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COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

2020 INTERIM RESULTS ANNOUNCEMENT

Announcement of Results for the Six Months Ended 30 June 2020

- Total throughput decreased by 3.6% to 57,634,191 TEU; equity throughput decreased by 6.6% to 18,077,469 TEU
- Total throughput from terminals in which the Group has controlling stakes decreased by 15.6% to 10,501,481 TEU; throughput from the Group's non-controlling terminals decreased by 0.4% to 47,132,710 TEU
- Profit attributable to equity holders of the Company increased by 10.5% to US\$163,359,000

Financial Highlights

US\$ (million)

	1H2020	1H2019	Change (%)
Revenue	452.7	517.9	-12.6
Cost of sales	353.5	364.5	-3.0
Gross profit	99.2	153.4	-35.4
Share of profits from joint ventures and associates	128.7	144.6	-11.0
Profit attributable to equity holders of the Company	163.4 ^{Note}	147.8	+10.5
Earnings per share – Basic (US cents)	5.17	4.75	+8.8

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

RESULTS

The board of directors (the “Board”) of COSCO SHIPPING Ports Limited (the “Company” or “COSCO SHIPPING Ports”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2020.

The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards. The Group’s unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income and explanatory notes 1 to 9 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 (the “Unaudited Condensed Consolidated Interim Financial Information”) which has been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

	<i>Note</i>	As at 30 June 2020 <i>US\$'000</i>	As at 31 December 2019 <i>US\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,114,963	3,125,239
Right-of-use assets		921,083	937,849
Investment properties		9,495	9,566
Intangible assets		447,363	455,632
Joint ventures		1,260,386	1,278,125
Loans to a joint venture		23,225	23,113
Associates		2,779,771	2,752,908
Loans to associates		147,673	147,121
Financial assets at fair value through other comprehensive income		141,961	173,375
Deferred tax assets		94,813	95,333
Other non-current assets		6,933	5,776
		8,947,666	9,004,037
Current assets			
Inventories		14,098	12,348
Trade and other receivables	3	282,599	227,032
Current tax recoverable		3,489	3,711
Restricted bank deposits		30,553	30,285
Cash and cash equivalents		1,087,913	927,194
		1,418,652	1,200,570
Assets classified as held for sale		-	271,911
		1,418,652	1,472,481
Total assets		10,366,318	10,476,518

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2020

	<i>Note</i>	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		40,596	40,596
Reserves		<u>5,006,416</u>	<u>4,954,865</u>
		5,047,012	4,995,461
Non-controlling interests		<u>758,516</u>	<u>769,744</u>
Total equity		<u>5,805,528</u>	<u>5,765,205</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		124,819	135,043
Lease liabilities		733,626	733,948
Long term borrowings		2,574,098	2,407,664
Loans from non-controlling shareholders of a subsidiary		674	484
Derivative financial instruments		8,527	8,878
Put option liability		221,659	217,711
Other long term liabilities		<u>34,061</u>	<u>35,035</u>
		<u>3,697,464</u>	<u>3,538,763</u>
Current liabilities			
Trade and other payables and contract liabilities	4	560,223	586,963
Current tax liabilities		35,648	14,338
Current portion of lease liabilities		36,622	36,425
Current portion of long term borrowings		75,058	228,957
Short term borrowings		152,553	279,829
Derivative financial instruments		<u>3,222</u>	<u>3,209</u>
		863,326	1,149,721
Liabilities directly associated with assets classified as held for sale		<u>-</u>	<u>22,829</u>
		<u>863,326</u>	<u>1,172,550</u>
Total liabilities		<u>4,560,790</u>	<u>4,711,313</u>
Total equity and liabilities		<u>10,366,318</u>	<u>10,476,518</u>

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	<i>Note</i>	Six months ended 30 June	
		2020	2019
		<i>US\$'000</i>	<i>US\$'000</i>
Revenues		452,676	517,915
Cost of sales		<u>(353,520)</u>	<u>(364,536)</u>
Gross profit		99,156	153,379
Administrative expenses		(58,756)	(58,050)
Other operating income		93,751	33,412
Other operating expenses		<u>(10,396)</u>	<u>(27,233)</u>
Operating profit	5	123,755	101,508
Finance income	6	7,912	5,348
Finance costs	6	<u>(58,925)</u>	<u>(48,426)</u>
Operating profit (after finance income and costs)		72,742	58,430
Share of profits less losses of			
- joint ventures		35,545	49,617
- associates		<u>93,145</u>	<u>95,007</u>
Profit before taxation		201,432	203,054
Taxation	7	<u>(29,897)</u>	<u>(30,927)</u>
Profit for the period		<u>171,535</u>	<u>172,127</u>
Profit attributable to:			
Equity holders of the Company		163,359	147,794
Non-controlling interests		<u>8,176</u>	<u>24,333</u>
		<u>171,535</u>	<u>172,127</u>
Earnings per share for profit attributable to equity holders of the Company			
- Basic	8	<u>US5.17 cents</u>	<u>US4.75 cents</u>
- Diluted	8	<u>US5.17 cents</u>	<u>US4.75 cents</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Six months ended 30 June	
	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Profit for the period	171,535	172,127
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	(1,011)	1,963
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	(22,315)	3,793
<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	(61,200)	(12,527)
Release of reserve upon deemed disposal of an associate	-	(24)
Release of reserve upon disposal of subsidiaries	(4,722)	-
Release of reserve upon disposal of an associate	3,468	-
Cash flow hedges, net of tax		
- fair value gain/(loss)	256	(2,139)
Share of other comprehensive income of joint ventures and associates		
- exchange reserve	(288)	(725)
- other reserves	965	59
Other comprehensive loss for the period, net of tax	(84,847)	(9,600)
Total comprehensive income for the period	86,688	162,527
Total comprehensive income attributable to:		
Equity holders of the Company	83,421	141,851
Non-controlling interests	3,267	20,676
	86,688	162,527

NOTES

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2019 (the “2019 Annual Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

Adoption of new HKFRSs

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those used in the 2019 Annual Financial Statements, except that the Group has adopted the following amendments to existing standards (collectively the “new HKFRSs”) issued by the HKICPA which are mandatory for the financial year beginning 1 January 2020:

Amendments

HKAS 1 and HKAS 8 Amendment	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 Amendment	Interest Rate Benchmark Reform
HKFRS 3 Amendment	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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 and amendments to existing standards which are not yet effective for the year ending 31 December 2020 and have not been early adopted by the Group. The Group will apply this new standard 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 and it is not yet in a position to state whether any substantial changes to the Group’s significant accounting policies and presentation of the financial information will be resulted.

