



The Ports for ALL

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

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

ACCELERATING DEVELOPMENT BY IMPROVING QUALITY
ACHIEVING RESULTS BY INCREASING EFFICIENCY



2022
INTERIM REPORT

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 2022, COSCO SHIPPING Ports operated and managed 367 berths at 37 ports worldwide, of which 220 were for containers, with an annual handling capacity of approximately 122 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".



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Globalisation

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

Synergy

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

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)

	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



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%.

	1H2022 (TEU)	1H2021 (TEU)	Change (%)
Total Throughput	63,210,330	62,710,707	+0.8
Throughput from terminals in which the Group has controlling stakes ^{Note}	15,679,516	11,362,835	+38.0
Throughput from the Group's non-controlling terminals ^{Note}	47,530,814	51,347,872	-7.4
Equity Throughput	20,494,012	19,465,295	+5.3
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 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 Terminal 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 TEU (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 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).

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

	1H2022 (TEU)	1H2021 (TEU)	Change (%)
Bohai Rim	20,767,708	21,511,420	-3.5
QPI	13,010,000	11,660,000	+11.6
Dalian Container Terminal	1,869,273	1,686,036	+10.9
Dalian Dagang Terminal	10,232	8,554	+19.6
Tianjin Euroasia Terminal	N/A	1,775,037	N/A
Tianjin Container Terminal	4,318,871	4,466,048	-3.3
Yingkou Terminals ^{Note 1}	876,271	1,242,950	-29.5
Jinzhou New Age Terminal	366,480	366,285	+0.1
Qinhuangdao New Harbour Terminal	316,581	306,510	+3.3
Yangtze River Delta	6,483,243	7,718,194	-16.0
Shanghai Pudong Terminal	1,221,841	1,241,395	-1.6
Shanghai Mingdong Terminal	2,358,620	3,405,517	-30.7
Ningbo Yuan Dong Terminal	1,648,751	1,552,046	+6.2
Lianyungang New Oriental Terminal	450,391	549,674	-18.1
Taicang Terminal	110,544	229,655	-51.9
Nantong Tonghai Terminal	678,597	739,907	-8.3
CSP Wuhan Terminal ^{Note 2}	14,499	N/A	N/A
Southeast Coast and others	3,280,185	2,971,482	+10.4
Xiamen Ocean Gate Terminal	1,407,182	1,250,465	+12.5
Quan Zhou Pacific Terminal	649,749	601,274	+8.1
Jinjiang Pacific Terminal	127,617	169,102	-24.5
Kao Ming Terminal	1,095,637	950,641	+15.3
Pearl River Delta	13,866,357	13,662,407	+1.5
Yantian Terminals	6,920,830	6,486,265	+6.7
Guangzhou Terminals ^{Note 3}	5,559,520	5,608,596	-0.9
Hong Kong Terminals ^{Note 4}	1,386,007	1,567,546	-11.6
Southwest Coast	3,165,100	2,607,900	+21.4
Beibu Gulf Port	3,165,100	2,607,900	+21.4

	1H2022 (TEU)	1H2021 (TEU)	Change (%)
Overseas	15,647,737	14,239,304	+9.9
Piraeus Terminal	2,144,064	2,370,862	-9.6
CSP Zeebrugge Terminal	547,314	433,150	+26.4
CSP Spain Related Companies	1,828,166	1,779,480	+2.7
CSP Abu Dhabi Terminal	413,057	330,308	+25.1
COSCO-PSA Terminal	2,389,741	2,375,224	+0.6
Vado Reefer Terminal	34,218	36,557	-6.4
Euromax Terminal	1,337,539	1,332,903	+0.3
Kumport Terminal	613,302	618,407	-0.8
Suez Canal Terminal	1,847,285	1,770,794	+4.3
Red Sea Gateway Terminal ^{Note 5}	1,313,475	N/A	N/A
Antwerp Terminal	1,076,496	1,116,772	-3.6
Seattle Terminal	134,148	131,869	+1.7
Busan Terminal	1,871,255	1,942,978	-3.7
Vado Container Terminal ^{Note 6}	97,677	N/A	N/A
Total	63,210,330	62,710,707	+0.8

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 Guangzhou Nansha Stevedoring Terminal.

Note 4: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.

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 Container Terminal 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 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 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%.

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 Terminal, Xiamen Ocean Gate Terminal and 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 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 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 Terminal, Shanghai Pudong Terminal, Yingkou Container Terminal and 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 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, 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).

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
	3,034,431,000*	100.0	3,219,610,000*	100.0
By category				
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
	3,034,431,000*	100.0	3,219,610,000*	100.0
By denominated currency				
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
	3,034,431,000*	100.0	3,219,610,000*	100.0

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

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).

