanghai Pudong International Container Terminals Limited (“Shanghai Pudong Terminal”), Yingkou Container Terminals Company Limited (“Yingkou Container Terminal”) and Yingkou New Century Container Terminal Co., Ltd. (“Yingkou New Century Terminal”) were more severely affected by the pandemic, their container volume decreased YoY and their share of profit decreased by US\$6,417,000 YoY, while the share of profit of Sigma Enterprises Limited and Wattrus Limited and their subsidiaries (collectively “Yantian Terminals Related Companies”, being shareholders of Yantian Terminal) decreased by US\$2,581,000 YoY. In addition, the profit from Tianjin Container Terminal and Tianjin Port Euroasia International Container Terminal Co., Ltd. (“Tianjin Euroasia Terminal”) which was disposed of in 2021 was no longer accounted for as share of profit from non-controlling terminals in the first half of 2022, and the total share of profit decreased by US\$3,777,000 YoY.

## **Financial Analysis**

### **Revenues**

In the first half of 2022, throughput of terminals in which the Group has controlling stakes increased by 38.0% YoY, and revenues of the Group amounted to US\$704,622,000 (1H2021: US\$564,872,000), increased by 24.7% YoY. During the period, revenues of most terminals recorded an increase. In particular, COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries (collectively “CSP Spain Related Companies”) recorded a revenue of US\$159,377,000 (1H2021: US\$153,226,000), increased by 4.0% YoY; Guangzhou South China Oceangate Terminal recorded a revenue of US\$100,790,000 (1H2021: US\$95,365,000), increased by 5.7% YoY; Xiamen Ocean Gate Terminal recorded a revenue of US\$64,223,000 (1H2021: US\$53,922,000), increased by 19.1% YoY; CSP Zeebrugge Terminal recorded a revenue of US\$32,757,000 (1H2021: US\$21,630,000), increased by 51.4% YoY. Although throughput of Piraeus Terminal decreased by 9.6% YoY, it recorded a revenue of US\$149,098,000 (1H2021: US\$138,845,000), increased by 7.4% YoY, as a result of higher proportion of local containers and higher tariffs, as well as the increase in storage revenue. In addition, Tianjin Container Terminal recorded a revenue of US\$93,137,000 (1H2021: Nil) in the first half of 2022.

### **Cost of Sales**

Cost of sales mainly comprised operating expenses of terminals in which the Group has controlling stakes. Cost of sales was US\$506,933,000 in the first half of 2022 (1H2021: US\$416,569,000), increased by 21.7% YoY. Benefiting from our efforts in cost control, the increase in cost of sales was lower than the increase in revenue despite general throughput from terminals in which the Group has controlling stakes increased YoY. Amongst which, CSP Spain Related Companies recorded a cost of US\$134,416,000 (1H2021: US\$131,836,000), increased by 2.0% YoY; Guangzhou South China Oceangate Terminal recorded a cost of US\$52,544,000 (1H2021: US\$48,807,000), increased by 7.7% YoY; Xiamen Ocean Gate Terminal recorded a cost of US\$34,974,000 (1H2021: US\$31,149,000), increased by 12.3% YoY; CSP Zeebrugge Terminal recorded a cost of US\$22,776,000 (1H2021: US\$17,073,000), increased by 33.4% YoY. Due to the increase in concession fees driven by the increase in revenue during the period, Piraeus Terminal recorded a cost of US\$115,338,000 (1H2021: US\$108,596,000), increased by 6.2% YoY. In addition, Tianjin Container Terminal recorded a cost of US\$60,794,000 (1H2021: Nil) in the first half of 2022.

## **Administrative Expenses**

Administrative expenses in the first half of 2022 were US\$71,632,000 (1H2021: US\$57,915,000), increased by 23.7% YoY, which included administrative expenses of US\$12,847,000 (1H2021: Nil) recorded by Tianjin Container Terminal in the first half of 2022.

