



The Ports for *ALL*

中遠海運港口有限公司

COSCO SHIPPING Ports Limited

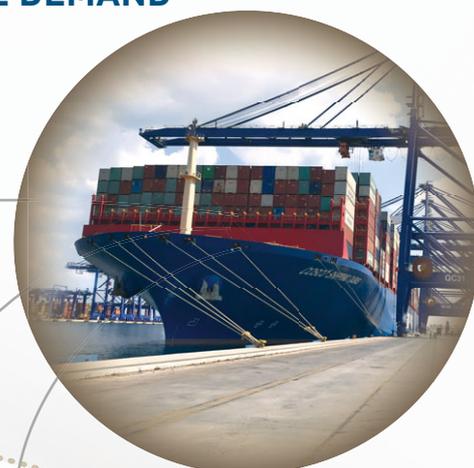
(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

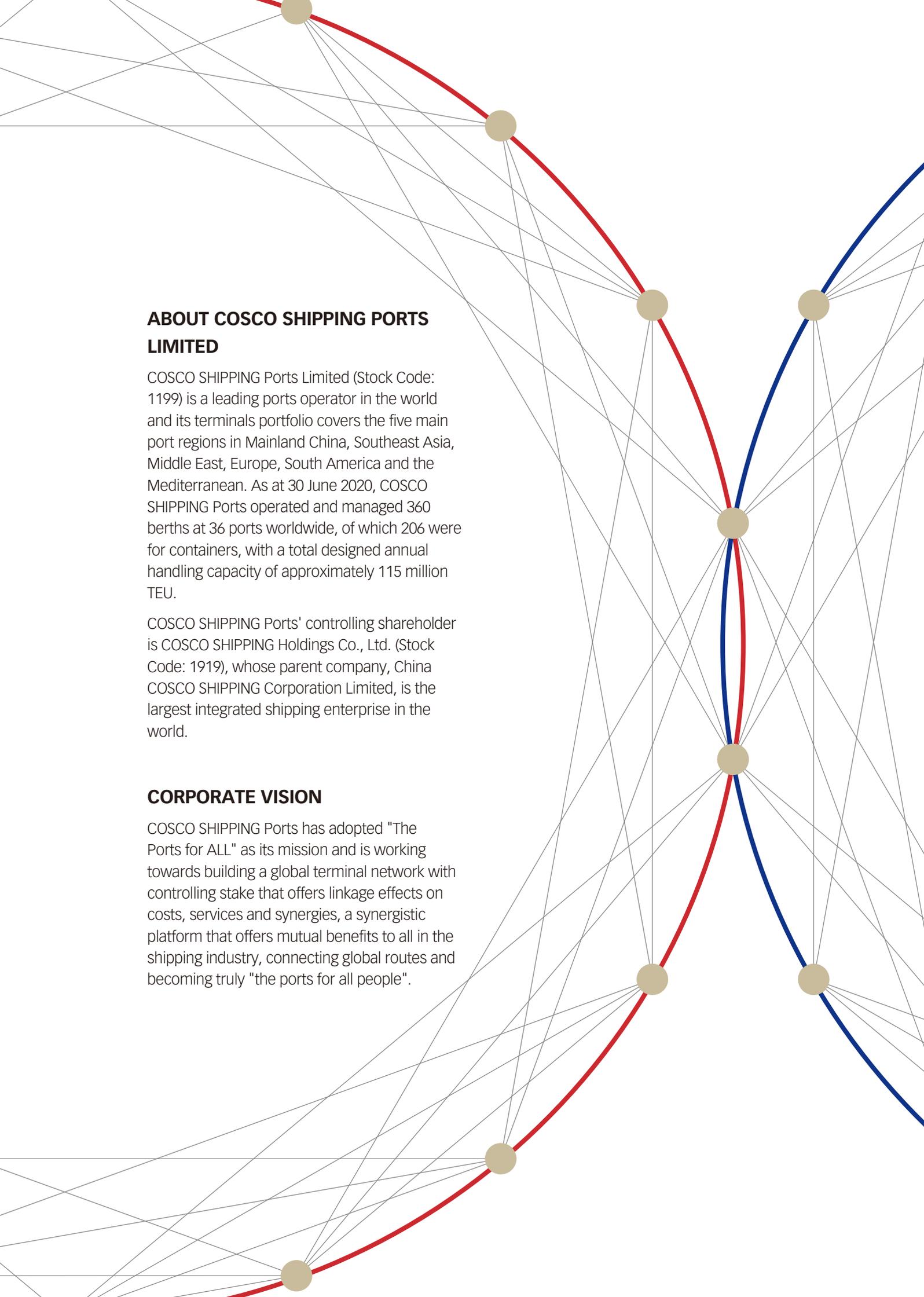
WITH STRONG FINANCIAL POSITION AND CAPTIVE DEMAND

WE ARE CONFIDENT OF STANDING OUT ON

THE RIDE OF RECOVERY MOMENTUM



INTERIM REPORT **2020**



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 Mainland China, Southeast Asia, Middle East, Europe, South America and the Mediterranean. As at 30 June 2020, COSCO SHIPPING Ports operated and managed 360 berths at 36 ports worldwide, of which 206 were for containers, with a total designed annual handling capacity of approximately 115 million TEU.

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

CORPORATE VISION

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

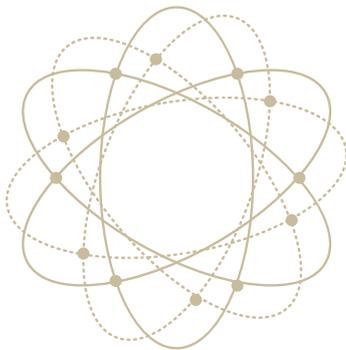
CONTENTS

Financial Highlights	3
Global Terminal Network	4
Operational Review	8
Financial Review	10
Prospects	16
Interim Dividend	17
Disclosure of Interests	18
Share Option Scheme	18
Directors' Interest in Shares, Underlying Shares and Debentures	25
Substantial Interest in the Share Capital of the Company	27
Corporate Governance and Other Information	28
Compliance with the Corporate Governance Code	28
Board Committees	28
Model Code for Securities Transactions by Directors	28
Purchase, Sale or Redemption of Listed Shares	28
Changes in Directors' Biographical Details	29
Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules	29
Investor Relations	30
Corporate Sustainable Development	31
Interim Financial Information	33
Unaudited Condensed Consolidated Balance Sheet	33
Unaudited Condensed Consolidated Income Statement	35
Unaudited Condensed Consolidated Statement of Comprehensive Income	36
Unaudited Condensed Consolidated Statement of Changes in Equity	37
Unaudited Condensed Consolidated Statement of Cash Flows	38
Notes to the Unaudited Condensed Consolidated Interim Financial Information	39
Report on Review of Interim Financial Information	67
Abbreviations	68
Corporate Information	70



Globalisation

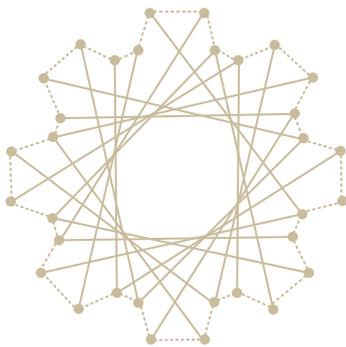
Building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies



Synergy

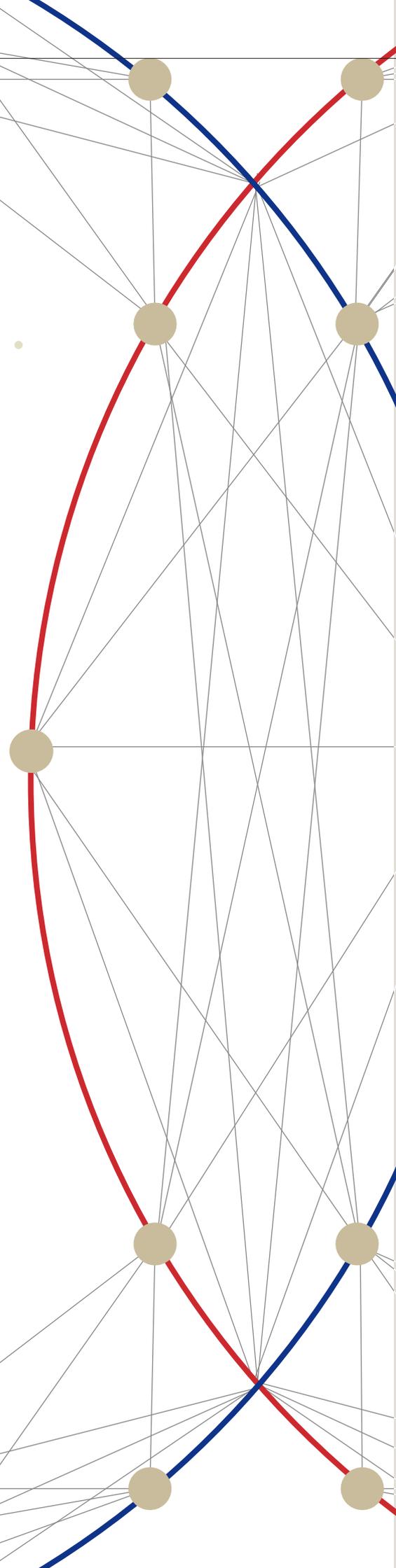
Leveraging the synergies with COSCO SHIPPING and the OCEAN Alliance to strengthen its service capability to serve shipping alliances

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)

	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 together with its 51% interest in Yangzhou Yuanyang Terminal and the disposal of all the shares in Win Hanverky Investments Limited together with its 51% interest in Zhangjiagang Terminal and 4.59% interest in Yangzhou Yuanyang Terminal, and the one-off after-tax disposal gain of US\$7,074,000 from the disposal of Jiangsu Petrochemical.

GLOBAL TERMINAL NETWORK



TOTAL THROUGHPUT

57,634,191 TEU



**OVERSEAS
TOTAL THROUGHPUT**

13,596,650 TEU

Throughput (TEU)

Piraeus Terminal	2,409,403
CSP Zeebrugge Terminal	292,531
CSP Spain Related Companies	1,548,548
CSP Abu Dhabi Terminal	340,727
COSCO-PSA Terminal	2,500,501
Vado Reefer Terminal	28,119
Euromax Terminal	1,147,430
Kumport Terminal	602,377
Suez Canal Terminal	1,739,698
Antwerp Terminal	1,033,117
Seattle Terminal	106,011
Busan Terminal	1,848,188

GLOBAL TERMINAL NETWORK

GREATER CHINA TOTAL THROUGHPUT

44,037,541 TEU

BOHAI RIM

20,236,784 TEU

	Throughput (TEU)
QPI	10,340,000
Dalian Container Terminal	2,910,061
Dalian Dagang Terminal	8,036
Tianjin Euroasia Terminal	1,436,704
Tianjin Container Terminal	3,669,875
Yingkou Terminals ¹	1,278,625
Jinzhou New Age Terminal	312,668
Qinhuangdao New Harbour Terminal	280,815

YANGTZE RIVER DELTA

6,836,157 TEU

	Throughput (TEU)
Shanghai Pudong Terminal	1,141,165
Shanghai Mingdong Terminal	2,931,455
Ningbo Yuan Dong Terminal	1,491,333
Lianyungang New Oriental Terminal	456,717
Zhangjiagang Terminal ²	48,008
Yangzhou Yuanyang Terminal ²	31,841
Taicang Terminal	76,004
Nantong Tonghai Terminal	659,634



SOUTHEAST COAST AND OTHERS

2,535,043 TEU

	Throughput (TEU)
Xiamen Ocean Gate Terminal	898,266
Quan Zhou Pacific Terminal	592,026
Jinjiang Pacific Terminal	263,394
Kao Ming Terminal	781,357

PEARL RIVER DELTA

12,149,056 TEU

	Throughput (TEU)
Yantian Terminals	5,347,421
Guangzhou Terminals ³	5,321,761
Hong Kong Terminals ⁴	1,479,874

SOUTHWEST COAST

2,280,501 TEU

	Throughput (TEU)
Qinzhou International Terminal	742,115
Beibu Gulf Port ⁵	1,538,386

Notes:

1. Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
2. 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.
3. Throughput of Guangzhou Terminals was the total throughput of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal.
4. Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.
5. Throughput of Beibu Gulf Port was included since January 2020. Such throughput did not include the throughput of Qinzhou International Terminal which had been separately listed out.

OPERATIONAL REVIEW

In the first half of 2020, the Novel Coronavirus Pneumonia epidemic (the "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 RMB7.67 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 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). Benefiting 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 Terminal 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 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).

FINANCIAL REVIEW

With the outbreak of 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 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 CSP Chancay Terminal and CSP Wuhan Terminal, etc.), as well as the throughput and revenue of the terminals newly put into operation (including CSP Abu Dhabi Terminal and 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 Terminal, Guangzhou South China Oceangate Terminal and 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, 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 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, 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 disposal 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, CSP Spain Related Companies 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 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 disposal 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 disposal 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 pre-tax gain of US\$71,150,000 (1H2019: Nil) in respect of the disposal of the interests in Zhangjiagang Terminal and Yangzhou Yuanyang Terminal and the one-off pre-tax gain of US\$9,951,000 (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 disposal 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

	As at 30 June 2020		As at 31 December 2019	
	US\$	(%)	US\$	(%)
By repayment term				
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.

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.

In the past few years, the Group has made significant improvements in the scale and number of terminal portfolios. Now, the Group will focus more on the quality of terminal development and profitability to increase the volume and profitability of the terminals. In 2020, the Group continues to strengthen strategy and formulate the target of "lean operations", with the aim of executing this strategy from three aspects, namely, cost reduction, revenue growth and headquarters' empowerment to improve efficiency.

First of all, the Group has established the cost management system which focuses on financial management and control and bases on "cost per TEU" to place great emphasis on the importance of ports operation and management; introduce "cost per TEU" in the KPI to formulate operational cost control target of subsidiaries.

Secondly, the Group is actively accelerating informatization and digitization, unifying terminal operating system and continuing to implement Navis N4 system in the subsidiaries. It is expected that CSP Spain Related Companies and Quan Zhou Pacific Terminal strive to launch Navis N4 system this year. Based on Navis N4 system and SAP finance system, the Group continues to formulate the Company's information management system, establish MIS system, unify the key operation and commercial indicators of terminals to enhance the automation construction of terminals.

Thirdly, the Group continues to fine-tune cost analysis model, analyze the composition and percentage of terminal costs, set up operational cost control target and set up cost control plan; cultivate the mindset of cost-oriented in marketing and daily operation, formulate feasible, systematic and effective measures with clear target; find out cost-optimising parts and procedures to enhance competitive advantage in cost reduction.

In addition, the Group has built customer value analysis model to mainly analyze the profit contribution from different shipping companies and different boxes to understand the profit comes from

which customer and business. Headquarters and terminals can precisely target each customer based on the customer value analysis results and develop more effective marketing and negotiation strategies based on each terminal's situation, in order to further tap customer value and improve terminals' throughput and revenue.

In order to enhance the Company's overall sales and marketing, the Group continues to fine-tune marketing organization structure and maximize synergy; strive to optimize and enhance the Company's overall operational capability, including strengthening sales and marketing teams' capability of market insight and customers value analysis as well as supporting ports' networking and relationship with shipping liners systematically.

The Group endeavors to innovate sales and marketing strategies and develop ports extended supply chain platform to enhance supply chain warehousing service based on terminals and establish logistics network leveraging on supply chain platform. Container Freight Station (CFS) business also increases the number of shipping lines and the increase in shipping lines will bring more CFS and supply chain services demand.