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.

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 cargoes 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.

FIRST INTERIM DIVIDEND

The board of directors of the Company (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.

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 eligible 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					Outstanding at 30 June 2022	% of total number of issued shares	Exercisable period	Notes
		Outstanding at 1 January 2022	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period				
Directors										
Mr. ZHU Tao	7.27	N/A	-	-	557,097	-	557,097	0.02%	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), (3)
Ex-Directors										
Mr. ZHANG Dayu	7.27	1,200,000	-	-	(1,200,000)	-	-	-	19.6.2020-18.6.2023	(1), (3), (4)
Mr. DENG Huangjun	7.27	1,200,000	-	-	(1,200,000)	-	-	-	19.6.2020-18.6.2023	(1), (3), (5)
		3,600,000	-	-	(1,842,903)	-	1,757,097			
Continuous contract employees	7.27	37,607,778	-	-	(1,367,472)	(412,530)	35,827,776	1.06%	19.6.2020-18.6.2023	(1), (2), (6), (7)
	8.02	604,971	-	-	-	-	604,971	0.02%	29.11.2020-28.11.2023	(8)
	8.48	449,726	-	-	-	-	449,726	0.01%	29.3.2021-28.3.2024	(9)
	7.27	135,143	-	-	-	-	135,143	0.00%	23.5.2021-22.5.2024	(10)
	7.57	849,428	-	-	-	-	849,428	0.03%	17.6.2021-16.6.2024	(11)
Others	7.27	6,294,680	-	-	3,210,375	(356,147)	9,148,908	0.27%	19.6.2020-18.6.2023	(1), (4), (5), (6), (12), (13)
		45,941,726	-	-	1,842,903	(768,677)	47,015,952			
		49,541,726	-	-	-	(768,677)	48,773,049			

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 share options is held by the spouse of the director (who is an employee of the Company) and hence, is the interest of spouse of the director. To avoid duplication in calculation, these share options were transferred from the category of "continuous contract employees" to the category of "directors".
- (3) These share options represent personal interest held by the relevant directors as beneficial owners.
- (4) Mr. ZHANG Dayu resigned as an executive director of the Company on 28 June 2022. In this respect, the options held by Mr. ZHANG Dayu were transferred from the category of "directors" to the category of "others".
- (5) Mr. DENG Huangjun resigned as an executive director of the Company on 1 April 2022. In this respect, the options held by Mr. DENG Huangjun were transferred from the category of "directors" to the category of "others".
- (6) These 1,367,472 share options included 557,097 share options as mentioned under note (2) and 810,375 share options transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the Share Option Scheme.
- (7) These 412,530 share options were lapsed at the time of resignation or retirement of employees pursuant to the terms of the Share Option Scheme.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) 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.
- (12) These 3,210,375 share options included those transferred from the categories of "directors" or "continuous contract employees" to the category of "others" as mentioned under notes (4), (5) and (6).
- (13) These 356,147 share options were lapsed upon expiry of six months after resignation or retirement of the relevant employees pursuant to the terms of the Share Option Scheme.
- (14) As to whether various batches of share options to be vested in 2022 can be vested, the Board will review and consider if the relevant exercise conditions had been fulfilled.
- (15) 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 2022, 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. ZHU Tao	Beneficial owner	Personal	8,000	0.0002%
Mr. ZHANG Wei	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1,418,505	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.	Mr. YANG Zhijian	Beneficial owner	Personal	130,000 H shares	0.004%
	Mr. ZHU Tao	Beneficial owner	Personal	124,500 A shares	0.001%
COSCO SHIPPING Development Co., Ltd.	Mr. YANG Zhijian	Beneficial owner	Personal	400,000 H shares	0.011%
	Mr. ZHU Tao	Beneficial owner	Personal	108,100 A shares	0.001%
				65,000 H shares	0.002%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. ZHU Tao	Beneficial owner	Personal	10,000 H shares	0.0008%
	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000 H shares	0.04%

(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 Co., Ltd.	Mr. YANG Zhijian	Beneficial owner	Personal	1.82	1,216,800	0.01%	(1), (2), (3)
	Mr. ZHU Tao	Beneficial owner	Personal	1.82	980,200	0.008%	(1), (2), (3)
	Mr. ZHANG Wei	Beneficial owner	Personal	1.82	980,200	0.008%	(1), (2), (3)

Notes:

- (1) Such share options were granted on 29 May 2020 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") adopted on 30 May 2019 and amended on 18 May 2020 by the shareholders of COSCO SHIPPING Holdings ("CSH Share Option Scheme") and can be exercised during the period from 30 May 2022 to 28 May 2027.
- (2) 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.
- (3) On 10 June 2022, the board of COSCO SHIPPING Holdings resolved to adjust its reserved A share options' exercise price from RMB2.69 to RMB1.82 per A share following the 2021 dividend distribution plan approved at its annual general meeting held on 27 May 2022. The registration with China Securities Depository and Clearing Corporation Limited for such adjustment was completed.