## **Other Operating Income/(Expenses), Net**

Net other operating income was US\$9,886,000 (1H2021: US\$14,307,000) in the first half of 2022, decreased by 30.9% YoY. Government subsidies recorded in the first half of 2022 decreased by US\$2,667,000 YoY. Furthermore, exchange loss recorded in the first half of 2022 increased by US\$954,000 YoY.

## **Finance Costs**

The Group's finance costs amounted to US\$57,534,000 in the first half of 2022 (1H2021: US\$55,986,000), increased by 2.8% YoY. The average balance of bank loans for the period amounted to US\$3,100,762,000 (1H2021: US\$3,027,329,000), increased by 2.4% YoY. The increase in finance costs was mainly due to the slight increase in the average balance of bank loans and the increase in the interest rate of the US dollar loan. Taking into account the capitalised interest, the average cost of bank borrowings (including the amortization of transaction costs over bank loans and notes) was 2.91% in the first half of 2022 (1H2021: 2.89%).

## **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 2022 totalled US\$160,221,000 (1H2021: US\$175,181,000), decreased by 8.5% YoY. As the YoY decreased in the government subsidies for the pandemic, share of profit of Yantian Terminals Related Companies amounted to US\$31,356,000 (1H2021: US\$33,937,000), decreased by 7.6% YoY. With the disposal of Tianjin Euroasia Terminal and the acquisition of additional equity interests in Tianjin Container Terminal to make it a subsidiary in 2021, the Group no longer shared their profits as joint ventures and associates of the Group in the first half of 2022 (1H2021: totalled US\$3,777,000). Furthermore, due to the reemergence of the pandemic, throughput of Shanghai Mingdong Terminal and Shanghai Pudong Terminal decreased by 30.7% and 1.6% YoY, and profit for the period amounted to US\$2,530,000 and US\$7,994,000 (1H2021: US\$5,780,000 and US\$9,158,000), decreased by 56.2% and 12.7% YoY, while throughput of Yingkou Container Terminal and Yingkou New Century Terminal decreased by 30.0% and 29.1%, and profit for the period amounted to US\$1,638,000 and US\$1,375,000 (1H2021: US\$3,016,000 and US\$2,000,000), decreased by 45.7% and 31.3% YoY.

## **Taxation**

Taxation for the period amounted to US\$30,654,000 (1H2021: US\$32,236,000), decreased by 4.9% YoY. The decrease was mainly attributable to the reversal of tax on the completed projects in prior years of US\$5,981,000, which led to the decrease in the tax expenses. On the other hand, the decrease was partially offset by the increase in income tax and the withholding income tax as a result of the YoY increase in profit from terminals in which the Group has controlling stakes.

## **Financial Position**

### **Cash flow**

In the first half of 2022, the Group continued to receive steady cash flow income. The Group's net cash generated from operating activities amounted to US\$218,531,000 (1H2021: US\$141,821,000) during the period. In the first half of 2022, the Group borrowed bank loans of US\$529,405,000 (1H2021: US\$126,885,000) and repaid loans of US\$623,357,000 (1H2021: US\$161,502,000). During the period, US\$140,226,000 (1H2021: US\$127,714,000) 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 2022, the Group's total outstanding borrowings amounted to US\$3,034,431,000 (31 December 2021: US\$3,219,610,000) and cash balance amounted to US\$1,142,891,000 (31 December 2021: US\$1,260,055,000). Banking facilities available but unused amounted to US\$963,044,000 (31 December 2021: US\$1,037,408,000).

### **Assets and liabilities**

As at 30 June 2022, the Group's total assets and total liabilities were US\$11,615,759,000 (31 December 2021: US\$12,033,310,000) and US\$4,870,793,000 (31 December 2021: US\$5,092,671,000), respectively. Net assets were US\$6,744,966,000 (31 December 2021: US\$6,940,639,000). As at 30 June 2022, net asset value per share of the Company was US\$1.99 (31 December 2021: US\$2.09).

As at 30 June 2022, the net debt-to-total-equity ratio (excluding lease liabilities) was 28.0% (31 December 2021: 28.2%) and the interest coverage was 5.2 times (1H2021: 5.1 times).