The headquarters is empowered to be a co-solver of problems impeding cost reduction and revenue growth by the terminal operators, as well as an enabler of good business decision making. Through the application approaches such as information visualisation and lean operation center, it is realised that the Company's role has transformed from "passive review" to "business partners" which improves ports' performance in cost reduction and revenue growth. The Group actively executes action plan and strengthens the operation and management of terminals.

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.

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.

For the purpose of determining the shareholders’ entitlement to the interim dividend, 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.

DISCLOSURE OF INTERESTS

Share Option Scheme

GENERAL INFORMATION OF THE SHARE OPTION SCHEME

On 26 October 2017, the board of directors of the Company (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 the special general meeting of the Company held on 8 June 2018, the shareholders of the Company approved the adoption of a share option scheme containing the terms of the said proposed scheme (the "Share Option Scheme").

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

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

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

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

Category	Exercise price per share HK\$	Number of share options					Outstanding at 30 June 2020	% of total number of issued shares	Exercisable period	Notes
		Outstanding at 1 January 2020	Granted during the period	Exercised during the period	Transfer (to)/ from other categories during the period	Lapsed/ cancelled during the period				
Directors										
Mr. ZHANG Dayu	7.27	1,200,000	-	-	-	-	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
Mr. DENG Huangjun	7.27	1,200,000	-	-	-	-	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
Dr. WONG Tin Yau, Kelvin	7.27	1,200,000	-	-	-	-	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
		3,600,000	-	-	-	-	3,600,000			
Continuous contract employees	7.27	42,172,743	-	-	(1,445,926)	(1,105,219)	39,621,598	1.25%	19.6.2020-18.6.2023	(1), (3), (4)
	8.02	851,966	-	-	-	(233,501)	618,465	0.02%	29.11.2020-28.11.2023	(5), (6)
	8.48	848,931	-	-	-	-	848,931	0.03%	29.3.2021-28.3.2024	(7)
	7.27	666,151	-	-	-	-	666,151	0.02%	23.5.2021-22.5.2024	(8)
	7.57	1,273,506	-	-	-	-	1,273,506	0.04%	17.6.2021-16.6.2024	(9)
Others	7.27	4,492,607	-	-	1,445,926	-	5,938,533	0.19%	19.6.2020-18.6.2023	(1), (4)
		50,305,904	-	-	-	(1,338,720)	48,967,184			
		53,905,904	-	-	-	(1,338,720)	52,567,184			

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 were vested on 19 June 2020; (b) 33.3% of the share options will be vested on 19 June 2021; and (c) 33.4% of the share options will be vested on 19 June 2022. Details of the vesting conditions for the share options are more particularly set out in section headed "11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options" of the Circular.
- (2) These options represent personal interest held by the relevant director as beneficial owner.
- (3) Amongst the 1,105,219 share options, 920,984 share options were lapsed due to resignation or retirement of the relevant employees and 184,235 share options were cancelled according to the results of personal performance appraisal of the relevant employees.
- (4) The 1,445,926 share options were transferred from the category of "continuous contract employees" to the category of "others" pursuant to the terms of the Share Option Scheme.
- (5) The share options were granted on 29 November 2018 under the Share Option Scheme at an exercise price of HK\$8.02 per Share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options will be vested on 29 November 2020; (b) 33.3% of the share options will be vested on 29 November 2021; and (c) 33.4% of the share options will be vested on 29 November 2022.
- (6) The 233,501 share options were lapsed due to the resignation of the relevant employee.
- (7) 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) not more than 33.3% of their respective share options will be vested on 29 March 2021; (b) not more than 33.3% of their respective share options will be vested on 29 March 2022; and (c) not more than 33.4% of their respective share options will be vested on 29 March 2023.
- (8) 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) not more than 33.3% of their respective share options will be vested on 23 May 2021; (b) not more than 33.3% of their respective share options will be vested on 23 May 2022; and (c) not more than 33.4% of their respective share options will be vested on 23 May 2023.
- (9) 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) not more than 33.3% of their respective share options will be vested on 17 June 2021; (b) not more than 33.3% of their respective share options will be vested on 17 June 2022; and (c) not more than 33.4% of their respective share options will be vested on 17 June 2023.
- (10) According to the provisions of the Share Option Scheme, no share options could be granted under the Share Option Scheme since 19 June 2019 (i.e. one year from the date of the initial grant).

EXPLANATION ON THE EXERCISE CONDITIONS AND FULFILLMENT OF EXERCISE CONDITIONS FOR THE FIRST EXERCISE PERIOD UNDER THE SHARE OPTION SCHEME

(1) The first exercise period has commenced

In accordance with the Share Option Scheme, participants may exercise their share options only after the expiry of a 2-year period from the date of grant. The first exercise period under the Share Option Scheme commenced on 19 June 2020. Participant entitled to exercise his/her share options in the first exercise period may exercise 33.3% of the share options granted to him/her during the exercise period between 19 June 2020 and 18 June 2023 (both dates inclusive).

(2) Exercise conditions to be fulfilled for the first exercise period

1. Exercise conditions for the first exercise period in relation to the Company's business performance: (a) return on net assets (after extraordinary gains and losses) (the "ROE") in 2019 should not be lower than 6.0% and the average of the selected peer benchmark enterprises^(note 1); (b) growth rate of revenue in 2019 as compared to 2017 should not be lower than 15.0% and the average of the selected peer benchmark enterprises; and (c) the EVA indicator accomplished for 2019 has reached the assessment target set by COSCO SHIPPING;
2. Events^(note 2) described in article 2 under Chapter 10 of the Share Option Scheme did not happen to the Company; and
3. Subject to the fulfillment of conditions relating to the Company's business performance, personal exercise conditions precedent in relation to the participants are as follows: (a) events^(note 3) described in articles 3 and 4 under Chapter 9 of the Share Option Scheme did not happen to the participants during the valid period of the Share Option Scheme prior to the commencement of the current exercise period; and (b) the participant had achieved average or above at his/her annual performance appraisal in 2019.

(3) Exercise conditions for the first exercise period have been fulfilled

1. The Company's business performance condition for the first exercised period: according to the audited 2019 financial statements approved at the annual general meeting of the Company held on 21 May 2020, and excluding the financial impact of investments on the construction of new terminal projects which have not commenced operations in accordance with the Share Option Scheme, ROE of the Company in 2019 was 6.17%, which was not lower than 6.0% and the average of the selected peer benchmark enterprises of 4.05%; the growth rate of revenue in 2019 as compared to 2017 was 61.91%, which was not lower than 15.0% and the average of the selected peer benchmark enterprises of 13.14%. Meanwhile, the EVA accomplished by the Company in 2019 was RMB65.86 million and has reached the assessment target set by COSCO SHIPPING;
2. Events described in article 2 under Chapter 10 of the Share Option Scheme did not happen; and
3. Events described in articles 3 or 4 under Chapter 9 of the Share Option Scheme did not happen to the participant and participant had achieved average or above at his/her annual performance appraisal in 2019.

(4) How non-fulfilled share options were dealt with

In accordance with the Share Option Scheme, those share options not qualified to be exercised or not yet exercised after the expiry of the exercise period will lapse with immediate effect and will be forfeited and cancelled by the Company without compensation. Details on the cancellation of share options during the period were set out in the above table and notes regarding the movement of share options.