Save as disclosed above, as at 30 June 2022, 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

So far as is known to any directors or chief executive of the Company, the interest of shareholders in the Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company or the Stock Exchange, as at 30 June 2022, were as follows:

Name	Capacity	Nature of interests	Number of Shares/Percentage of total number of issued Shares as at 30 June 2022				Note
			Long positions	%	Short positions	%	
COSCO Investments Limited	Beneficial owner	Beneficial interest	230,246,151	6.81	-	-	(1)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,720,534,265	50.85	-	-	(1)
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	Corporate interest	1,720,534,265	50.85	-	-	(1)
China Ocean Shipping Co., Ltd.	Interest of controlled corporation	Corporate interest	1,720,534,265	50.85	-	-	(1)
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	Corporate interest	1,720,534,265	50.85	-	-	(1)
Silchester International Investors LLP	Investment manager	Other interest	330,866,563	9.78	-	-	

Note:

- (1) The 1,720,534,265 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 230,246,151 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 1,490,288,114 Shares beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,720,534,265 Shares is also recorded as COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping Co., Ltd. ("COSCO Group") held 38.41% equity interest in COSCO SHIPPING Holdings as at 30 June 2022, and accordingly, COSCO Group is deemed to have the interest of 1,720,534,265 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 1,720,534,265 Shares is also recorded as COSCO SHIPPING's interest in the Company.

As informed by China COSCO (HK), it was interested in a total of 1,720,534,265 Shares (representing approximately 50.85% of the total number of issued Shares) as at 30 June 2022, of which 230,246,151 Shares (representing 6.81% of the total number of issued Shares) were held by COSCO Investments. Such increase in shareholding was not required to be disclosed under Part XV of the SFO.

Save as disclosed above, as at 30 June 2022, 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 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 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 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.

Changes in Directors' Biographical Details

Changes in directors' biographical details since the date of the 2021 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
Mr. YANG Zhijian	<ul style="list-style-type: none"> Appointed as the party secretary of COSCO SHIPPING Holdings and ceased to be the deputy party secretary Appointed as the party secretary of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines") and ceased to be the deputy party secretary Ceased to be the general manager of COSCO SHIPPING Lines
Mr. ZHANG Wei	<ul style="list-style-type: none"> Appointed as a deputy general manager of COSCO SHIPPING Holdings Appointed as a director and the general manager of COSCO SHIPPING Lines Ceased to be a deputy general manager of COSCO SHIPPING Lines
Dr. WONG Tin Yau, Kelvin	<ul style="list-style-type: none"> Retired as an independent non-executive director of Xinjiang Goldwind Science & Technology Co., Ltd., a company listed on the Stock Exchange and the Shenzhen Stock Exchange
Mr. Adrian David LI Man Kiu	<ul style="list-style-type: none"> Awarded Bronze Bauhinia Star by the HKSAR Government
Mr. LAM Yiu Kin	<ul style="list-style-type: none"> Retired as an independent non-executive director of WWPKG Holdings Company Limited, a company listed on the Stock Exchange

Save as disclosed above, there are 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 2022 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US\$'000
Non-current assets	1,488,680
Current assets	293,918
Current liabilities	(107,769)
Non-current liabilities	(1,356,725)
Net assets	318,104
Share capital	18,798
Reserves	259,417
Non-controlling interest	39,889
Capital and reserves	318,104

As at 30 June 2022, the Group's attributable interests in these affiliated companies amounted to US\$339,018,000.

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 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 report, the Board comprises Mr. YANG Zhijian¹ (Chairman), Mr. ZHU Tao¹ (Managing Director), Mr. ZHANG Wei², Mr. CHEN Dong², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. LAM Yiu Kin³, Prof. CHAN Ka Lok³ and Mr. YANG Liang Yee Philip³.