As at 30 June 2022, certain assets of the Group with an aggregate net book value of US\$189,102,000 (31 December 2021: US\$345,109,000), 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\$758,327,000 (31 December 2021: US\$916,232,000).

## Debt analysis

By repayment term	As at 30 June 2022		As at 31 December 2021	
	US\$	(%)	US\$	(%)
Within the first year	955,272,000	31.5	913,187,000	28.3
Within the second year	561,432,000	18.5	435,443,000	13.5
Within the third year	345,229,000	11.4	868,585,000	27.0
Within the fourth year	106,396,000	3.5	102,091,000	3.2
Within the fifth year and after	1,066,102,000	35.1	900,304,000	28.0
	<b>3,034,431,000*</b>	<b>100.0</b>	<b>3,219,610,000*</b>	<b>100.0</b>
<b>By category</b>				
Secured borrowings	758,327,000	25.0	916,232,000	28.5
Unsecured borrowings	2,276,104,000	75.0	2,303,378,000	71.5
	<b>3,034,431,000*</b>	<b>100.0</b>	<b>3,219,610,000*</b>	<b>100.0</b>
<b>By denominated currency</b>				
US dollar borrowings	1,322,305,000	43.6	1,270,247,000	39.4
RMB borrowings	651,415,000	21.5	903,729,000	28.1
Euro borrowings	778,094,000	25.6	763,513,000	23.7
HK dollar borrowings	282,617,000	9.3	282,121,000	8.8
	<b>3,034,431,000*</b>	<b>100.0</b>	<b>3,219,610,000*</b>	<b>100.0</b>

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

## Financial guarantee contracts

As at 30 June 2022 and 31 December 2021, 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 2022, 29.9% (31 December 2021: 29.2%) 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.

## OPERATIONAL REVIEW

In the first half of 2022, increased risk of global inflation and the continuous COVID-19 pandemic brought uncertainty to the global economy. The International Monetary Fund (IMF) stated in July 2022 that the widespread soaring inflation posed “Systemic Risks” to the global economy. In the first half of 2022, the economic activities of some cities in Mainland China were adversely affected by COVID-19 pandemic.

In the face of challenging macroeconomic environment, total throughput of the Group increased by 0.8% YoY to 63,210,330 TEU for the six months ended 30 June 2022 (1H2021: 62,710,707 TEU). In particular, total throughput from terminal companies in which the Group has controlling stakes increased by 38.0% YoY to 15,679,516 TEU (1H2021: 11,362,835 TEU), accounting for 24.8% of the Group’s total throughput; total throughput from non-controlling terminal companies decreased by 7.4% YoY to 47,530,814 TEU (1H2021: 51,347,872 TEU), accounting for 75.2% of the Group’s total throughput.

The Group’s equity throughput increased by 5.3% YoY to 20,494,012 TEU (1H2021: 19,465,295 TEU). In particular, equity throughput from terminal companies in which the Group has controlling stakes increased by 30.2% YoY to 9,357,233 TEU (1H2021: 7,185,630 TEU), accounting for 45.7%; equity throughput from non-controlling terminal companies decreased by 9.3% YoY to 11,136,779 TEU (1H2021: 12,279,665 TEU), accounting for 54.3%.

	<b>1H2022 (TEU)</b>	<b>1H2021 (TEU)</b>	<b>Change (%)</b>
<b>Total Throughput</b>	<b>63,210,330</b>	<b>62,710,707</b>	<b>+0.8</b>
Throughput from terminals in which the Group has controlling stakes <sup>Note</sup>	15,679,516	11,362,835	+38.0
Throughput from the Group’s non-controlling terminals <sup>Note</sup>	47,530,814	51,347,872	-7.4
<b>Equity Throughput</b>	<b>20,494,012</b>	<b>19,465,295</b>	<b>+5.3</b>
Equity throughput from terminals in which the Group has controlling stakes	9,357,233	7,185,630	+30.2
Equity throughput from the Group’s non-controlling terminals	11,136,779	12,279,665	-9.3

Note: In 2021, the Company completed the acquisition of additional equity interest in Tianjin Container Terminal to make it a subsidiary and completed the disposal of Tianjin Euroasia Terminal. Tianjin Container Terminal had become a terminal in which the Group has controlling stakes since December 2021. Therefore, throughput of this terminal in 1H2022 was included in the throughput from the terminals in which the Group has controlling stakes, while in 1H2021, such throughput was categorized into the Group’s non-controlling terminals. After the disposal of Tianjin Euroasia Terminal in December 2021, throughput of this terminal was no longer included in the Group’s non-controlling terminals.