Notes:

1. Regarding the peer benchmark enterprises, COSCO SHIPPING Ports mainly focused on ports and terminals business. Based on the Global Industry Classification Standard (GICS), an industry classification indicator established jointly by Morgan Stanley and Standard & Poor which global financial institutes make reference to, COSCO SHIPPING Ports is categorised under the industry of marine ports & services. Peer benchmark enterprises of the Company include the constituent stocks under such classification, which composed of 26 A-Share or Hong Kong listed companies providing marine ports and services. The Company has included all these enterprises as the industrial peer benchmark entities for comparison of business performance. The specific list ("List of Peer Benchmark Enterprises") was set out in the Share Option Scheme with details as follows:

Stock Code	Stock Name	Stock Code	Stock Name
0144.HK	CHINA MER PORT	002492	Winbase
0517.HK	COSCO SHIP INTL	600017	Rizhao Port
0871.HK	CH DREDG ENV	600018	Shanghai International Port Group
3369.HK	QHD PORT	600190	Jinzhou Port
3382.HK	TIANJINPORT DEV	600279	Chongqing Gangjiu
6198.HK	QINGDAO PORT	600317	Yingkou Port
1719.HK	CIG PORTS	600717	Tianjin Port
000022	Shenzhen Chiwan (A Share)	600794	Freetrade Science & Technology
000088	Yantian Port	601000	Tangshan Port
000507	Zhuhai Port	601008	Lianyungang Port
000582	Beibu Gulf Port	601018	Ningbo Port
000905	Xiamen Port Development	601880	Dalian Port
002040	Nanjing Port	603117	Wanlin Modern

Among which, Shenzhen Chiwan (A Share) (000022) completed its assets reorganisation in December 2018 and has renamed from "Shenzhen Chiwan (A Share)" to "China Merchants Ports" (001872). Regarding its financial information, due to assets reorganisation, the revenue of Shenzhen Chiwan (A Share) for 2017 was RMB2.456 billion before material assets reorganisation, while the revenue for 2018 was RMB9.703 billion after assets reorganisation, representing an increase of 295.1%. As there was a significant difference between the financial information disclosed in its annual report before and after the assets reorganisation, which resulted in a substantial change in its financial results, it was no longer reasonable for benchmark purpose.

The remuneration committee established by the Board has reviewed and discussed the details of the exercise proposal in accordance with the "Administrative Measures of the Share Option Scheme" (股票期權激勵計劃管理辦法), including but not limited to the fulfillment of performance conditions of the Company, the performance appraisal of participants and quantity of exercisable options, adjustment to the peer benchmark enterprises, etc., and was of the opinion that there was a significant difference between the financial information before and after the assets reorganisation of Shenzhen Chiwan (A Share), which resulted in a substantial change in its financial results, it was no longer reasonable for benchmark purpose. Therefore, the remuneration committee recommended the Board to consider and approve the exclusion of Shenzhen Chiwan (A Share) from the List of Peer Benchmark Enterprises.

After consideration, the Board approved the exclusion of Shenzhen Chiwan (A Share) from the List of Peer Benchmark Enterprises. The number of peer benchmark enterprises applicable to the Share Option Scheme was reduced from 26 to 25.

2. Events described in article 2 under Chapter 10 of the Share Option Scheme include:
 - (i) failure to engage an accounting firm to carry out audit work in accordance with the established procedures and requirements;
 - (ii) issue of an auditors' report with qualified or negative opinion or which indicates the inability to give opinion by a certified public accountant with respect to the annual financial accountant's report of the Company;
 - (iii) the bodies performing the contributor's functions or the audit department raising significant objections to the business performance or the annual financial accountant's report of the listed company; and
 - (iv) imposition of penalties by security supervisory authority or other relevant authorities due to the occurrence of material non-compliance of the Company.
3. Events described in articles 3 and 4 under Chapter 9 of the Share Option Scheme include:
 - (i) results of accountability audit indicate failure in performing duties effectively or gross negligence of duty or malfeasance;
 - (ii) violation of applicable domestic or foreign laws and regulations or provisions of the Bye-laws of the Company;
 - (iii) possession of sufficient evidence by the Company proving that the holder of such share options, during his/her employment, due to offering or accepting bribes, corruption, theft, leaking commercial and technological secrets of the listed company, conducting connected transactions which impaired the interests and reputation of the listed company, and other illegal behaviors which have material adverse impact on the image of the Company, has caused the Company to suffer losses;
 - (iv) unauthorised transfer, sale, exchange, pledge, guarantee, charge or settlement of debts by using the share options;
 - (v) using the share options held in fraud, extortion, etc.;
 - (vi) violation of the law and conviction of any criminal liability;
 - (vii) other circumstances stipulated under applicable domestic or foreign laws and regulations; and
 - (viii) failure in the performance appraisal.

In light of the above, after a review of the actual conditions of the Company against the conditions required to be fulfilled for the first exercise period under the Share Option Scheme, the Board has considered and confirmed that the conditions for the exercise for the first exercise period of the Company, including the requirement of performance appraisal, were fulfilled.

The independent non-executive directors of the Company have reviewed and studied the documents and explanations regarding the fulfillment of the exercise conditions of the share options and issued the following independent opinions:

1. according to the requirements of the Share Option Scheme, the share options granted on 19 June 2018 were vested on 19 June 2020, and the exercise conditions for the first exercise period have been fulfilled;
2. the participants for this exercise period have fulfilled the requirements under the "Guidelines for the Implementation of Equity Incentives of Listed Companies Controlled by Central Enterprises" (中央企業控股上市公司實施股權激勵工作指引) issued by the State-owned Assets Supervision and Administration Commission (SASAC) and other relevant laws, regulations and normative documents, passed the annual appraisals and fulfilled the exercise conditions as specified in the Share Option Scheme and hence, become lawful and competent participants under the Share Option Scheme of the Company; and
3. except for those who were no longer eligible participants due to resignation, retirement, etc. and hence, no longer fulfilled the exercise conditions for the first exercise period, the list of participants for the first exercise period was in line with the one set out in the announcement of the Company dated 19 June 2018.

ARRANGEMENTS FOR EXERCISE OF SHARE OPTIONS FOR THE FIRST EXERCISE PERIOD UNDER THE SHARE OPTION SCHEME

(1) Source of underlying shares of the Share Option Scheme

Source of the underlying shares for the exercise of share options in the first exercise period under the Share Option Scheme shall be ordinary shares to be allotted to the participants.

(2) Participants entitled to exercise their share options and number of share options exercisable in the first exercise period under the Share Option Scheme

- As certain participants were no longer eligible as participants due to resignation, retirement, etc., there were 220 participants in the first exercise period under the Share Option Scheme;
- Pursuant to the Share Option Scheme, participants shall attain his/her personal performance condition at the time of determining the number of share options to be vested: the percentage of the relevant batch of share options to be vested will be determined with reference to the results of his/her personal performance appraisal in the preceding financial year:

Personal performance appraisal grade	Distinction	Merit	Average	Unsatisfactory
Vesting percentage of the share options	100%	100%	80%	0

Results of the personal performance appraisal in 2019 for the 220 participants in the first exercise period were as follows:

Personal performance targets	Distinction/ Merit	Average	Unsatisfactory
Vesting percentage of the share options	100%	80%	0
Number of participants	203	17	Nil

For the 17 participants with personal performance appraisal grade of "Average", amongst the total of 921,177 share options granted, 736,942 share options (being 80% of 921,177 share options) were exercisable and the remaining 184,235 share options were not qualified to be exercised. Such share options were forfeited and cancelled by the Company without compensation.

After the adjustments, participants entitled to exercise their share options and the number of share options exercisable in the first exercise period under the Share Option Scheme are as follows:

Position	Name	Number of share options exercisable in the first exercisable period
Executive Director and Managing Director	Mr. ZHANG Dayu	399,600
Executive Director and Deputy Managing Director	Mr. DENG Huangjun	399,600
Executive Director and Deputy Managing Director	Dr. WONG Tin Yau, Kelvin	399,600
General Counsel and Company Secretary	Ms. HUNG Man, Michelle	399,600
Other participants	216 Participants	14,649,038
Total		16,247,438

Note: In the first exercise period, participants are entitled to exercise 33.3% of the share options granted, rounded down to the nearest unit.

Funds required for the exercise of share options by the participants and the payment of personal income tax shall be financed by the participants. The Company undertakes not to provide loans or financial assistance in any other forms to the participants for their exercise of share options under the Share Option Scheme, including provision of guarantee for loans.