¹ Executive Director

² Non-executive Director

³ 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 2022. 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 25 to 58 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 2022

	Note	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Assets			
Non-current assets			
Property, plant and equipment	6	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
		10,110,849	10,511,663
Current assets			
Inventories		20,052	20,111
Trade and other receivables	7	337,564	237,637
Current tax recoverable		4,403	3,844
Restricted bank deposits	8	40,857	33,214
Cash and cash equivalents	8	1,102,034	1,226,841
		1,504,910	1,521,647
Total assets		11,615,759	12,033,310

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	Note	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Equity			
Capital and reserves attributable to the equity holders of the Company			
Share capital	9	43,440	42,574
Reserves		5,626,857	5,775,445
		5,670,297	5,818,019
Non-controlling interests			
		1,074,669	1,122,620
Total equity		6,744,966	6,940,639
Liabilities			
Non-current liabilities			
Deferred tax liabilities		133,587	140,788
Lease liabilities		738,183	748,459
Long term borrowings	10	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		42,278	46,942
		3,305,015	3,560,285
Current liabilities			
Trade and other payables and contract liabilities	11	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	10	776,651	653,680
Short term borrowings	10	178,621	259,507
Derivative financial instruments		141	3,423
		1,565,778	1,532,386
Total liabilities		4,870,793	5,092,671
Total equity and liabilities		11,615,759	12,033,310

The accompanying notes on pages 33 to 58 are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Six months ended 30 June	
		2022 US\$'000	2021 US\$'000
Revenues		704,622	564,872
Cost of sales		(506,933)	(416,569)
Gross profit		197,689	148,303
Administrative expenses		(71,632)	(57,915)
Other operating income		17,883	20,082
Other operating expenses		(7,997)	(5,775)
Operating profit	12	135,943	104,695
Finance income	13	4,990	5,804
Finance costs	13	(57,534)	(55,986)
Operating profit (after finance income and costs)		83,399	54,513
Share of profits less losses of			
– joint ventures		38,845	43,136
– associates		121,376	132,045
Profit before taxation		243,620	229,694
Taxation	14	(30,654)	(32,236)
Profit for the period		212,966	197,458
Profit attributable to:			
Equity holders of the Company		176,983	175,618
Non-controlling interests		35,983	21,840
		212,966	197,458
Earnings per share for profit attributable to equity holders of the Company			
– Basic	15	US5.32 cents	US5.30 cents
– Diluted	15	US5.32 cents	US5.30 cents

The accompanying notes on pages 33 to 58 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 2022

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Profit for the period	212,966	197,458
Other comprehensive income		
<i>Items that may not be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of an associate		
– other reserves	(10,080)	3,187
Changes in the fair value of financial assets at fair value through other comprehensive income (“FVOCI”), net of tax	9,296	(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	(338,434)	21,419
Cash flow hedges, net of tax		
– fair value gain	4,991	1,608
Share of other comprehensive income of joint ventures and associates		
– exchange reserve	(4,668)	1,475
– other reserves	278	201
Other comprehensive (loss)/income for the period, net of tax	(338,617)	23,093
Total comprehensive (loss)/income for the period	(125,651)	220,551
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(115,140)	195,025
Non-controlling interests	(10,511)	25,526
	(125,651)	220,551

The accompanying notes on pages 33 to 58 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 2022

	Capital and reserves attributable to the equity holders of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Total equity at 1 January 2022	5,818,019	1,122,620	6,940,639
Profit for the period	176,983	35,983	212,966
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	(289,416)	(49,018)	(338,434)
Changes in the fair value of financial assets at FVOCI, net of tax	9,296	–	9,296
Cash flow hedges, net of tax	2,467	2,524	4,991
Share of other comprehensive income of joint ventures and associates	(14,470)	–	(14,470)
Total comprehensive loss for the period	(115,140)	(10,511)	(125,651)
Share of reserve of joint ventures and associates	(4,842)	–	(4,842)
Issue of shares on settlement of scrip dividends	49,121	–	49,121
Acquisition of additional interests in a subsidiary	(2,259)	(1,214)	(3,473)
Acquisition of a subsidiary	–	(103)	(103)
Put option liability movement	(3,364)	–	(3,364)
Fair value of share options granted	371	–	371
Dividends declared to			
– equity holders of the Company	(71,609)	–	(71,609)
– non-controlling shareholders of subsidiaries	–	(36,123)	(36,123)
	(147,722)	(47,951)	(195,673)
Total equity at 30 June 2022	5,670,297	1,074,669	6,744,966

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Capital and reserves attributable to the equity holders of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Total equity at 1 January 2021	5,550,204	827,022	6,377,226
Profit for the period	175,618	21,840	197,458
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	19,169	2,250	21,419
Changes in the fair value of financial assets at FVOCI, net of tax	(4,797)	–	(4,797)
Cash flow hedges, net of tax	842	766	1,608
Share of other comprehensive income of joint ventures and associates	4,193	670	4,863
Total comprehensive income for the period	195,025	25,526	220,551
Share of reserve of joint ventures and associates	1,084	–	1,084
Put option liability movement	(3,268)	–	(3,268)
Fair value of share options granted	850	–	850
Dividends declared to			
– equity holders of the Company	(74,792)	–	(74,792)
– non-controlling shareholders of subsidiaries	–	(26,441)	(26,441)
	118,899	(915)	117,984
Total equity at 30 June 2021	5,669,103	826,107	6,495,210