2. SEGMENT INFORMATION

(a) Operating segments

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

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

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

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

Segment assets

	Terminals and related businesses US\$'000	Others US\$'000	Elimination US\$'000	Total US\$'000
At 30 June 2020				
Segment assets	<u>9,397,154</u>	<u>1,381,205</u>	<u>(412,041)</u>	<u>10,366,318</u>
Segment assets include:				
Joint ventures	1,260,386	-	-	1,260,386
Associates	2,779,771	-	-	2,779,771
Financial assets at fair value through other comprehensive income ("FVOCI")	<u>141,961</u>	<u>-</u>	<u>-</u>	<u>141,961</u>
At 31 December 2019				
Segment assets	<u>9,741,724</u>	<u>1,281,322</u>	<u>(546,528)</u>	<u>10,476,518</u>
Segment assets include:				
Joint ventures	1,278,125	-	-	1,278,125
Associates	2,752,908	-	-	2,752,908
Financial assets at FVOCI	<u>173,375</u>	<u>-</u>	<u>-</u>	<u>173,375</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information

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

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
Six months ended 30 June 2019				
Revenues - total sales	<u>517,915</u>	<u>-</u>	<u>-</u>	<u>517,915</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>180,901</u>	<u>(33,107)</u>	<u>-</u>	<u>147,794</u>
Segment profit/(loss) attributable to equity holders of the Company includes:				
Finance income	1,660	17,169	(13,481)	5,348
Finance costs	(39,067)	(22,799)	13,440	(48,426)
Share of profits less losses of				
- joint ventures	49,617	-	-	49,617
- associates	95,007	-	-	95,007
Taxation	(22,769)	(8,158)	-	(30,927)
Depreciation and amortisation	(91,049)	(1,746)	-	(92,795)
Other non-cash income	<u>180</u>	<u>-</u>	<u>-</u>	<u>180</u>
Additions to non-current assets	<u>(135,543)</u>	<u>(37)</u>	<u>-</u>	<u>(135,580)</u>
Additions arising from business combination	<u>(137,773)</u>	<u>-</u>	<u>-</u>	<u>(137,773)</u>

2. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

(i) Revenues

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

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	184,120	236,855
- Europe	254,899	281,060
- Others	13,657	-
	<u>452,676</u>	<u>517,915</u>

(ii) Non-current assets

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

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

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

	As at	As at
	30 June	31 December
	2020	2019
	US\$'000	US\$'000
Mainland China (excluding Hong Kong)	5,181,505	5,208,350
Europe	1,558,414	1,585,630
Others	1,800,075	1,771,115
	<u>8,539,994</u>	<u>8,565,095</u>

3. TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 <i>US\$'000</i>	As at 31 December 2019 <i>US\$'000</i>
Trade receivables		
- third parties	58,560	56,478
- fellow subsidiaries	26,749	15,914
- non-controlling shareholders of subsidiaries	6,977	11,365
- a joint venture	44	319
- related companies	5,100	6,346
	<u>97,430</u>	<u>90,422</u>
Bills receivable	4,875	8,927
	<u>102,305</u>	<u>99,349</u>
Less: provision for impairment	(990)	(895)
	<u>101,315</u>	<u>98,454</u>
Deposits and prepayments	18,521	15,850
Other receivables	99,690	92,890
Loan to a joint venture	787	784
Amounts due from		
- fellow subsidiaries	807	380
- non-controlling shareholders of subsidiaries	2,541	2,058
- joint ventures	8,475	464
- associates	50,457	16,152
- a related company	6	-
	<u>282,599</u>	<u>227,032</u>

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

	As at 30 June 2020 <i>US\$'000</i>	As at 31 December 2019 <i>US\$'000</i>
Within 30 days	58,756	58,707
31 - 60 days	21,225	26,093
61 - 90 days	11,405	8,722
Over 90 days	9,929	4,932
	<u>101,315</u>	<u>98,454</u>

4. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 June 2020 <i>US\$'000</i>	As at 31 December 2019 <i>US\$'000</i>
Trade payables		
- third parties	39,113	47,191
- fellow subsidiaries	3,619	3,474
- non-controlling shareholders of subsidiaries	3,198	1,456
- joint ventures	171	146
- an associate	224	103
- related companies	<u>1,302</u>	<u>2,474</u>
	47,627	54,844
Accruals	34,637	32,518
Other payables	197,010	266,784
Contract liabilities	9,824	11,369
Dividend payable	64,135	11
Loans from a joint venture	31,782	32,253
Loan from an associate	-	17,201
Loans from non-controlling shareholders of subsidiaries	84,796	92,684
Amounts due to		
- fellow subsidiaries	6,101	1,870
- non-controlling shareholders of subsidiaries	83,024	76,376
- joint ventures	1,287	1,047
- an associate	<u>-</u>	<u>6</u>
	<u>560,223</u>	<u>586,963</u>

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

	As at 30 June 2020 <i>US\$'000</i>	As at 31 December 2019 <i>US\$'000</i>
Within 30 days	27,935	36,662
31 - 60 days	7,565	4,958
61 - 90 days	4,073	3,034
Over 90 days	<u>8,054</u>	<u>10,190</u>
	<u>47,627</u>	<u>54,844</u>

5. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Crediting		
Dividends income from listed and unlisted financial assets at FVOCI	1,729	1,537
Fair value gain on a financial asset at fair value through profit or loss	-	20,495
Gain on disposal of property, plant and equipment	223	26
Gain on disposal of subsidiaries (note (a))	71,150	-
Gain on disposal of an associate	9,951	-
Rental income from investment properties	<u>375</u>	<u>439</u>
Charging		
Depreciation and amortisation		
- right-of-use assets	16,926	15,505
- others	78,170	77,290
Loss on disposal of property, plant and equipment	15	932
Loss on deemed disposal of an associate	-	22,553
Rental expenses under leases of		
- concession from a fellow subsidiary (note (b))	28,084	30,082
- concession from third parties (note (b))	<u>3,938</u>	<u>4,507</u>

Notes:

- (a) On 10 February 2020, the Company completed the disposal of all the shares in CP (Yangzhou) together with its 51% interest in Yangzhou Yuanyang Terminal and the disposal of all the shares in Win Hanverky together with its 51% interest in Zhangjiagang Terminal and 4.59% interest in Yangzhou Yuanyang Terminal to Shanghai International Port Group (HK) Co., Limited (“SIPG (HK)”) at considerations of approximately RMB316,039,000 (equivalent to approximately US\$45,772,000) and approximately RMB380,774,000 (equivalent to approximately US\$55,148,000) respectively. The aggregate sum of payables owing to the Company by the disposal entities of approximately US\$29,967,000 were also transferred to SIPG (HK) on the same day at the same consideration. Upon completion of the disposals, CP (Yangzhou), Yangzhou Yuanyang Terminal, Win Hanverky and Zhangjiagang Terminal ceased to be subsidiaries of the Company. The disposals resulted in a before-tax gain of US\$71,150,000.
- (b) For the six months ended 30 June 2020 and 2019, the amounts represent variable lease payments linked to revenues/throughput.

6. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Finance income		
Interest income on		
- bank balances and deposits	3,616	2,417
- deposits with COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance")	1,041	584
- loans to joint ventures and associates	2,064	2,347
- loans to a former subsidiary	1,191	-
	<u>7,912</u>	<u>5,348</u>
Finance costs		
Interest expenses on		
- bank loans	(37,804)	(34,011)
- notes wholly repayable within five years	(6,564)	(6,564)
- loans from COSCO SHIPPING Finance	(169)	(890)
- loans from non-controlling shareholders of subsidiaries	(793)	(2,067)
- loan from a joint venture	(372)	(384)
- loan from an associate	(196)	(170)
- lease liabilities	(13,688)	(7,084)
Amortised amount of		
- discount on issue of notes	(80)	(88)
- transaction costs on bank loans and notes	(1,542)	(1,173)
	<u>(61,208)</u>	<u>(52,431)</u>
Less: amount capitalised in construction in progress	3,541	5,551
	<u>(57,667)</u>	<u>(46,880)</u>
Other incidental borrowing costs and charges	(1,258)	(1,546)
	<u>(58,925)</u>	<u>(48,426)</u>
Net finance costs	<u>(51,013)</u>	<u>(43,078)</u>

7. TAXATION

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Current taxation		
- Hong Kong profits tax	9,839	-
- Mainland China taxation	19,212	20,566
- Overseas taxation	3,210	7,329
- Under provision in prior years	3	779
	32,264	28,674
Deferred tax (credit)/charge	(2,367)	2,253
	29,897	30,927

Hong Kong profits tax was provided at a rate of 16.5% (1H2019: 16.5%) on the estimated assessable profit for the period.

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

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

8. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2020	2019
Profit attributable to equity holders of the Company	<u>US\$163,359,000</u>	<u>US\$147,794,000</u>
Weighted average number of ordinary shares in issue	<u>3,161,958,830</u>	<u>3,113,125,479</u>
Basic earnings per share	<u>US5.17 cents</u>	<u>US4.75 cents</u>

(b) Diluted

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

For the six months ended 30 June 2020 and 2019, the outstanding share options granted by the Company did not have any dilutive effect on the earnings per share, and the diluted earnings per share is equal to the basic earnings per share.

9. INTERIM DIVIDEND

	Six months ended 30 June	
	2020	2019
	US\$ '000	US\$ '000
Interim dividend, declared of US2.068 cents (1H2019: US1.900 cents) per ordinary share	<u>67,135</u>	<u>60,069</u>

Notes:

- (a) At a meeting held on 26 March 2020, the directors recommended the payment of a final dividend of HK15.7 cents (equivalent to US2.028 cent) per ordinary share with a scrip dividend alternative for the year ended 31 December 2019. The final dividend, which was approved at the annual general meeting of the Company held on 21 May 2020, was paid on 17 July 2020.
- (b) At a meeting held on 27 August 2020, the directors declared an interim dividend of HK16.0 cents (equivalent to US2.068 cents) per ordinary share. The dividend will be payable in cash and with a scrip dividend alternative. The 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 2020.

INTERIM DIVIDEND

The directors have declared an interim dividend of HK16.0 cents (1H2019: HK14.8 cents) per share with an option to receive new fully paid shares in lieu of cash (“Scrip Dividend Scheme”).

The interim dividend will be payable on 23 October 2020 to shareholders whose names appear on the register of members of the Company at the close of business on 17 September 2020. 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 23 October 2020.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 28 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 September 2020 to 17 September 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 11 September 2020.

FINANCIAL REVIEW

With the outbreak of the Novel Coronavirus Pneumonia epidemic (the “COVID-19 Epidemic”) in early 2020, related prevention and control measures continued throughout the world, which had a significant impact on business and economic activities as well as affecting terminals business performance. However, attributable to the completion of strategic planning projects during the first half of 2020, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US\$163,359,000 (1H2019: US\$147,794,000), a 10.5% increase compared with the corresponding period last year, which included the one-off after-tax disposal gain of US\$61,472,000 resulted from the disposal of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the one-off after-tax disposal gain of US\$7,074,000 resulted from the disposal of the interests in Jiangsu Petrochemical according to the strategic plans of the Company. During the first half of 2019, there was a one-off dilution effect on equity interests of US\$22,553,000 in Qingdao Port International Co., Ltd. (“QPI”).

Excluding the one-off profit and effect, profit from terminals in which the Group has controlling stakes amounted to US\$5,284,000 in the first half of 2020 (1H2019: US\$36,965,000), an 85.7% decrease compared with the corresponding period last year; profit from the non-controlling terminals was US\$130,367,000 (1H2019: US\$166,489,000), a 21.7% decrease compared with the corresponding period last year. The decline in the profit from terminal in which the Group has controlling stakes was attributed to the lower profit due to the influence of greenfield terminals under construction which had not been commenced (including COSCO SHIPPING Ports Chancay PERU S.A. (“CSP Chancay Terminal”) and Wuhan CSP Terminal Co., Ltd., etc.), as well as the throughput and revenue of the terminals newly put into operation (including CSP Abu Dhabi Terminal L.L.C. (“CSP Abu Dhabi Terminal”) and Nantong Tonghai Port Co., Ltd. (“Nantong Tonghai Terminal”)), which were to be improved and not yet sufficient to cover the operating costs and hence the loss recorded in the early stage of terminal development was larger. Excluding the share of loss of greenfield terminals, the profit from terminals in which the Group has controlling stakes was US\$19,312,000 (1H2019: US\$39,062,000), a 50.6% decrease compared with the corresponding period last year. Profit from terminals in which the Group has controlling stakes was mainly attributable to Piraeus Container Terminal Single Member S.A. (“Piraeus Terminal”), Guangzhou South China Oceangate Container Terminal Company Limited (“Guangzhou South China Oceangate Terminal”) and Xiamen Ocean Gate Container Terminal Co., Ltd. (“Xiamen Ocean Gate Terminal”). During the first half of 2020,

throughput of Piraeus Terminal decreased by 6.2% compared with the corresponding period last year. In addition, new shoreline rental was paid following the completion and commencement of operation of the second phase of the western part of Pier 3 in the second half of 2019. The terminal's depreciation expense for fixed assets and right-to-use assets increased and the profit recorded by Piraeus Terminal for the first half of 2020 was US\$8,102,000 (1H2019: US\$15,239,000), representing a 46.8% decrease compared with the corresponding period last year. Throughput of Guangzhou South China Oceangate Terminal for the first half of 2020 decreased by 4.7% compared with the corresponding period last year, while its profit for the period amounted to US\$7,608,000 (1H2019: US\$7,989,000), representing a 4.8% decrease compared with the corresponding period last year. Throughput of Xiamen Ocean Gate Terminal for the first half of 2020 decreased by 13.8% compared with the corresponding period last year, its profit for the first half of 2020 amounted to US\$2,474,000 (1H2019: US\$6,533,000), representing a 62.1% decrease compared with the corresponding period last year.