(3) Exercise price

Pursuant to the Share Option Scheme, the exercise price for share options for the first exercise period under the Share Option Scheme is HK\$7.27 per Share. In the event of capitalisation issue, bonus issue, subdivision of Shares, consolidation of Shares, rights issue or open offer during the exercise period, the exercise price will be adjusted accordingly. During the six months ended 30 June 2020, there was no event resulting in the adjustment of exercise price.

(4) Exercise period

The first exercise period under the Share Option Scheme shall be from 19 June 2020 to 18 June 2023 (both dates inclusive).

EFFECT OF THE EXERCISE ON THE FINANCIAL CONDITIONS AND RESULTS OF OPERATION OF THE COMPANY FOR THE RELEVANT YEAR

In accordance with the "Hong Kong Financial Reporting Standard 2 – Share-based Payments", services rendered by the participants are included in relevant costs at the fair value of the share options on the date of grant and the share options reserve is credited accordingly, based on the best estimated number of exercisable share options. During the exercise period of the share options, the Company will not adjust recognised costs. The Company will recognise monetary funds received and the increase in share capital and share premium according to the actual situation of exercising. The share options shall be exercised by the participants on a voluntary basis. The Company adopted the Black-Scholes valuation model for share options to determine the fair value of the share options on the date of grant. As at 30 June 2020, based on the best estimated number of exercisable options, the fair value of share options granted in 2018 was US\$7,560,000, while the share option expenses recognised in 2018 and 2019 amounted to US\$1,185,000 and US\$2,203,000, respectively. The share option expenses estimated for 2020, 2021, 2022 and 2023 amounted to US\$1,847,000, US\$1,399,000, US\$725,000 and US\$201,000, respectively.

Directors' Interest in Shares, Underlying Shares and Debentures

As at 30 June 2020, the interest of the Company's directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(A) LONG POSITIONS IN SHARES OF THE COMPANY

Name of director	Capacity	Nature of interest	Number of Shares held	% of total number of issued Shares
Mr. FENG Boming	Beneficial owner	Personal	30,000	0.001%
Mr. ZHANG Dayu	Beneficial owner	Personal	120,000	0.004%
Mr. DENG Huangjun	Beneficial owner	Personal	53,154 ^(Note)	0.002%
Mr. ZHANG Wei	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1,279,378	0.040%

Note: Including 2,095 shares selected to be received pursuant to the scrip dividend scheme for the 2019 final dividend of the Company. Such shares were allotted on 17 July 2020.

(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 Development Co., Ltd.	Mr. FENG Boming	Beneficial owner	Personal	29,100 A shares	0.0004%
	Mr. DENG Huangjun	Interest of spouse	Family	38,000 A shares	0.0005%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000 H shares	0.04%

(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. FENG Boming	Interest of spouse	Family	4.10	530,000	0.01%	(1), (3)
		Beneficial owner	Personal	3.50	936,000	0.01%	(2), (3)

Notes:

- (1) Such share options were granted on 3 June 2019 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") adopted on 30 May 2019 (the "CSH Share Option Scheme") and can be exercised during the period from 3 June 2021 to 2 June 2026.
- (2) Such share options were granted on 29 May 2020 pursuant to the CSH Share Option Scheme (as amended pursuant to the amendments approved by the shareholders of COSCO SHIPPING Holdings on 18 May 2020) and can be exercised during the period from 30 May 2022 to 28 May 2027.
- (3) Such share options will be vested after 24 months from the date of grant (the "Vesting Period"). Subject to the fulfilment of the relevant vesting conditions, such share options will be vested in three batches after the Vesting Period, i.e. (a) 33% of the share options can be exercised during the first trading day after 24 months from the date of grant to the last trading day within 36 months from the date of grant; (b) 33% of the share options can be exercised during the first trading day after 36 months from the date of grant to the last trading day within 48 months from the date of grant; and (c) 34% of the share options can be exercised during the first trading day after 48 months from the date of grant to the last trading day within 84 months from the date of grant.

Save as disclosed above, as at 30 June 2020, 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, as at 30 June 2020, the interest of shareholders in the Shares 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 were as follows:

Name	Capacity	Nature of interests	Number of Shares/Percentage of total number of issued Shares as at 30 June 2020				Notes
			Long positions	%	Short positions	%	
COSCO Investments Limited	Beneficial owner	Beneficial interest	223,548,369	7.07	-	-	(1), (2)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,550,281,935	49.03	-	-	(1), (2)
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	Corporate interest	1,550,281,935	49.03	-	-	(1), (2)
China Ocean Shipping Co., Ltd.	Interest of controlled corporation	Corporate interest	1,550,281,935	49.03	-	-	(1), (2)
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	Corporate interest	1,550,281,935	49.03	-	-	(1), (2)
Silchester International Investors LLP	Investment manager	Other interest	348,101,929	11.01	-	-	(1)

Notes:

- (1) The percentage was compiled based on the total number of issued Shares as at 30 June 2020 (i.e. 3,161,958,830 Shares).
- (2) The 1,550,281,935 Shares relate to the same batch of Shares. COSCO Investments Limited ("COSCO Investments") is a wholly owned subsidiary of China COSCO (Hong Kong) Limited ("China COSCO (HK)"). Accordingly, the 223,548,369 Shares held by COSCO Investments are also included as part of China COSCO (HK)'s interest in the Company. China COSCO (HK) is a wholly owned subsidiary of COSCO SHIPPING Holdings and it itself held 1,326,733,566 Shares beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,550,281,935 Shares is also recorded as COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping Co., Ltd. ("COSCO Group") held 37.89% equity interest in COSCO SHIPPING Holdings as at 30 June 2020, and accordingly, COSCO Group is deemed to have the interest of 1,550,281,935 Shares held by China COSCO (HK). COSCO Group is a wholly owned subsidiary of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"). Accordingly, COSCO Group's interest in relation to the 1,550,281,935 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 1,559,891,935 Shares (representing 49.33% of the total number of issued Shares) as at 30 June 2020, of which 223,548,369 Shares (representing 7.07% of the total number of issued Shares) were held by COSCO Investments.

Save as disclosed above, as at 30 June 2020, 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 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 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.

Changes in Directors' Biographical Details

Changes in directors' biographical details since the date of the 2019 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. FENG Boming	<ul style="list-style-type: none"> Resigned as a non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. ("COSCO SHIPPING Energy"), a company listed on the Stock Exchange and the Shanghai Stock Exchange Appointed as a non-executive director of Qingdao Port International Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange Resigned as a director of COSCO SHIPPING Bulk Co., Ltd. ("COSCO SHIPPING Bulk") On 1 June 2020, "COSCO SHIPPING Financial Holdings Co., Limited" of which he acts as a director was renamed as "COSCO SHIPPING Investment Holdings Co., Limited"
Mr. ZHANG Wei	<ul style="list-style-type: none"> Resigned as a non-executive director of COSCO SHIPPING Energy Resigned as a director of COSCO SHIPPING Bulk Resigned as a director of COSCO SHIPPING Lines Co., Ltd.
Prof. CHAN Ka Lok	<ul style="list-style-type: none"> Retired as an independent non-executive director of GF Securities Co., Ltd., a company listed on the Stock Exchange and the Shenzhen Stock Exchange

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

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 June 2020 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US\$'000
Non-current assets	2,166,170
Current assets	279,049
Current liabilities	(143,786)
Non-current liabilities	(1,946,007)
Net assets	355,426
Share capital	21,368
Reserves	293,049
Non-controlling interest	41,009
Capital and reserves	355,426

As at 30 June 2020, the Group's attributable interests in these affiliated companies amounted to US\$398,703,000.

INVESTOR RELATIONS

The Company has always attached great importance to communication with shareholders and investors, and considers investor relations as an important measure to 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.