### China

During the period, total throughput of the terminals in China decreased by 1.9% YoY to 47,562,593 TEU (1H2021: 48,471,403 TEU) and accounted for 75.2% of the Group’s total throughput. Total equity throughput of terminals in China increased by 2.4% YoY to 14,259,249 TEU (1H2021: 13,924,613 TEU) accounted for 69.6% of the Group’s total equity throughput.

## **Bohai Rim**

During the period, total throughput of the Bohai Rim region decreased by 3.5% YoY to 20,767,708 TEU (1H2021: 21,511,420 TEU) and accounted for 32.9% of the Group's total throughput. Total equity throughput of the Bohai Rim region increased by 23.3% YoY to 5,809,679 TEU (1H2021: 4,713,238 TEU) and accounted for 28.3% of the Group's total equity throughput. Benefiting from increase in the container volume of domestic trade, total throughput of Dalian Container Terminal Co., Ltd. ("Dalian Container Terminal") increased by 10.9% YoY to 1,869,273 TEU (1H2021: 1,686,036 TEU). Total throughput of Tianjin Container Terminal decreased by 3.3% YoY to 4,318,871 TEU (1H2021: 4,466,048 TEU).

## **Yangtze River Delta**

During the period, total throughput of the Yangtze River Delta region decreased by 16.0% YoY to 6,483,243 TEU (1H2021: 7,718,194 TEU) and accounted for 10.2% of the Group's total throughput. Total equity throughput of the Yangtze River Delta region decreased by 14.8% YoY to 1,817,298 TEU (1H2021: 2,133,262 TEU) and accounted for 8.9% of the Group's total equity throughput. Total throughput of Nantong Tonghai Port Co., Ltd. decreased by 8.3% YoY to 678,597 TEU (1H2021: 739,907 TEU), mainly due to the negative impact on domestic and foreign trade business from the pandemic in the surrounding areas. Affected by COVID-19 pandemic in Shanghai, total throughput of Shanghai Mingdong Terminal decreased by 30.7% YoY to 2,358,620 TEU (1H2021: 3,405,517 TEU).

## **Southeast Coast and Others**

During the period, total throughput of the Southeast Coast and Others increased by 10.4% YoY to 3,280,185 TEU (1H2021: 2,971,482 TEU) and accounted for 5.2% of the Group's total throughput. Total equity throughput of Southeast Coast and Others increased by 8.6% YoY to 1,841,317 (1H2021: 1,695,884 TEU) and accounted for 9.0% of the Group's total equity throughput. Xiamen Ocean Gate Terminal actively leveraged the synergy from the OCEAN Alliance and its total throughput increased by 12.5% YoY to 1,407,182 TEU (1H2021: 1,250,465 TEU).

## **Pearl River Delta**

During the period, total throughput of the Pearl River Delta region increased by 1.5% YoY to 13,866,357 TEU (1H2021: 13,662,407 TEU) and accounted for 21.9% of the Group's total throughput. Total equity throughput of Pearl River Delta region decreased by 1.3% YoY to 3,974,883 TEU (1H2021: 4,025,879 TEU) and accounted for 19.4% of the Group's total equity throughput. Total throughput of Guangzhou South China Oceangate Terminal decreased by 0.9% YoY to 2,814,568 TEU (1H2021: 2,840,610 TEU). Mainly benefiting from the growth in imported empty cargoes and loaded containers exported to the US and Europe, total throughput of Yantian Terminals increased by 6.7% YoY to 6,920,830 TEU (1H2021: 6,486,265 TEU).