In respect of non-controlling terminals, the profit from non-controlling terminals for the first half of 2020 amounted to US\$130,367,000 (1H2019: US\$166,489,000), representing a 21.7% decrease compared with the corresponding period last year. At the end of 2019, COSCO SHIPPING Ports increased its equity interest in Beibu Gulf Port Co., Ltd. ("Beibu Gulf Port"), which became an associate of the Group. According to the equity method, the share of profit in 2020 amounted to US\$6,048,000 (1H2019: gain from changes in fair value of US\$20,495,000), representing a decrease of US\$14,447,000 compared with the corresponding period last year. Excluding the effect of US\$14,447,000 of Beibu Gulf Port, the profit from non-controlling terminals was US\$124,319,000, representing a 14.8% decrease compared with the corresponding period last year. Among which, Euromax Terminal Rotterdam B.V. ("Euromax Terminal") made a one-off tax adjustment in 2019, which increased the share of profit for the year by US\$3,486,000, together with the decrease of throughput, Euromax Terminal recorded loss of US\$2,108,000 from January to June (1H2019: profit of US\$5,867,000). Furthermore, Qingdao Port Dongjiakou Ore Terminal Co., Ltd. ("Dongjiakou Ore Terminal") recorded loss of US\$1,371,000 from January to June (1H2019: profit of US\$2,458,000), mainly due to the low competitiveness of its railway operation and high costs, which led to the reversal from profit to loss.

Financial Analysis

Revenues

Revenues of the Group from January to June 2020 amounted to US\$452,676,000 (1H2019: US\$517,915,000), a 12.6% decrease compared with the corresponding period last year. The disposals of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal were completed in the first half of 2020 and COSCO Shipping Ports excluded their revenue for the first half of 2020, resulting in a decrease in revenue of US\$25,268,000 in aggregate. In addition, the business volume decreased mainly due to the epidemic, which in turn resulted in a decrement of revenue as compared with the corresponding period last year. For the first half of 2020, COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries ("CSP Spain Group") recorded a revenue of US\$121,244,000 (1H2019: US\$145,459,000), a 16.6% decrease compared with the corresponding period last year; Piraeus Terminal recorded a revenue of US\$119,477,000 (1H2019: US\$127,949,000) a 6.6% decrease compared with the corresponding period last year; Guangzhou South China Oceangate Terminal recorded a revenue of US\$74,236,000 (1H2019: US\$81,507,000), an 8.9% decrease compared with the corresponding period last year; Xiamen Ocean Gate Terminal recorded a revenue of US\$36,793,000 (1H2019: US\$49,321,000), a 25.4% decrease compared with the corresponding period last year. On the other hand, CSP Abu Dhabi Terminal commenced operation officially in the fourth quarter of 2019. For the first half of 2020, CSP Abu Dhabi Terminal recorded revenue of US\$13,657,000 (1H2019: Nil), and CSP Zeebrugge Terminal NV ("CSP Zeebrugge Terminal") and Nantong Tonghai Terminal recorded revenue of US\$13,408,000 (1H2019: US\$7,653,000) and US\$13,570,000 (1H2019: US\$12,149,000) respectively due to the acquisition of new business, representing 75.2% and 11.7% increases respectively compared with the corresponding period last year which partially offset the decrease in revenue.

Cost of sales

Cost of sales mainly comprised operating expenses of terminals in which the Group has controlling stakes. Cost of sales for the first half of 2020 was US\$353,520,000 (1H2019: US\$364,536,000), a 3.0% decrease compared with the corresponding period last year. The disposals of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal were completed in the first half of 2020, and costs of these terminals were excluded by COSCO SHIPPING Ports for the first half of 2020, representing an aggregate decrease in costs of US\$15,029,000. Despite of the general decrease in container volume resulted from the epidemic, CSP Abu Dhabi Terminal recorded a cost of US\$19,261,000 for the first half of 2020 (1H2019: Nil) as it commenced operation officially in the fourth quarter of 2019 and was in its development stage; CSP Zeebrugge Terminal and Nantong Tonghai Terminal recorded costs of US\$12,733,000 (1H2019: US\$10,405,000) and US\$11,213,000 (1H2019: US\$8,213,000), respectively due to their acquisition of new business, which offset part of the decrease in cost of sales.

Administrative expenses

Administrative expenses in the first half of 2020 were US\$58,756,000 (1H2019: US\$58,050,000). As CSP Abu Dhabi Terminal commenced operation officially since the fourth quarter of 2019, administrative expenses increased in the first half of 2020 compared with the corresponding period last year. In addition, the administrative expenses in respect of epidemic prevention expenses recorded in the first half of 2020 amounted to US\$465,000 (1H2019: Nil) due to the epidemic. Furthermore, following the completion of the disposals of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal, COSCO SHIPPING Ports ceased to include the administrative expenses of such terminals in the first half of 2020 (1H2019: US\$2,039,000), which partially offset the increase in administrative expenses.

Other operating income/(expenses), net

Net other operating income for the first half of 2020 was US\$83,355,000 (1H2019: US\$6,179,000). In 2020, the one-off before tax gain of US\$71,150,000 (1H2019: Nil) in respect of the disposals of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the one-off before tax gain of US\$9,951,000 (1H2019: Nil) in respect of the disposal of the interests in Jiangsu Petrochemical according to the Company's strategic planning were included. In 2019, the one-off dilution effect on equity interests in QPI of US\$22,553,000 and fair value gain of Beibu Gulf Port of US\$20,495,000 was accounted for.

Finance costs

The Group's finance costs in the first half of 2020 amounted to US\$58,925,000 (1H2019: US\$48,426,000), a 21.7% increase compared with the corresponding period last year. The average balance of bank loans for the period amounted to US\$2,824,758,000 (1H2019: US\$2,509,067,000), a 12.6% increase compared with the corresponding period last year. The increase in finance costs was mainly attributable to interest expenses of lease liabilities incurred, which amounted to US\$11,491,000 during the period (1H2019: US\$6,730,000). Taking into account the capitalised interest, the average cost of bank borrowings in the first half of 2020 (including the amortization of transaction costs over bank loans and notes) was 3.36% (1H2019: 3.53%).