The accompanying notes on pages 33 to 58 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 2022

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Cash flows from operating activities		
Cash generated from operations	235,216	152,273
Interest received	4,121	7,211
Tax refund	–	2,698
Tax paid	(20,806)	(20,361)
Net cash generated from operating activities	218,531	141,821
Cash flows from investing activities		
Dividends received from joint ventures	25,703	38,705
Dividends received from associates	18,187	35,295
Dividends received from listed and unlisted financial assets at FVOCI	2,167	2,239
Government subsidies related to property, plant and equipment	1,276	–
Investments in associates	(1,000)	(8,754)
Deposits for subscription of a financial asset at fair value through profit or loss (“FVPL”)	–	(50,484)
Net cash paid for purchase of a subsidiary	(372)	–
Purchase of property, plant and equipment and intangible assets	(140,226)	(127,714)
Proceeds from disposal of property, plant and equipment and intangible assets	5,554	400
Proceeds from disposal of an associate	–	37,332
Net cash used in investing activities	(88,711)	(72,981)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Cash flows from financing activities		
Dividends paid to equity holders of the Company	(22,701)	(74,734)
Dividends paid to non-controlling shareholders of subsidiaries	(23,730)	(15,968)
Interest paid	(39,715)	(38,925)
Increase in restricted bank balance	(7,643)	(1,985)
Loans drawn down	529,405	126,885
Loans repaid	(623,357)	(161,502)
Loans from a non-controlling shareholder of a subsidiary, net of repayment	(1,541)	(26,631)
Loans from an associate	3,150	21,305
Other incidental borrowing costs paid	(992)	(1,250)
Principal elements of lease payments	(6,885)	(8,181)
Payment of lease interest	(14,907)	(14,170)
Acquisition of additional interest in a subsidiary	(3,467)	–
Net cash used in financing activities	(212,383)	(195,156)
Net decrease in cash and cash equivalents	(82,563)	(126,316)
Cash and cash equivalents at 1 January	1,226,841	1,310,289
Exchange differences	(42,244)	5,122
Cash and cash equivalents at 30 June	1,102,034	1,189,095
Analysis of cash and cash equivalents		
Time deposits, bank balances and cash	1,102,034	1,189,086
Cash and cash equivalents of a subsidiary reclassified as assets classified as held for sale	–	9
	1,102,034	1,189,095

The accompanying notes on pages 33 to 58 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 their 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 Co., 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 2022 (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 30 August 2022.

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 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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation and significant accounting policies (Continued)**ADOPTION OF NEW HKFRSs (CONTINUED)****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.

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 14).

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 taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for taxation. 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 taxation and deferred taxation provisions in the period in which such determination is made.

(d) FAIR VALUE OF FINANCIAL ASSETS AT 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 2021 Annual Financial Statements of the Group.

Compared to 31 December 2021, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

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

4.2 FAIR VALUE ESTIMATION

(a) Fair value hierarchy

The Group's financial instruments that are measured at fair value are 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).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2022 and 31 December 2021:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
As at 30 June 2022				
Assets				
Financial asset at FVPL	58,823	–	–	58,823
Financial assets at FVOCI	141,555	–	24,636	166,191
Derivative financial instruments				
– interest rate swap	–	628	–	628
Liabilities				
Derivative financial instruments				
– interest rate swap	–	141	–	141
As at 31 December 2021				
Assets				
Financial asset at FVPL	61,922	–	–	61,922
Financial assets at FVOCI	135,946	–	25,956	161,902
Liabilities				
Derivative financial instruments				
– interest rate swap	–	6,414	–	6,414

(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 convertible bonds classified as financial asset at FVPL or 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 2021.

For the six months ended 30 June 2022, 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 2022, 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

	2022
	US\$'000
At 1 January	25,956
Translation differences	(1,320)
At 30 June	24,636

(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 2022.

(d) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of financial assets and liabilities measured at amortised cost are assumed to approximate their fair values.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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.

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 US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
At 30 June 2022				
Segment assets	10,821,282	1,048,777	(254,300)	11,615,759
Segment assets include:				
Joint ventures	1,124,660	–	–	1,124,660
Associates	3,319,211	–	–	3,319,211
Financial asset at FVPL	58,823	–	–	58,823
Financial assets at FVOCI	166,191	–	–	166,191
At 31 December 2021				
Segment assets	11,335,798	968,430	(270,918)	12,033,310
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	161,902	–	–	161,902

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Segment revenues, results and other information

	Terminals and related businesses US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
Six months ended 30 June 2022				
Revenues – total sales	704,622	–	–	704,622
Segment profit/(loss) attributable to equity holders of the Company	215,570	(38,587)	–	176,983
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 expenses	(190)	–	–	(190)
Additions to non-current assets	(140,880)	(58)	–	(140,938)

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 2021				
Revenues – total sales	564,872	–	–	564,872
Segment profit/(loss) attributable to equity holders of the Company	216,860	(41,242)	–	175,618
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 (expenses)/income	(933)	1	–	(932)
Additions to non-current assets	(89,215)	(2,359)	–	(91,574)

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.