## **Southwest Coast**

During the period, total throughput of the Southwest Coast region increased by 21.4% YoY to 3,165,100 TEU (1H2021: 2,607,900 TEU) and accounted for 5.0% of the Group's total throughput, which was mainly benefited from the increased trade activities between China and Southeast Asia and the increased transshipment volume between Beibu Gulf and Hainan. Total equity throughput of Southwest Coast region increased by 20.3% YoY to 816,072 TEU (1H2021: 678,175 TEU) and accounted for 4.0% of the Group's total equity throughput.

## Overseas

During the period, total throughput of the overseas region increased by 9.9% YoY to 15,647,737 TEU (1H2021: 14,239,304 TEU) and accounted for 24.8% of the Group's total throughput. Total equity throughput of overseas region increased by 0.3% YoY to 6,234,763 TEU (1H2021: 6,218,857 TEU) and accounted for 30.4% of the Group's total equity throughput. The volume from ad-hoc shipping calls of CSP Zeebrugge Terminal increased and its total throughput increased by 26.4% YoY to 547,314 TEU (1H2021: 433,150 TEU). Driven by the synergy with the container fleet of the parent company and an increase in local transshipment container throughput, total throughput of CSP Abu Dhabi Terminal L.L.C. increased by 25.1% YoY to 413,057 TEU (1H2021: 330,308 TEU). Due to the punctuality rate of shipping routes generally declined as a result of the continuous congestion of certain ports in overseas, throughput of Piraeus Terminal decreased by 9.6% YoY to 2,144,064 TEU (1H2021: 2,370,862 TEU).

## PROSPECTS

Although economic activities around the world in the first half of 2022 were still affected by the COVID-19 pandemic, China's foreign trade achieved steady growth in the first half of the year. According to statistics from the General Administration of Customs, China's total import and export value of the trade in cargos amounted to RMB19.8 trillion with a YoY increase of 9.4%. Among which, export value amounted to RMB11.14 trillion with a YoY increase of 13.2%; import value amounted to RMB8.66 trillion with a YoY increase of 4.8%.

Leveraging on the leading position in the global ports operator industry, the Company will continue to grasp strategic development opportunities by adopting a series of measures to increase revenue per TEU, continue to strengthen sales and marketing, actively introduce container volumes from various shipping companies to continuously improve revenue; accelerate the extension of supply chain to increase growth opportunities; accelerate the construction of information technology and seize the opportunity of digital development.

The Group will continue to identify potential projects, tap into strategic terminals in which it has controlling stakes and highly profitable non-controlling terminals to build a balanced global terminal network. In particular, the Company will continue to consolidate its domestic port resources, thereby restructuring its terminals and improving the quality of assets.

The Group will continue to grasp the opportunities to expand its global terminal network and focus on emerging markets such as Southeast Asia, the Middle East and Africa to enhance the regional diversification of its terminal asset portfolio, in an attempt to provide shipping companies with cost efficient and high quality terminal services and promote the growth of container volume and revenue.

To achieve better quality and efficiency of its terminal asset portfolio, strengthen the management and control over terminals, and build the core competitiveness of the Company, the Group will continue to deepen the "Lean Operations" strategy. The Group will keep promoting technological innovation and accelerating information technology application, and established three basic points of promoting the relative unification of its terminal operating systems (TOS), the construction of the management information system (MIS) project and the Enterprise Asset Management systems (EAM), with a view of forming an interactive platform for the lean operations purpose.