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 2020 totalled US\$128,690,000 (1H2019: US\$144,624,000), an 11.0% decrease compared with the corresponding period last year. Due to the outbreak of the epidemic, share of profits of joint ventures and associates decreased. Affected by the decrease in throughput, Euromax Terminal recorded a loss of US\$2,108,000 from January to June (1H2019: profit of US\$5,867,000). The one-off tax adjustment by Euromax Terminal in 2019 resulted in the great decrease of profits compared with the corresponding period of last year. Furthermore, the loss of Dongjiakou Ore Terminal amounted to US\$1,371,000 from January to June (1H2019: profit of US\$2,458,000), which was mainly attributable to the turnaround from profit to loss resulting from the low competitiveness and high costs of its railway operation. Moreover, share of profit of Beibu Gulf Port in 2020 amounted to US\$6,048,000 (1H2019: Nil) after Beibu Gulf Port became an associate by the end of 2019. With a gradual increase in its shareholding in QPI in 2019, there was also an increase in share of profit of QPI in line with its shareholding. Share of profit amounted to US\$55,051,000 from January to June 2020 (1H2019: US\$50,298,000), a 9.4% increase compared with the corresponding period last year, which partially offset the decrease of profits of joint ventures and associates.

Taxation

Taxation for the period amounted to US\$29,897,000 (1H2019: US\$30,927,000), a 3.3% decrease compared with the corresponding period last year, which was mainly attributable to a decrease in profit from terminals in which the Group has controlling stakes as compared with the corresponding period last year. Furthermore, provisions for tax expenses of US\$9,678,000 and US\$2,877,000 were made in respect of the disposals of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the disposal of the interest in Jiangsu Petrochemical in the first half of 2020, respectively (1H2019: Nil). Income tax expenses of terminals disposed of in the first half of 2020 were excluded (1H2019: US\$1,490,000). Deferred tax of US\$5,124,000 was provided for fair value gain of Beibu Gulf Port which remained as a financial asset at fair value through profit or loss in the first half of 2019.

Financial Position

Cash flow

In the first half of 2020, the Group continued to receive steady cash flow income, its net cash generated from operating activities amounted to US\$104,795,000 (1H2019: US\$105,007,000) during the period. In the first half of 2020, the Group borrowed bank loans of US\$351,354,000 (1H2019: US\$86,251,000) and repaid loans of US\$463,393,000 (1H2019: US\$48,834,000).

During the period, an amount of US\$123,967,000 (1H2019: US\$98,049,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment. In addition, an amount of approximately US\$56,738,000 was used to purchase circulating foreign shares in QPI with 1.33% equity interests during the period (1H2019: approximately US\$36,189,000 was used to purchase 0.82% equity interests). An amount of approximately US\$59,276,000 was received from a subsidiary of QPI for the disposal of part of the equity interest in COSCO SHIPPING Ports (Abu Dhabi) Limited. An amount of US\$100,920,000 was received for the disposal of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal, and the payables and entrusted loans due to the Company totalled approximately US\$150,313,000, and an amount of RMB129,000,000 (equivalent to approximately US\$18,207,000) of the disinvestment from Qingdao Qianwan Intelligent Container Terminal Co., Ltd was received. An amount of US\$56,250,000 was paid to acquire 60% equity interests in CSP Chancay Terminal, a subsidiary of the Company, during the first half of 2019.

Financing and credit facilities

As at 30 June 2020, the Group's total outstanding borrowings amounted to US\$2,801,709,000 (31 December 2019: US\$2,916,450,000) and cash balance amounted to US\$1,118,466,000 (31 December 2019: US\$957,479,000). Banking facilities available but unused amounted to US\$898,210,000 (31 December 2019: US\$969,830,000).

Assets and liabilities

As at 30 June 2020, the Group's total assets and total liabilities were US\$10,366,318,000 (31 December 2019: US\$10,476,518,000) and US\$4,560,790,000 (31 December 2019: US\$4,711,313,000), respectively. Net assets were US\$5,805,528,000 (31 December 2019: US\$5,765,205,000). Net current assets as at 30 June 2020 amounted to US\$555,326,000 (31 December 2019: US\$299,931,000). As at 30 June 2020, net asset value per share of the Company was US\$1.84 (31 December 2019: US\$1.82).

As at 30 June 2020, the net debt-to-total-equity ratio (excluding lease liabilities) was 29.0% (31 December 2019: 34.0%) and the interest coverage was 4.4 times (1H2019: 5.2 times).

As at 30 June 2020, certain assets of the Group with an aggregate net book value of US\$340,545,000 (31 December 2019: US\$378,555,000), together with the Company's restricted bank deposits and interest in subsidiaries, were pledged to secure bank loans and a loan from COSCO SHIPPING Finance, totalling US\$987,173,000 (31 December 2019: US\$990,140,000).

Debt analysis

By repayment term	As at 30 June 2020		As at 31 December 2019	
	US\$	(%)	US\$	(%)
Within the first year	227,611,000	8.1	508,786,000	17.5
Within the second year	447,992,000	16.0	265,941,000	9.1
Within the third year	810,818,000	28.9	411,968,000	14.1
Within the fourth year	572,747,000	20.4	707,903,000	24.3
Within the fifth year and after	742,541,000	26.6	1,021,852,000	35.0
	2,801,709,000 *	100.0	2,916,450,000 *	100.0

By category

Secured borrowings	987,173,000	35.2	990,140,000	34.0
Unsecured borrowings	1,814,536,000	64.8	1,926,310,000	66.0
	2,801,709,000 *	100.0	2,916,450,000 *	100.0

By denominated currency

US dollar borrowings	1,113,378,000	39.8	1,163,246,000	39.9
RMB borrowings	588,728,000	21.0	577,486,000	19.8
Euro borrowings	815,746,000	29.1	829,024,000	28.4
HK dollar borrowings	283,857,000	10.1	346,694,000	11.9
	2,801,709,000 *	100.0	2,916,450,000 *	100.0

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

Financial guarantee contracts

As at 30 June 2020 and 31 December 2019, 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.

The financing activities of joint ventures and associates are denominated in their respective functional currencies so as to minimise foreign exchange exposure in investments.

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 2020, 36.0% (31 December 2019: 37.0%) of the Group's borrowings were at fixed rates. In light of market conditions, the Group will continue to monitor and regulate its fixed and floating-rate debt portfolio, with a view to minimising its potential interest rate exposure.