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

(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, Saudi Arabia, Hong Kong, Singapore and Taiwan.

	Subsidiaries and corporate US\$'000	Joint ventures and associates US\$'000	Total US\$'000
At 30 June 2022			
Mainland China (excluding Hong Kong)	2,861,150	3,313,839	6,174,989
Europe	1,355,702	62,033	1,417,735
Others	1,039,504	1,067,999	2,107,503
	5,256,356	4,443,871	9,700,227
At 31 December 2021			
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
	5,484,512	4,577,530	10,062,042

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of US\$133,978,000 (2021: US\$80,098,000). The Group also disposed of property, plant and equipment with net book value of US\$3,663,000 (2021: US\$416,000).

7 Trade and other receivables

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 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:

	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
	147,671	110,513

- (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) The amounts receivable mainly represented interest, dividend and other receivable from joint ventures and associates.
- (d) The balances were unsecured and interest bearing at the rate of 2.1% above Hong Kong Interbank Offered Rate ("HIBOR") per annum quoted in respect of one month's period, and repayable on or before 7 March 2023.

8 Restricted bank deposits and cash and cash equivalents

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Total time deposits, bank balances and cash (note i)	1,142,891	1,260,055
Restricted bank deposits included in current assets	(40,857)	(33,214)
	1,102,034	1,226,841
Representing:		
Time deposits	321,288	360,277
Bank balances and cash	362,130	428,239
Balances placed with other financial institutions (note ii)	418,616	438,325
	1,102,034	1,226,841

Notes:

- (i) As at 30 June 2022, balances of US\$432,807,000 (31 December 2021: US\$491,160,000) of the Group denominated in Renminbi and US dollar were placed with bank and other financial institutions accounts operating in the PRC where exchange controls apply.
- (ii) Balances placed with other financial institutions, mainly COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance") and Tianjin Port Finance Co., Ltd. ("Tianjin Port Finance"), bear interest at prevailing market rates.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Share capital

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Issued and fully paid: 3,383,224,798 (31 December 2021: 3,315,296,374) ordinary shares of HK\$0.10 each	43,440	42,574

The movements of the issued share capital of the Company are summarised as follows:

	Number of ordinary shares	Nominal Value US\$'000
At 1 January 2022	3,315,296,374	42,574
Issue of scrip dividend for 2021 second interim dividend (note a)	67,928,424	866
At 30 June 2022	3,383,224,798	43,440
At 1 January 2021 and 30 June 2021	3,315,296,374	42,574

Notes:

- (a) During the period ended 30 June 2022, 67,928,424 new shares were issued by the Company at HK\$5.674 per share for the settlement of 2021 second interim scrip dividend.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Share capital (Continued)

Notes: (Continued)

- (b) Movements of the share options, which have been granted under the share option scheme adopted by the Group on 8 June 2018, during the period are set out below:

Category	Exercise price HK\$	Outstanding at 1 January 2022	Granted during the period	Exercised during the period	For the period ended 30 June 2022 Number of share options			Outstanding at 30 June 2022	Exercisable period
					Transfer (to)/from other categories during the period	Forfeited during the period			
Directors	7.27	3,600,000	-	-	(1,842,903)	-	1,757,097	19.6.2020-18.6.2023	
Continuous contract employees	7.27	37,607,778	-	-	(1,367,472)	(412,530)	35,827,776	19.6.2020-18.6.2023	
	8.02	604,971	-	-	-	-	604,971	29.11.2020-28.11.2023	
	8.48	449,726	-	-	-	-	449,726	29.3.2021-28.3.2024	
	7.27	135,143	-	-	-	-	135,143	23.5.2021-22.5.2024	
	7.57	849,428	-	-	-	-	849,428	17.6.2021-16.6.2024	
Others	7.27	6,294,680	-	-	3,210,375	(356,147)	9,148,908	19.6.2020-18.6.2023	
		49,541,726	-	-	-	(768,677)	48,773,049		

Category	Exercise price HK\$	Outstanding at 1 January 2021	Granted during the period	Exercised during the period	For the period ended 30 June 2021 Number of share options			Outstanding at 30 June 2021	Exercisable 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		