As at the date of this report, the Board 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

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 2020. 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 33 to 66 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 2020

	Note	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	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	7	282,599	227,032
Current tax recoverable		3,489	3,711
Restricted bank deposits	8	30,553	30,285
Cash and cash equivalents	8	1,087,913	927,194
		1,418,652	1,200,570
Assets classified as held for sale	12	–	271,911
		1,418,652	1,472,481
Total assets		10,366,318	10,476,518

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020

		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	9	40,596	40,596
Reserves		5,006,416	4,954,865
		5,047,012	4,995,461
Non-controlling interests		758,516	769,744
Total equity		5,805,528	5,765,205
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		124,819	135,043
Lease liabilities		733,626	733,948
Long term borrowings	10	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		34,061	35,035
		3,697,464	3,538,763
Current liabilities			
Trade and other payables and contract liabilities	11	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	10	75,058	228,957
Short term borrowings	10	152,553	279,829
Derivative financial instruments		3,222	3,209
		863,326	1,149,721
Liabilities directly associated with assets classified as held for sale	12	–	22,829
		863,326	1,172,550
Total liabilities		4,560,790	4,711,313
Total equity and liabilities		10,366,318	10,476,518

The accompanying notes on pages 39 to 66 are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 US\$'000	2019 US\$'000
Revenues		452,676	517,915
Cost of sales		(353,520)	(364,536)
Gross profit		99,156	153,379
Administrative expenses		(58,756)	(58,050)
Other operating income		93,751	33,412
Other operating expenses		(10,396)	(27,233)
Operating profit	13	123,755	101,508
Finance income	14	7,912	5,348
Finance costs	14	(58,925)	(48,426)
Operating profit (after finance income and costs)		72,742	58,430
Share of profits less losses of			
– joint ventures		35,545	49,617
– associates		93,145	95,007
Profit before taxation		201,432	203,054
Taxation	15	(29,897)	(30,927)
Profit for the period		171,535	172,127
Profit attributable to:			
Equity holders of the Company		163,359	147,794
Non-controlling interests		8,176	24,333
		171,535	172,127
Earnings per share for profit attributable to equity holders of the Company			
Basic	16	US5.17 cents	US4.75 cents
Diluted	16	US5.17 cents	US4.75 cents

The accompanying notes on pages 39 to 66 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 2020

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
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

The accompanying notes on pages 39 to 66 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 2020

	Capital and reserves attributable to the equity holders of the Company	Non- controlling interests	Total
	US\$'000	US\$'000	US\$'000
Total equity at 1 January 2020	4,995,461	769,744	5,765,205
Total comprehensive income for the period	83,421	3,267	86,688
Disposal of subsidiaries	–	(63,797)	(63,797)
Partial disposal of a subsidiary	34,081	64,692	98,773
Share of reserve movement of associates	1,143	–	1,143
Put option liability movement	(3,948)	–	(3,948)
Fair value of share options granted	979	–	979
Dividends paid to			
– equity holders of the Company	(64,125)	–	(64,125)
– non-controlling shareholders of subsidiaries	–	(15,390)	(15,390)
	51,551	(11,228)	40,323
Total equity at 30 June 2020	5,047,012	758,516	5,805,528
Total equity at 31 December 2018, as previously reported	5,165,212	654,438	5,819,650
Change in accounting policy	(102,938)	(8,809)	(111,747)
Total equity at 1 January 2019, as restated	5,062,274	645,629	5,707,903
Total comprehensive income for the period	141,851	20,676	162,527
Acquisition of a subsidiary	–	142,640	142,640
Share of reserve movement of an associate	(1,898)	–	(1,898)
Recognition of put option liability arising from acquisition of a subsidiary	(213,833)	–	(213,833)
Fair value of share options granted	1,012	–	1,012
Dividends paid to			
– equity holders of the Company	(62,885)	–	(62,885)
– non-controlling shareholders of subsidiaries	–	(8,914)	(8,914)
	(135,753)	154,402	18,649
Total equity at 30 June 2019	4,926,521	800,031	5,726,552

The accompanying notes on pages 39 to 66 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 2020

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Net cash generated from operating activities	104,795	105,007
Net cash generated from/(used in) investing activities	166,374	(53,510)
Net cash used in financing activities	(112,722)	(31,669)
Net increase in cash and cash equivalents	158,447	19,828
Cash and cash equivalents at 1 January	937,947	543,015
Exchange differences	(8,481)	(4,973)
Cash and cash equivalents at 30 June	1,087,913	557,870
Analysis of balances of cash and cash equivalents:		
Time deposits	534,083	134,248
Bank balances and cash	262,305	292,451
Balances placed with COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance")	291,525	131,171
	1,087,913	557,870

The accompanying notes on pages 39 to 66 are an integral part of these unaudited condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

The intermediate holding company of the Company is COSCO SHIPPING Holdings Co., Ltd. (“COSCO SHIPPING Holdings”), a company established in the People’s Republic of China (the “PRC”) with its H-Shares and A-Shares listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively. The immediate holding company and ultimate holding company of COSCO SHIPPING Holdings is China Ocean Shipping Co., Ltd. (“COSCO Group”) 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 2020 (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 27 August 2020.

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 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 (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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 Basis of preparation and significant accounting policies (Continued)

ADOPTION OF NEW HKFRSSs (CONTINUED)

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 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.

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 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 15).

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

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

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

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

4 Financial risk management

4.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, 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 2019 Annual Financial Statements of the Group.

Compared to 31 December 2019, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Financial risk management (Continued)

4.2 FAIR VALUE ESTIMATION

(a) Fair value hierarchy

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

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

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2020 and 31 December 2019:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
As at 30 June 2020				
Financial assets at FVOCI	112,686	–	29,275	141,961
Derivative financial instruments				
– interest rate swap	–	11,749	–	11,749
Put option liability	–	–	221,659	221,659
As at 31 December 2019				
Financial assets at FVOCI	143,680	–	29,695	173,375
Derivative financial instruments				
– interest rate swap	–	12,087	–	12,087
Put option liability	–	–	217,711	217,711

(b) Valuation techniques used to determine fair value

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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

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

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

There were no changes made to the valuation techniques applied as of 31 December 2019.

For the six months ended 30 June 2020, 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 2020, the fair value of unlisted financial assets at FVOCI is determined by the valuation performed by management using valuation techniques (market price/book 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. Whereas the fair value of the put option liability is derived using a present value calculation. The key inputs applied include the projected financial position and EBITDA of a subsidiary using management's business plans and market multiples adopted. These financial assets at FVOCI and put option liability 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:

i) Unlisted financial assets at FVOCI

	2020
	US\$'000
At 1 January	29,695
Translation differences	(420)
At 30 June	29,275

ii) Put option liability

	2020
	US\$'000
At 1 January	217,711
Remeasurement	3,948
At 30 June	221,659

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Financial risk management (Continued)**4.2 FAIR VALUE ESTIMATION (CONTINUED)**

(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 2020.

4.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

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

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Bank loans, loan from COSCO SHIPPING Finance	2,255,465	2,101,450
Notes	298,928	298,713
	2,554,393	2,400,163

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

- Trade and other receivables
- Cash and cash equivalents
- Restricted bank deposits
- Lease liabilities
- Trade and other payables
- Borrowings except for those disclosed above

5 Segment information**5.1 OPERATING SEGMENTS**

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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

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

Segment assets

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

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 2020				
Revenues – total sales	452,676	–	–	452,676
Segment profit/(loss) attributable to equity holders of the Company	204,197	(40,838)	–	163,359
Segment profit/(loss) 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 expenses	(201)	–	–	(201)
Additions to non-current assets	(85,759)	(81)	–	(85,840)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Segment information (Continued)**5.1 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 2019				
Revenues – total sales	517,915	–	–	517,915
Segment profit/(loss) attributable to equity holders of the Company	180,901	(33,107)	–	147,794
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	180	–	–	180
Additions to non-current assets	(135,543)	(37)	–	(135,580)
Addition arising from business combination	(137,773)	–	–	(137,773)

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	
	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	–
	452,676	517,915

(b) Non-current assets

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

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

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

	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
	8,539,994	8,565,095

6 Property, plant and equipment

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of US\$83,678,000 (2019: US\$126,609,000). The Group also disposed of property, plant and equipment with net book value of US\$326,000 (2019: US\$857,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 Trade and other receivables

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

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 2020 US\$'000	As at 31 December 2019 US\$'000
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
	101,315	98,454

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 Trade and other receivables (Continued)

- (b) The amounts due from fellow subsidiaries, non-controlling shareholders of subsidiaries, a joint venture and related companies 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 loan to a joint venture is secured, denominated in Euro, bears interest at 5.5% per annum above 3 months Europe Interbank Offered Rate ("EURIBOR") and repayable within twelve months.
- (d) The amounts receivable mainly represented dividend and interest receivables from joint ventures and associates.