OPERATIONAL REVIEW

In the first half of 2020, COVID-19 Epidemic brought uncertainties to economic outlook and impacted global capital market. The International Monetary Fund (IMF) released the latest global economic growth forecast in June 2020 and expected global economy will contract by 4.9% this year and economy in Asia will shrink by 1.6% this year.

In the first half of 2020, China's foreign trade has shown signs of gradual recovery. According to General Administration of Customs of the PRC, from the perspective of quarterly trend, China's imports and exports reached RMB 7.67 trillion in the second quarter 2020, with the percentage of YoY decrease narrowed down to 0.2%, and increased by 16.7% QoQ. Exports increased by 4.5% YoY and 31.3% QoQ. Imports decreased by 5.7% YoY and increased by 1.6% QoQ. From the perspective of monthly trend, imports and exports in June increased by 5.1% YoY, with exports recording a positive growth YoY for three consecutive months since April. Imports in June increased by 6.2% YoY in spite of the double digit decrease in April and May.

Although economy and trade activities were confronted with challenges from COVID-19 Epidemic in the first half of 2020, COSCO SHIPPING Ports actively responded to the epidemic and adopted a series of precautionary measures. In order to prevent the epidemic effectively, the Group promptly formed a special task force to regulate the preventive measures of the headquarters and the terminals in which it has controlling stakes, so that they can maintain normal operation. The preventive measures included the issuance of disease prevention guidelines, regular disinfection of port areas and office areas, alternative work arrangement, monitoring the health status of headquarter and terminal staff, and the distribution of anti-epidemic items such as face masks, disinfectant alcohol and antiseptic solution. The Group proactively facilitated its terminals to maintain effective communication with shipping companies and customers to ensure appropriate manpower planning at port areas for testing and inspection of inbound containers and goods. As the epidemic gradually alleviates and preventive measures achieve results, COSCO SHIPPING Ports' throughput figures in May and June had shown signs of recovery. The throughput of Greater China region (excluding QPI, Nanjing Port Longtan Container Co., Ltd. ("Nanjing Longtan Terminal"), Yangzhou Yuanyang Terminal and Zhangjiagang Terminal) increased by 2.6% YoY in May, while it rose by 8.8% YoY in June.

Impacted by COVID-19 Epidemic, total throughput of the Group decreased by 3.6% to 57,634,191 TEU (1H2019: 59,764,100 TEU) for the six months ended 30 June 2020. In particular, the total throughput from terminals in which the Group has controlling stake decreased by 15.6% to 10,501,481 TEU (1H2019: 12,445,333 TEU), accounting for 18.2% of the Group's total; and the total throughput from non-controlling terminals decreased by 0.4% to 47,132,710 TEU (1H2019: 47,318,767 TEU), accounting for 81.8% of the Group's total.

The Group's total equity throughput decreased by 6.6% to 18,077,469 TEU in the first half of 2020 (1H2019: 19,347,303 TEU). In particular, equity throughput from terminals in which the Group has controlling stake decreased by 13.9% to 6,798,802 TEU (1H2019: 7,896,912 TEU), accounting for 37.6% of the Group's total equity throughput. Equity throughput from the Group's non-controlling terminals decreased by 1.5% to 11,278,667 TEU (1H2019: 11,450,391 TEU), accounting for 62.4% of the Group's total equity throughput.

	1H2020 (TEU)	1H2019 (TEU)	Change (%)
Total Throughput	57,634,191	59,764,100	-3.6
Throughput from terminals in which the Group has controlling stake	10,501,481	12,445,333	-15.6
Throughput from the Group's non-controlling terminals	47,132,710	47,318,767	-0.4
Equity Throughput	18,077,469	19,347,303	-6.6
Equity throughput from terminals in which the Group has controlling stake	6,798,802	7,896,912	-13.9
Equity throughput from the Group's non-controlling terminals	11,278,667	11,450,391	-1.5

Greater China

For the six months ended 30 June 2020, total throughput of the Greater China region decreased by 4.3% to 44,037,541 TEU (1H2019: 46,015,330 TEU) and accounted for 77.0% of the Group's total.

Bohai Rim

Total throughput of the Bohai Rim region increased by 4.9% to 20,236,784 TEU (1H2019: 19,298,356 TEU) and accounted for 35.1% of the Group's total. In particular, throughput of QPI increased by 0.4% to 10,340,000 TEU (1H2019: 10,300,000 TEU).

Yangtze River Delta

For the six months ended 30 June 2020, total throughput of the Yangtze River Delta region decreased by 31.6% YoY to 6,836,157 TEU (1H2019: 9,989,132 TEU) and made up 11.9% of the Group's total. The drop in throughput was mainly due to completion of the disposal of Nanjing Longtan Terminal, Yangzhou Yuanyang Terminal and Zhangjiagang Terminal by the Group (throughput of Nanjing Longtan Terminal has been excluded since January 2020; throughput from Yangzhou Yuanyang Terminal and Zhangjiagang Terminal has been excluded since February 2020). Benefitting from adjustment in shipping routes and synergy effect, throughput of Nantong Tonghai Terminal increased by 38.0% YoY to 659,634 TEU (1H2019: 477,954 TEU).

Southeast Coast and Others

Total throughput of the Southeast Coast region decreased by 12.3% YoY to 2,535,043 TEU (1H2019: 2,890,372 TEU) and accounted for 4.4% of the Group's total. Impacted by COVID-19 Epidemic in the overseas region, total throughput of Xiamen Ocean Gate Container Terminal Co., Ltd. which mainly focuses on foreign trade decreased by 13.8% YoY to 898,266 TEU (1H2019: 1,041,699 TEU). Total throughput of Quan Zhou Pacific Container Terminal Co., Ltd. ("Quan Zhou Pacific Terminal") decreased by 22.3% to 592,026 TEU (1H2019: 761,580 TEU), which was mainly due to adjustment in the network of shipping lines.

Pearl River Delta

Total throughput of the Pearl River Delta region decreased by 7.3% to 12,149,056 TEU (1H2019: 13,112,675 TEU) and accounted for 21.1% of the Group's total. Guangzhou South China Oceangate Terminal effectively responded to the impact of COVID-19 Epidemic, the throughput slightly decreased by 4.7% to 2,706,410 TEU (1H2019: 2,840,338 TEU).

Southwest Coast

For the six months ended 30 June 2020, total throughput of the Southwest Coast region surged by 214.6% YoY to 2,280,501 TEU (1H2019: 724,795 TEU) and accounted for 3.9% of the Group's total, which was mainly because throughput from Beibu Gulf Port was included since January 2020 and the throughput from January to June amounted to 1,538,386 TEU.