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Borrowings

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Long term borrowings		
Secured		
– bank loans (note a)	754,687	912,405
– loan from other financial institution (note a)	3,640	3,827
	758,327	916,232
Unsecured		
– bank loans	1,521,749	1,619,073
– loans from other financial institutions (note b)	270,408	125,069
– notes (note d)	305,326	299,729
	2,097,483	2,043,871
	2,855,810	2,960,103
Amounts due within one year included under current liabilities	(776,651)	(653,680)
	2,079,159	2,306,423
Short term borrowings		
Unsecured		
– bank loans	130,596	240,686
– loans from other financial institution (note b)	48,025	18,821
	178,621	259,507

Notes:

- (a) 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 deposit and interest in subsidiaries were pledged as securities against bank loans of US\$754,687,000 (31 December 2021: US\$912,405,000) and a loan from other financial institution, namely COSCO SHIPPING Finance, a fellow subsidiary of the Group, of US\$3,640,000 (31 December 2021: US\$3,827,000).
- (b) Loans from other financial institutions, namely COSCO SHIPPING Finance, a fellow subsidiary of the Group, Tianjin Port Finance, a fellow subsidiary of the non-controlling interests and Guangzhou Port Group Finance Co., Ltd., a fellow subsidiary of the non-controlling interests, of US\$318,433,000 (31 December 2021: US\$143,890,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Borrowings (Continued)

Notes: (Continued)

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

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Bank loans		
Within one year	465,546	648,033
Between one and two years	554,131	127,935
Between two and five years	776,517	1,021,123
Over five years	480,242	734,387
	2,276,436	2,531,478
Loans from other financial institutions		
Within one year	5,779	5,647
Between one and two years	7,301	7,779
Between two and five years	100,404	71,271
Over five years	160,564	44,199
	274,048	128,896
Notes		
Within one year	305,326	–
Between one and two years	–	299,729
	305,326	299,729
	2,855,810	2,960,103

(d) 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. Since the notes will be due within one year, as at 30 June 2022, the notes was classified as current portion of long term borrowings.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Trade and other payables and contract liabilities

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Trade payables (note a)		
– third parties	83,764	100,856
– fellow subsidiaries (note b)	2,970	3,935
– non-controlling shareholders of subsidiaries (note b)	2,532	4,493
– joint ventures (note b)	1,060	6,030
– an associate (note b)	481	472
– related companies (note b)	5,318	4,407
	96,125	120,193
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 (note c)	33,546	35,290
Loans from an associate (note d)	23,855	21,958
Loans from non-controlling shareholders of subsidiaries (note e)	41,275	42,969
Amounts due to (note b)		
– fellow subsidiaries	197	256
– non-controlling shareholders of subsidiaries	86,255	77,455
– joint ventures	29	61
– related companies	893	1,146
	500,206	521,630

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Trade and other payables and contract liabilities (Continued)

Notes:

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

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

- (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 of US\$33,546,000 (31 December 2021: US\$35,290,000) are unsecured, bear interest at 2.3% per annum and are repayable within twelve months.
- (d) Loans from an associate of US\$23,855,000 (31 December 2021: US\$21,958,000) 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\$31,205,000 (31 December 2021: US\$31,205,000) is interest free. Balance of US\$9,685,000 (31 December 2021: US\$11,764,000) bears interest at 3.40% (31 December 2021: 3.40%) per annum. Balance of US\$385,000 represents interest payable on loans from non-controlling shareholders of subsidiaries.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Operating profit

Operating profit is stated after crediting and charging the following:

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

Note:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Finance income and costs

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Finance income		
Interest income on		
– bank balances and deposits	1,419	2,028
– deposits with other financial institutions	2,554	1,697
– loans to joint ventures and associates	1,017	2,079
	4,990	5,804
Finance costs		
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)
– loans from a joint venture	(401)	(402)
– loans 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)
	(60,198)	(57,219)
Less: amount capitalised in construction in progress	3,656	2,483
	(56,542)	(54,736)
Other incidental borrowing costs and charges	(992)	(1,250)
	(57,534)	(55,986)
Net finance costs	(52,544)	(50,182)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 Taxation

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Current taxation		
– Mainland China taxation	30,093	23,700
– Overseas taxation	11,603	9,730
– Over provision in prior years	(5,912)	(1)
	35,784	33,429
Deferred taxation credit	(5,130)	(1,193)
	30,654	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 taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

15 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.