8 Cash and cash equivalents

	As at 30 June 2020 US\$'000	As at 31 December 2019 S\$'000
Total time deposits, bank balances and cash (note i)	1,118,466	957,479
Restricted bank deposits included in current assets	(30,553)	(30,285)
	1,087,913	927,194
Representing:		
Time deposits with original maturity of three months or less	534,083	231,344
Bank balances and cash	262,305	343,454
Balances placed with COSCO SHIPPING Finance (note ii)	291,525	352,396
	1,087,913	927,194

Notes:

- (i) As at 30 June 2020, balances of US\$121,378,000 (31 December 2019: US\$141,853,000) of the Group denominated in Renminbi and US dollar were held by certain subsidiaries of the Group with bank accounts operating in the PRC where exchange controls apply.
- (ii) Balances placed with COSCO SHIPPING Finance, a fellow subsidiary of the Group, bear interest at prevailing market rates.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Share capital

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Issued and fully paid:		
3,161,958,830 (31 December 2019: 3,161,958,830) ordinary shares of HK\$0.10 each	40,596	40,596

Note:

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Borrowings

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Long term borrowings		
Secured		
– bank loans (note a)	980,336	981,998
– loan from COSCO SHIPPING Finance (note a)	6,837	8,142
	987,173	990,140
Unsecured		
– bank loans	1,362,717	1,347,383
– notes (note c)	299,266	299,098
	1,661,983	1,646,481
	2,649,156	2,636,621
Amounts due within one year included under current liabilities	(75,058)	(228,957)
	2,574,098	2,407,664
Short term borrowings		
Unsecured		
– bank loans	152,553	279,829

Notes:

- (a) 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 deposit and interest in subsidiaries were pledged as securities against bank loans of US\$980,336,000 (31 December 2019: US\$981,998,000) and a loan from COSCO SHIPPING Finance of US\$6,837,000 (31 December 2019: US\$8,142,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Borrowings (Continued)

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

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Bank loans		
Within one year	75,058	228,957
Between one and two years	446,297	264,221
Between two and five years	1,339,518	1,372,437
Over five years	482,180	463,766
	2,343,053	2,329,381
Loan from COSCO SHIPPING Finance		
Between one and two years	1,695	1,720
Between two and five years	5,142	5,178
Over five years	–	1,244
	6,837	8,142
Notes		
Between two and five years	299,266	299,098
	2,649,156	2,636,621

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Trade and other payables and contract liabilities

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Trade payables (note a)		
– third parties	39,113	47,191
– fellow subsidiaries (note b)	3,619	3,474
– non-controlling shareholders of subsidiaries (note b)	3,198	1,456
– joint ventures (note b)	171	146
– an associate (note b)	224	103
– related companies (note b)	1,302	2,474
	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 (note c)	31,782	32,253
Loan from an associate (note d)	–	17,201
Loans from non-controlling shareholders of subsidiaries (note e)	84,796	92,684
Amounts due to (note b)		
– fellow subsidiaries	6,101	1,870
– non-controlling shareholders of subsidiaries	83,024	76,376
– joint ventures	1,287	1,047
– an associate	–	6
	560,223	586,963

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

- (b) The balances are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers while the other balances have no fixed terms of repayment.
- (c) Loans from a joint venture are unsecured, bear interest at 2.3% per annum and are repayable within twelve months.
- (d) Loan from an associate was unsecured, bore interest at 2.3% per annum and was repaid in June 2020.
- (e) Loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of US\$45,952,000 (31 December 2019: US\$49,681,000) is interest free. Balance of US\$38,844,000 (31 December 2019: US\$43,003,000) bears interest at 3.92% (31 December 2019: 4.35%) per annum.

12 Assets classified as held for sale/liabilities directly associated with assets classified as held for sale

On 18 September 2019, the Company entered into agreements in respect of 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 all the shares in Win Hanverky Investment Limited ("Win Hanverky") together with its 51% interest in Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Terminal") and 4.59% interest in Yangzhou Yuanyang Terminal to Shanghai International Port Group (HK) Co., Limited ("SIPG (HK)") at considerations of approximately RMB316,039,000 (equivalent to approximately US\$45,772,000) and approximately RMB380,774,000 (equivalent to approximately US\$55,148,000) respectively. Accordingly, assets and liabilities of the disposal entities were reclassified as assets classified as held for sale and liabilities directly associated with asset classified as held for sale as at 31 December 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Assets classified as held for sale/liabilities directly associated with assets classified as held for sale (Continued)

	2019
	US\$'000
Assets classified as held for sale	
Non-current assets	
Property, plant and equipment	158,432
Property under development	28,802
Investment properties	8,808
Right-of-use assets	42,983
Intangible assets	206
Other non-current assets	12,374
Current assets	
Inventories	784
Trade and other receivables	8,548
Current tax recoverable	221
Cash and cash equivalents	10,753
	271,911
Liabilities directly associated with assets classified as held for sale	
Current liabilities	
Trade and other payables	18,491
Current tax liabilities	271
Lease liabilities	4,067
	22,829

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Assets classified as held for sale/liabilities directly associated with assets classified as held for sale (Continued)

The disposal was completed on 10 February 2020. The aggregate sum of payables owing to the Company by the disposed 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 disposal, CP (Yangzhou), Yangzhou Yuanyang Terminal, Win Hanverky and Zhangjiagang Terminal ceased to be subsidiaries of the Company. The disposal resulted in a after-tax gain of US\$61,472,000.

	2020
	US\$'000
Cash consideration	100,920
Net assets disposed of:	
Assets classified as held for sale	(271,039)
Liabilities directly associated with assets classified as held for sale	22,437
Less: Payables from former subsidiaries	29,967
Less: Loans to a former subsidiary	120,346
Less: Non-controlling interests	63,797
	(34,492)
	66,428
Release of reserve upon disposal of subsidiaries	4,722
Gain on disposal of subsidiaries	71,150
Taxation	(9,678)
Gain on disposal of subsidiaries, net	61,472
Net cash inflow arising from the disposal	
Cash consideration received	100,920
Repayment of payables from former subsidiaries	29,967
Less: Cash and cash equivalents of subsidiaries disposed of	(9,271)
	121,616

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 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 12)	71,150	–
Gain on disposal of an associate	9,951	–
Rental income from investment properties	375	439
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 with a fellow subsidiary (note)	28,084	30,082
– concession with third parties (note)	3,938	4,507

Note:

For the six months ended 30 June 2020 and 2019, the amounts represent variable lease payments linked to revenues/throughput.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 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	1,041	584
– loans to joint ventures and associates	2,064	2,347
– loans to a former subsidiary	1,191	–
	7,912	5,348
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 (note 11(e))	(793)	(2,067)
– loans from a joint venture (note 11(c))	(372)	(384)
– loan from an associate (note 11(d))	(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)
	(61,208)	(52,431)
Less: amount capitalised in construction in progress	3,541	5,551
	(57,667)	(46,880)
Other incidental borrowing costs and charges	(1,258)	(1,546)
	(58,925)	(48,426)
Net finance costs	(51,013)	(43,078)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Taxation