Overseas

For the six months ended 30 June 2020, total throughput of overseas region decreased by 1.1% YoY to 13,596,650 TEU (1H2019: 13,748,770 TEU) and accounted for 23.6% of the Group's total. Impacted by decrease in global economic demand due to the epidemic and liner companies reduced capacity, throughput of Piraeus Terminal decreased by 6.2% YoY to 2,409,403 TEU (1H2019: 2,569,936 TEU). Throughput of CSP Zeebrugge Terminal surged by 58.4% YoY to 292,531 TEU (1H2019: 184,724 TEU), which was mainly driven by improvement in shipping routes and increasing volume from ad-hoc shipping calls in January and February. Throughput of CSP Abu Dhabi Terminal recorded 340,727 TEU (April to June 2019: 68,746 TEU).

PROSPECTS

So far, COVID-19 Epidemic has not been contained globally and global economy and trade activities have not yet recovered. Although uncertainties lie ahead, China's imports and exports statistics have shown signs of strong recovery. COSCO SHIPPING Ports continues to actively implement a series of measures, such as lean operations, control cost and improve efficiency. As at the end of June, the Group has cash and bank deposits of approximately US\$1.118 billion. It is expected that there will be sufficient cash to support the dividend policy of the Company in the year 2020.

COSCO SHIPPING Ports continues to refine and optimise information system and enhance the application of Navis N4 system to realise standardised terminal operation and management mode to improve the Group's management efficiency, as well as reduce the overall management cost of the terminals. It is expected that CSP Spain Group and Quan Zhou Pacific Terminal strive to launch Navis N4 system this year.

COSCO SHIPPING Ports is well prepared to embrace the rising demand. The Group will keep a close eye on the declining valuation of global terminal resources and opportunities of acquisition to actively look for projects with high potential in Southeast Asia, Middle East, Africa and etc. The Group aims to build hub ports, gateway ports and strategic terminals with controlling stakes to improve the Company's profit and enhance synergy. Leveraging on the synergy from the parent company and the OCEAN Alliance and benefiting from the ship calls from other shipping alliances, the Group is well positioned to improve throughput when demand recovers.

In conclusion, the Group is committed to optimising terminal business to create value for shareholders. With strong financial position and captive demand in market, we are confident of standing out on the ride of recovery momentum.

Throughput of the Group for the six months ended 30 June 2020, was set out below:

	1H2020 (TEU)	1H2019 (TEU)	Change (%)
Bohai Rim	20,236,784	19,298,356	+4.9
Qingdao Port International Co., Ltd.	10,340,000	10,300,000	+0.4
Dalian Container Terminal Co., Ltd.	2,910,061	4,235,312	-31.3
Dalian Dagang China Shipping Container Terminal Co., Ltd.	8,036	8,188	-1.9
Tianjin Port Euroasia International Container Terminal Co., Ltd.	1,436,704	1,387,389	+3.6
Tianjin Five Continents International Container Terminal Co., Ltd. ^{Note 1}	N/A	1,377,513	N/A
Tianjin Port Container Terminal Co., Ltd. ^{Note 1}	3,669,875	N/A	N/A
Yingkou Terminals ^{Note 2}	1,278,625	1,315,184	-2.8
Jinzhou New Age Container Terminal Co., Ltd.	312,668	363,409	-14.0
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	280,815	311,361	-9.8
Yangtze River Delta	6,836,157	9,989,132	-31.6
Shanghai Pudong International Container Terminals Limited	1,141,165	1,229,987	-7.2
Shanghai Mingdong Container Terminals Limited	2,931,455	2,953,154	-0.7
Ningbo Yuan Dong Terminals Limited	1,491,333	1,574,126	-5.3
Lianyungang New Oriental International Terminals Co., Ltd.	456,717	1,473,007	-69.0
Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ^{Note 3}	48,008	336,297	-85.7
Yangzhou Yuanyang International Ports Co., Ltd. ^{Note 3}	31,841	235,720	-86.5
Nanjing Port Longtan Container Co., Ltd. ^{Note 4}	N/A	1,495,828	N/A
Taicang International Container Terminal Co., Ltd.	76,004	213,059	-64.3
Nantong Tonghai Port Co., Ltd.	659,634	477,954	+38.0
Southeast Coast and others	2,535,043	2,890,372	-12.3
Xiamen Ocean Gate Container Terminal Co., Ltd.	898,266	1,041,699	-13.8
Quan Zhou Pacific Container Terminal Co., Ltd.	592,026	761,580	-22.3
Jinjiang Pacific Ports Development Co., Ltd.	263,394	270,472	-2.6
Kao Ming Container Terminal Corp.	781,357	816,621	-4.3
Pearl River Delta	12,149,056	13,112,675	-7.3
Yantian International Container Terminals Co., Ltd.	5,347,421	6,087,662	-12.2
Guangzhou Terminals ^{Note 5}	5,321,761	5,501,414	-3.3
Hong Kong Terminals ^{Note 6}	1,479,874	1,523,599	-2.9
Southwest Coast	2,280,501	724,795	+214.6
Qinzhou International Container Terminal Co., Ltd.	742,115	724,795	+2.4
Beibu Gulf Port Co., Ltd. ^{Note 7}	1,538,386	N/A	N/A
Overseas	13,596,650	13,748,770	-1.1
Piraeus Container Terminal Single Member S.A.	2,409,403	2,569,936	-6.2
CSP Zeebrugge Terminal NV	292,531	184,724	+58.4
CSP Spain Group ^{Note 8}	1,548,548	1,911,893	-19.0
CSP Abu Dhabi Terminal L.L.C. ^{Note 9}	340,727	68,746	+395.6
COSCO-PSA Terminal Private Limited	2,500,501	2,450,384	+2.0
Reefer Terminal S.p.A.	28,119	28,670	-1.9
Euromax Terminal Rotterdam B.V.	1,147,430	1,519,998	-24.5
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	602,377	615,398	-2.1
Suez Canal Container Terminal S.A.E.	1,739,698	1,408,502	+23.5
Antwerp Gateway NV	1,033,117	1,075,911	-4.0
SSA Terminals (Seattle), LLC	106,011	80,028	+32.5
Busan Port Terminal Co., Ltd.	1,848,188	1,834,580	+0.7
Total	57,634,191	59,764,100	-3.6