Throughput of the Group for the six months ended 30 June 2022, was set out below:

	<b>1H2022</b> <b>(TEU)</b>	<b>1H2021</b> <b>(TEU)</b>	<b>Change</b> <b>(%)</b>
<b>Bohai Rim</b>	<b>20,767,708</b>	<b>21,511,420</b>	<b>-3.5</b>
Qingdao Port International Co., Ltd.	13,010,000	11,660,000	+11.6
Dalian Container Terminal Co., Ltd.	1,869,273	1,686,036	+10.9
Dalian Dagang Container Terminal Co., Ltd.	10,232	8,554	+19.6
Tianjin Port Euroasia International Container Terminal Co., Ltd.	N/A	1,775,037	N/A
Tianjin Port Container Terminal Co., Ltd.	4,318,871	4,466,048	-3.3
Yingkou Terminals <sup>Note 1</sup>	876,271	1,242,950	-29.5
Jinzhou New Age Container Terminal Co., Ltd.	366,480	366,285	+0.1
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	316,581	306,510	+3.3
<b>Yangtze River Delta</b>	<b>6,483,243</b>	<b>7,718,194</b>	<b>-16.0</b>
Shanghai Pudong International Container Terminals Limited	1,221,841	1,241,395	-1.6
Shanghai Mingdong Container Terminals Limited	2,358,620	3,405,517	-30.7
Ningbo Yuan Dong Terminals Limited	1,648,751	1,552,046	+6.2
Lianyungang New Oriental International Terminals Co., Ltd.	450,391	549,674	-18.1
Taicang International Container Terminal Co., Ltd.	110,544	229,655	-51.9
Nantong Tonghai Port Co., Ltd.	678,597	739,907	-8.3
Wuhan CSP Terminal Co., Ltd. <sup>Note 2</sup>	14,499	N/A	N/A
<b>Southeast Coast and others</b>	<b>3,280,185</b>	<b>2,971,482</b>	<b>+10.4</b>
Xiamen Ocean Gate Container Terminal Co., Ltd.	1,407,182	1,250,465	+12.5
Quan Zhou Pacific Container Terminal Co., Ltd.	649,749	601,274	+8.1
Jinjiang Pacific Ports Development Co., Ltd.	127,617	169,102	-24.5
Kao Ming Container Terminal Corp.	1,095,637	950,641	+15.3
<b>Pearl River Delta</b>	<b>13,866,357</b>	<b>13,662,407</b>	<b>+1.5</b>
Yantian International Container Terminals Co., Ltd.	6,920,830	6,486,265	+6.7
Guangzhou Terminals <sup>Note 3</sup>	5,559,520	5,608,596	-0.9
Hong Kong Terminals <sup>Note 4</sup>	1,386,007	1,567,546	-11.6
<b>Southwest Coast</b>	<b>3,165,100</b>	<b>2,607,900</b>	<b>+21.4</b>
Beibu Gulf Port Co., Ltd.	3,165,100	2,607,900	+21.4
<b>Overseas</b>	<b>15,647,737</b>	<b>14,239,304</b>	<b>+9.9</b>
Piraeus Container Terminal Single Member S.A.	2,144,064	2,370,862	-9.6
CSP Zeebrugge Terminal NV	547,314	433,150	+26.4
COSCO SHIPPING Port (Spain) Holding, S.L. and its subsidiaries	1,828,166	1,779,480	+2.7
CSP Abu Dhabi Terminal L.L.C.	413,057	330,308	+25.1
COSCO-PSA Terminal Private Limited	2,389,741	2,375,224	+0.6
Reefer Terminal S.p.A.	34,218	36,557	-6.4
Euromax Terminal Rotterdam B.V.	1,337,539	1,332,903	+0.3
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	613,302	618,407	-0.8
Suez Canal Container Terminal S.A.E.	1,847,285	1,770,794	+4.3
Red Sea Gateway Terminal Company Limited <sup>Note 5</sup>	1,313,475	N/A	N/A
Antwerp Gateway NV	1,076,496	1,116,772	-3.6
SSA Terminals (Seattle), LLC	134,148	131,869	+1.7
Busan Port Terminal Co., Ltd.	1,871,255	1,942,978	-3.7
Vado Gateway S.p.A. <sup>Note 6</sup>	97,677	N/A	N/A
<b>Total</b>	<b>63,210,330</b>	<b>62,710,707</b>	<b>+0.8</b>