	Six months ended 30 June	
	2022	2021
Profit attributable to equity holders of the Company	US\$176,983,000	US\$175,618,000
Weighted average number of ordinary shares in issue	3,326,555,229	3,315,296,374
Basic earnings per share	US5.32 cents	US5.30 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 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 Interim dividend

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

Notes:

- (i) 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.
- (ii) 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 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Capital commitments

The Group had the following significant capital commitments as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Contracted but not provided for:		
– Investments (note)	334,769	356,569
– Other property, plant and equipment	810,535	877,260
	1,145,304	1,233,829

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

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Contracted but not provided for	11,350	7,915

Note:

The capital commitments in respect of investments of the Group as at 30 June 2022 and 31 December 2021 are as follows:

	As at 30 June 2022 US\$'000	As at 31 December 2021 US\$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	49,452	53,625
– Ningbo Yuan Dong Terminals Limited	74,500	78,423
– HHLA Container Terminal Tollerort GmbH	106,999	116,028
– Others	39,429	40,713
	270,380	288,789
Terminal projects in:		
– Shanghai Yangshan Port Phase II	59,600	62,738
– Others	4,789	5,042
	64,389	67,780
	334,769	356,569

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 Related party transactions

The Group is controlled by COSCO SHIPPING Holdings which owns 50.85% of the Company's shares as at 30 June 2022. 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

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

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Management fee and service fee income from (note i)		
– joint ventures	1,867	2,467
– associates	434	429
– an investee company	–	62
Terminal handling and storage income from (notes ii, xii)		
– fellow subsidiaries	187,812	152,640
– non-controlling shareholders of subsidiaries	50,825	39,334
Rental income received from a non-controlling shareholder of a subsidiary (note iii)	874	81
Container handling and logistics services fee to non-controlling shareholders of subsidiaries (notes iv, xii)	(24,185)	(1,265)
Electricity and fuel expenses to (notes v, xii)		
– fellow subsidiaries	(5,503)	(3,240)
– non-controlling shareholders of subsidiaries	(2,821)	(2,715)
Handling, storage and maintenance expenses to (notes vi, xii)		
– fellow subsidiaries	(375)	(2,148)
– a non-controlling shareholder of a subsidiary	(2,208)	(1,784)
Rental expenses paid to a non-controlling shareholder of a subsidiary (notes vii, xii)	(789)	(320)
Purchase of materials from fellow subsidiaries (notes viii, xii)	(31)	(58)
Insurance expense paid to a fellow subsidiary (notes ix, xii)	(412)	(351)
Concession fee to a fellow subsidiary (notes x, xii) and concession fee to a non-controlling shareholder of a subsidiary (note x)	(37,131)	(33,837)
Payments of lease liabilities to (notes xi, xii)		
– fellow subsidiaries	(7,189)	(7,777)
– non-controlling shareholders of subsidiaries	(3,216)	(2,179)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 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\$22,124,000 (equivalent to approximately US\$2,828,000) (2021: HK\$21,775,000 (equivalent to approximately US\$2,809,000)) 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, Nantong, Wuhan and Tianjin were charged at rates by reference to rates as set out by the Ministry of Communications of the PRC.

The container terminal handling and storage 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 was charged at rates as mutually agreed.
- (iv) Container handling and logistics services fee 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 a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.
- (vii) Rental expenses 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 the terminals.
- (xi) The payments of lease liabilities paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (xii) The transactions represent continuing connected transactions which has 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").

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Salaries, bonuses and other allowances	1,037	1,776
Contributions to retirement benefit schemes	2	2
Share-based payments	39	72
	1,078	1,850

Key management includes directors of the Company and three (2021: one) senior management members of the Group.

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 25 to 58, 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 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory 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" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". 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 Hong Kong Institute of Certified Public Accountants. 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 Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2022

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
Red Sea Gateway Terminal Company Limited	Red Sea Gateway 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
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
Vado Gateway S.p.A.	Vado Container Terminal
Others	
Twenty-foot equivalent unit	TEU

CORPORATE INFORMATION

Board of Directors

Mr. YANG Zhijian¹ (*Chairman*)
 Mr. ZHU Tao¹ (*Managing Director*)
 Mr. ZHANG Wei²
 Mr. CHEN Dong²
 Dr. WONG Tin Yau, Kelvin¹
 Dr. FAN HSU Lai Tai, Rita³
 Mr. Adrian David LI Man Kiu³
 Mr. LAM Yiu Kin³
 Prof. CHAN Ka Lok³
 Mr. YANG Liang Yee Philip³

- 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
 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
 17/F, Far East Finance Centre
 16 Harcourt Road
 Hong Kong

Listing Information/Stock Code

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

COSCO SHIPPING Ports Limited

(Incorporated in Bermuda with limited liability)

49th Floor, COSCO Tower
183 Queen's Road Central, Hong Kong

Telephone : +852 2809 8188

Facsimile : +852 2907 6088

Email : ir.csp@coscoshipping.com

Website: <https://ports.coscoshipping.com>

Stock Code: 1199