- Note 1: On 30 June 2019, a merger agreement was entered into, under which Tianjin Port Container Terminal Co., Ltd. (“Tianjin Container Terminal”) as the surviving entity will absorb and merge with Tianjin Five Continents International Container Terminal Co., Ltd (“FICT”) and Tianjin Orient Container Terminal Co., Ltd (“TOCT”). The throughput of FICT and TOCT was included in the throughput of Tianjin Container Terminal since September 2019.
- Note 2: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.
- Note 3: On 10 February 2020, the Company completed the sale of Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and therefore their throughput were not included in the throughput of the Company since February 2020.
- Note 4: On 20 December 2019, the Company completed the sale of Nanjing Longtan Terminal and therefore its throughput was not included in the throughput of the Company since January 2020.
- Note 5: Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 6: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 7: The throughput of Beibu Gulf Port was included since January 2020. Such throughput did not include the throughput of Qinzhou International Container Terminal Co., Ltd., which had been separately listed out.
- Note 8: CSP Spain Group comprises COSCO SHIPPING Ports (Spain) Holdings, S.L. and its subsidiaries.
- Note 9: Throughput of CSP Abu Dhabi Terminal was included since April 2019.
- Note 10: Total throughput of bulk cargo, excluding the throughput of Beibu Gulf Port, for the six months ended 30 June 2020 was 190,953,474 tons (1H2019: 182,379,057 tons), representing an increase of 4.7%. Total throughput of automobile for the six months ended 30 June 2020 was 315,939 vehicles (1H2019: 428,215 vehicles), representing a decrease of 26.2%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the six months ended 30 June 2020 was 207,449 pallets (1H2019: 209,540 pallets), representing a decrease of 1.0%.

CORPORATE GOVERNANCE

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2020.

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 2020.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2020.

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 2020.

INVESTOR RELATIONS

The Company has always attached great importance to communication with shareholders and investors, and considers investor relations as an important measure to enhance corporate governance. With an aim to promote transparency, the Company is committed to continuously strengthen the communications with shareholders, investors and analysts as well as the media. The Company constantly improves and enhances stakeholders' understanding of the strategies formulation and execution. The Company releases corporate information and business updates in a timely manner to fulfill more strict and transparent standards of disclosure.

As we are a leading ports operator in the world, the Company organises regular activities such as roadshow, investor presentation, investor meeting and results announcement conference call in order to let investors and analysts know the Company's business and development in a timely manner. COSCO SHIPPING Ports endeavors to let the market fully understand its business strategies, financial performance and growth prospect through its frequent communication with the capital market. In the first half of 2020, the management and Investor Relations Department proactively communicated with investors and shareholders, comprehensively explained updated business strategies and the impacts of market changes on the Company to the investors, in order to deepen investors' knowledge of the industry and the Company and to enhance their confidence in the Company.

In the first half of 2020, despite the impact from the epidemic, the Company proactively participated in online roadshow activities via video or conference call to communicate with investors from China, the United States, the United Kingdom, Australia and Singapore, as well as join investor conferences hosted by investment banks, which aims to enlarge the Company's shareholder base and realise diversification of shareholders. From January to June 2020, the Company held meetings with a total of 185 investors and analysts. The Company will continue to strengthen communication with investors.

In addition, in order to optimise the function of investor relations, the Company conducts shareholder analysis on a regular basis, and hires professional organisation to identify investors' shareholding and relevant changes. Investor Relations Department actively enhances communications with investors and answers investors' questions regarding the Company and the industry in a timely manner. In addition, Investor Relations Department actively approaches potential investors and identifies institutional investors who have interests in the Company, with an aim to broadening the shareholder base.

The Company remains committed to establishing international reputation and enhancing corporate governance. In the first half of 2020, by virtue of excellent port operation and high level of corporate governance, the Company was awarded "Best Shipping Port Operator (Ports sector) 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 number of accolades from international awards including: "Best Container Operator of the year" and "Most Socially Responsible Port Operator" from Global Business Outlook Magazine, "Best Port Operator Hong Kong 2020" and "Best Investor Relations Company Hong Kong 2020" from Finance Derivative Magazine, "Best Port Operator" from Business Tabloid Magazine and "Most Innovative Port Operator" from International Finance Magazine.

CORPORATE SUSTAINABLE DEVELOPMENT

In the first half of 2020, COVID-19 Epidemic has spread around the world. COSCO SHIPPING Ports has been fighting against the epidemic based on the principles of “prompt response, effective control and proper handling” with staff and customer safety and the mitigation of impact on the industry chain as priorities while proactively supporting local communities to overcome the hardships with an aim to sustaining the development of the ports and shipping industry and societies.

Caring for Our People

For the purpose of effective prevention of the epidemic, the Company took prompt action and formed a special task force to regulate the preventive measures of the headquarters and the terminals in which it has controlling stake, including the issuance of disease prevention guidelines, regular disinfection of port areas and office areas, alternative work arrangement, monitoring the health status of headquarter and terminal staff, and the distribution of anti-epidemic items such as face masks, disinfectant alcohol and antiseptic solution in order to safeguard the health and safety of staff.

Customers First

The Company proactively facilitated its terminals to maintain effective communication with shipping companies and customers to ensure appropriate manpower planning at port areas, testing and inspection of inbound containers and goods, and strict restriction on the density of personnel at ports with an aim to safeguarding the port areas and the safety of inbound and outbound vessels. In addition, the terminals proactively catered for the needs of shipping companies and provided testing and epidemic prevention support to the crew for their safety.

Green Development

COSCO SHIPPING Ports had not slowed down the pace of green development during the fight against the epidemic. Its terminals continued to facilitate the implementation of environmental protection projects such as “diesel-to-electric” conversion and shore power facilities to reduce energy consumption and emissions in support of the transition towards a low-carbon economy.

Win-win Cooperation

To prevent the epidemic from affecting project execution, the Company immediately made adjustment to its planning by inviting and evaluating tenders on its parent company COSCO SHIPPING’s procurement and supplier management system. Leveraging on the Group’s information and resources, procurement was carried out orderly in a way that effective disease prevention and smooth implementation of terminal projects could be guaranteed. The completion of online tender invitation and procurement meets the need for modern development and provides valuable and practical experience for COSCO SHIPPING Ports to facilitate digital transformation in the future.

Investing in Communities

While we were ensuring normal business operations, the Company committed to social care and strived to fulfil its social responsibilities as a responsible corporate citizen. Amid the global pandemic, the Company immediately coordinated its terminals to support local communities and health facilities by donating anti-epidemic items such as face masks, personal protective equipment, thermometers, disinfectant alcohol and food, and encouraging staff to join local volunteer teams in combatting the epidemic.

MEMBERS OF THE BOARD

As at the date of this announcement, the board of directors of the Company comprises Mr. FENG Boming¹ (Chairman), Mr. ZHANG Dayu¹ (Managing Director), Mr. DENG Huangjun¹, 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

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

Hong Kong, 27 August 2020