- Note 1: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
- Note 2: Throughput of CSP Wuhan Terminal was included since April 2022. Therefore, no comparable figure is available for the throughput for the first half of 2022.
- Note 3: Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 4: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 5: On 14 July 2021, the Group completed the acquisition of 20% equity interest in the terminal. Therefore, no comparable figure is available for the throughput for the first half of 2022.
- Note 6: The Group holds 40% equity of APM Terminals Vado Holdings B.V. and completed the acquisition of Vado Gateway S.p.A. on 24 September 2021. The Company indirectly holds 40% equity of the terminal since then. Therefore, no comparable figure is available for the throughput for the first half of 2022.
- Note 7: Total throughput of bulk cargo, excluding throughput of Beibu Gulf Port Co., Ltd., for the six months ended 30 June 2022 was 222,576,470 tons (1H2021: 204,684,621 tons), representing an increase of 8.7%. Total throughput of automobile for the six months ended 30 June 2022 was 355,562 vehicles (1H2021: 424,947 vehicles), representing a decrease of 16.3%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the six months ended 30 June 2022 was 187,844 pallets (1H2021: 189,259 pallets), representing a decrease of 0.7%.

## **CORPORATE GOVERNANCE**

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2022.

### **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 2022.

#### **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 Environmental, Social and Governance Committee, the Investment and Strategic Planning Committee and the Risk Management Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website at <https://ports.coscoshipping.com>.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2022.

## **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 2022.

## **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 2022, 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 in the Company.

In the first half of 2022, despite the impact of the pandemic, 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. In the first half of 2022, the Company communicated with a total of around 150 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 2022, 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 Operating Company" and "Best Sustainable Company (Port Sector)" from Finance Derivative Magazine and "Most Innovative Port Operator" from International Finance Magazine. In addition, the Company's efforts on environmental, social and governance were also recognised by the market, and the Company was awarded the "Best in ESG Awards – Middle Market Capitalisation" from BDO.

## **CORPORATE SUSTAINABLE DEVELOPMENT**

In the first half of 2022, frequent extreme weather events caused by global warming and the lingering pandemic brought substantial impact on enterprises, customers as well as societies and the ecological environment and casted shadow on the shipping and port industries. COSCO SHIPPING Ports has always adhered to the concept of "The Ports for ALL" with the aim of ensuring high-quality operations and sustainable business.

## **Caring for our People**

Despite volatile pandemic situation, the Company continued to organise different kinds of online and offline trainings and promotional campaigns covering from practical operations, safe production, information technology development to energy saving and emission reduction with an objective of enhancing the professional and management skills of the staff and strengthening the competitiveness of the Company.

## **Customers First**

The Company has always maintained close communication with customers through various channels to understand and solve their pain points. It vigorously explored new shipping services to provide customers with new logistic options and solutions.

## **Green Development**

Determined to attach utmost importance to energy saving and emission reduction, the Company has put green and low-carbon strategy into practice by continuing to facilitate the electrification of terminal infrastructure and retrofit green lightings while proactively promoting the application of new energy with the aim of driving the terminals in which the Company has controlling stakes to achieve carbon neutrality no later than 2060. The Company proactively promoted and enhanced the utilisation of shore power so that vessels could reduce emissions and noise pollution when they were at berth.

## **Win-win Cooperation**

On developing and making full use of information technology, the Company has been strengthening partnerships to keep enhancing terminal operations and information technology systems in order to drive terminal digitalisation. At the same time, the Company also continued to take forward development of key innovation projects with strategic partners including driverless container trucks and pilot demonstration zone of smart ports to promote the construction of “5G+ smart ports”.

## **Investing in Communities**

Amid the critical time of global volatile pandemic situation, the Company is committed to fulfilling its corporate social responsibility. On the one hand, it enhanced resource allocation to ensure fast and efficient flow of anti-epidemic supplies via green lanes. On the other hand, it encouraged its staff to join volunteer teams to support local anti-epidemic work and contribute to local societies.

By Order of the Board  
**COSCO SHIPPING Ports Limited**  
**YANG Zhijian**  
*Chairman*

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises Mr. YANG Zhijian<sup>1</sup> (Chairman), Mr. ZHU Tao<sup>1</sup> (Managing Director), 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