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Current taxation		
– Hong Kong profit 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 profit 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 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	US\$163,359,000	US\$147,794,000
Weighted average number of ordinary shares in issue	3,161,958,830	3,113,125,479
Basic earnings per share	US5.17 cents	US4.75 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 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Interim dividend

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

Notes:

- (i) 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.
- (ii) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 Capital commitments

The Group had the following significant capital commitments as at 30 June 2020 and 31 December 2019:

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Contracted but not provided for:		
– Investments (note)	333,065	337,742
– Other property, plant and equipment	320,329	300,068
	653,394	637,810

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

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Contracted but not provided for	4,598	5,179

Note:

The capital commitments in respect of investments of the Group as at 30 June 2020 and 31 December 2019 are as follows:

	As at 30 June 2020 US\$'000	As at 31 December 2019 US\$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	50,349	50,384
– Tianjin Port Euroasia International Terminal Co., Ltd.	99,160	100,629
– APMT Vado Holding B.V.	13,629	13,578
– Others	108,886	111,205
	272,024	275,796
Terminal projects in:		
– Shanghai Yangshan Port Phase II	56,501	57,338
– Others	4,540	4,608
	61,041	61,946
	333,065	337,742

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Related party transactions

The Group is controlled by COSCO SHIPPING Holdings which owns 49.33% of the Company's shares as at 30 June 2020. The parent company of COSCO SHIPPING Holdings is COSCO Group, and the parent company of COSCO Group 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

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

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Management fee and service fee income from (note i)		
– joint ventures	2,367	2,194
– associates	366	380
– an investee company	43	149
Terminal handling and storage income from (note ii, xii)		
– fellow subsidiaries	113,179	113,803
– non-controlling shareholders of subsidiaries	41,693	44,029
Rental income received from a non-controlling shareholder of a subsidiary (note iii)	87	987
Container handling and logistics services fee to non-controlling shareholders of subsidiaries (note iv, xii)	(1,705)	(2,824)
Electricity and fuel expenses to (note v, xii)		
– fellow subsidiaries	(2,341)	(1,650)
– non-controlling shareholders of subsidiaries	(2,553)	(4,730)
Handling, storage and maintenance expenses to (note vi, xii)		
– fellow subsidiaries	(1,985)	(1,388)
– non-controlling shareholders of subsidiaries	(1,474)	(2,107)
Rental expenses paid to a non-controlling shareholder of a subsidiary (note vii, xii)	(1,606)	–
Purchase of materials from fellow subsidiaries (note viii, xii)	(1,485)	(140)
Insurance expense paid to a fellow subsidiary (note ix, xii)	(389)	(596)
Concession fee to a fellow subsidiary (note x, xii)	(28,084)	(30,082)
Payments of lease liabilities to (note xi, xii)		
– fellow subsidiaries	(7,900)	(6,479)
– non-controlling shareholders of subsidiaries	(176)	(2,665)
Proceeds from partial disposal of a subsidiary to an associate (note xiii)	59,276	–

(b) KEY MANAGEMENT COMPENSATION

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
Salaries, bonuses and other allowances	1,851	2,379
Contributions to retirement benefit schemes	2	2
Share-based payments	175	165
	2,028	2,546

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Related party transactions (Continued)**(b) KEY MANAGEMENT COMPENSATION (CONTINUED)**

Key management includes directors of the Company and two (2019: four) senior management members of the Group.

Notes:

- (i) The Group provided advisory and management services to COSCO-HIT Terminal, a joint venture of the Group, during the period. Management fee was charged and agreed at HK\$21,495,000 (equivalent to US\$2,768,000) (2019: HK\$22,078,000 (equivalent to US\$2,817,000)) 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 handling and storage income received from fellow subsidiaries and non-controlling shareholders of subsidiaries in relation to the cargoes shipped from/to Quanzhou, Jinjiang, Xiamen, Nansha, Lianyungang, Jinzhou and Nantong were charged at rates by reference to rates as set out by the Ministry of Communications of the PRC.

The container terminal handling and storage income received from fellow subsidiaries in relation to the cargoes shipped from/to Greece, Belgium, Spain and United Arab Emirates were charged at rates as mutually agreed.
- (iii) Rental income received from a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.
- (iv) The container handling and logistics service fees paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (v) Electricity and fuel expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (vi) Handling, storage and maintenance expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.
- (vii) Rental expenses 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 was charged and mutually agreed at a variable annual concession fee based on the aggregate revenue of Piraeus Terminal.
- (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 have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.
- (xiii) On 23 April 2020, the Company sold 6,667 shares representing 33.335% equity interests in COSCO SHIPPING Ports (Abu Dhabi) Limited, a wholly owned subsidiary of the Company, to a subsidiary of Qingdao Port International Co., Ltd. ("QPI"), an associate of the Group, for a consideration of US\$59,276,000.

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 33 to 66, 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 2020 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 a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 August 2020

ABBREVIATIONS

Abbreviation

Company Name

China COSCO SHIPPING Corporation Limited
China COSCO SHIPPING Corporation Limited and its subsidiaries
COSCO SHIPPING Ports Limited
COSCO SHIPPING Ports Limited and its subsidiaries
COSCO SHIPPING Holdings Co., Ltd.
COSCO SHIPPING Lines Co., Ltd.

Abbreviation

COSCO SHIPPING
COSCO SHIPPING Group
COSCO SHIPPING Ports or the Company
the Group
COSCO SHIPPING Holdings
COSCO SHIPPING Lines

Terminal Company

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

Antwerp Terminal
Asia Container Terminal
Beibu Gulf Port
Busan Terminal
Conte-Rail Terminal
COSCO-HIT Terminal
COSCO-PSA Terminal
CSP Chancay Terminal
CSP Spain Related Companies
CSP Abu Dhabi Terminal
CSP Bilbao Terminal
CSP Rail Services Terminal
CSP Valencia Terminal
CSP Zaragoza Rail Terminal
CSP Zeebrugge CFS
CSP Zeebrugge Terminal
Dalian Automobile Terminal
Dalian Dagang Terminal
Dalian Container Terminal
Euromax Terminal
Guangzhou South China Oceangate
Terminal
Jiangsu Petrochemical
Jinjiang Pacific Terminal
Jinzhou New Age Terminal
Kao Ming Terminal
Kumport Terminal
Lianyungang New Oriental Terminal

Abbreviation**Terminal Company (Cont.)**

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

Others

Twenty-foot equivalent unit

Abbreviation (Cont.)

Nanjing Longtan Terminal
 Nantong Tonghai Terminal
 Guangzhou Nansha Stevedoring Terminal
 Ningbo Meishan Terminal

 Ningbo Yuan Dong Terminal
 Piraeus Terminal
 Dongjiakou Ore Terminal
 QPI
 Qinhuangdao New Harbour Terminal
 Qinzhou International Terminal
 Quan Zhou Pacific Terminal
 Vado Reefer Terminal
 Shanghai Mingdong Terminal
 Shanghai Pudong Terminal
 Seattle Terminal
 Suez Canal Terminal
 Taicang Terminal
 Tianjin Five Continents Terminal
 Tianjin Container Terminal
 Tianjin Euroasia Terminal
 CSP Wuhan Terminal
 Xiamen Ocean Gate Terminal
 Yangzhou Yuanyang Terminal
 Yantian Terminal Phase III
 Yantian Terminal Phases I & II
 Yingkou Container Terminal
 Yingkou New Century Terminal
 Zhangjiagang Terminal

TEU

CORPORATE INFORMATION

Board of Directors

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
 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>

Auditor

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

Solicitors

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

Principal Bankers

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

Principal Registrar and Transfer Office in Bermuda

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

Branch Registrar and Transfer Office in Hong Kong

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

Listing Information/Stock Code

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