<u>CMPort 1H 2020 bucked the trend by achieving business growth through domestic and overseas synergy</u>

The Board of Directors (the “Board”) of China Merchants Port Holdings Company Limited (“CMPort” or the “Company”, HKSE Code: 00144) is pleased to announce the interim results of the Company and its subsidiaries (the “Group”) for the period ended 30 June 2020.

An online press conference was held on 28 August 2020 in Shenzhen and was hosted by the Executive Vice President of China Merchants Group Limited (“CMG”)and the Chairman of the Board of CMPort, Mr. Deng Renjie. Managing Director Dr. Bai Jingtao first introduced the 2020 Interim results, Deputy General Manager Mr. Lu Yongxin and General Manager of Finance Department Mr. Sun Ligan, also attended the meeting and answered questions from the press.

Deng Renjie said, “Since the second quarter of 2020, Chinese economy rebound with strong momentum while commodity trade growing rapidly. In July, with weakening impact from the pandemic as well as boost from new projects，the container throughput of CMPort increased by 9.4% compared with June and 14.4% compared with the same period last year. With continuous promotion of global resumption of work and production, as well as the advent of the traditional shipping season in the second half of the year, the demand for container transportation is expect to recover gradually. While strengthening pandemic prevention and promotes the resumption of work at the same time, the Group strives to maintain a stable development of port business, as well as meet our expectation on annual profit goal.”

Dr. Bai Jingtao answered question on the impact of China’s “Inner Circulation” policy on port industry，he said, “ the policy was a good news for port industry as it will boost China’s domestic trade market. Before the policy was issued, CMG has invested in Liaoning Port Group，CMPort has invested in major hub ports in China and has opened and optimized multiple high-quality“North-South routes”. By seizing the opportunity of the policy，the Group provides high quality services and brings economic benefits to the Company.

As for the future investment plan of CMPort, Lu Yongxin said, “In the future, based on the overseas layout of "East-West routes, North-South routes, the Belt and Road", CMPort will focus on Southeast Asia, South Asia, and Africa, cautiously searching for commercially viable investment opportunities. In addition, CMPort will continue to introduce strategic investors who can bring synergies to the Group. "

When asked about the Company's financial status, Sun Liqian said: "The Capex in the first half of 2020 was divided into two parts, including acquisition Capex of approximate HK$3 billion and PPE Capex investment of HK$680 million. In the second half of the year, CMPort will continue to improve quality and efficiency while increase operating income, strictly control the pace of investment in new projects and fixed assets, and increase cash income through capital operations by introducing strategic partners."

Deng Renjie emphasized, "The US cancellation of preferential economic treatment for Hong Kong has little impact on the port industry. Hong Kong is an international transshipment hub with port business from all over the world. The port assets invested by CMPort in Hong Kong handled approximately 5.6 million TEUs in 2019. The sanctions of the US have little impact on the Company's overall business as the company handled more than 100 million TEUs annually."

Highlights of 2020 interim results of the Group:

- Container throughput volume rose by 0.6% year-on-year to 54.87 million TEUs (1H2019: 54.56 million TEUs)
- Total bulk cargo volume handled 199 million tonnes (1H2019: 223 million tonnes), down by 10.9% year-on-year
- Revenue amounted to HK$4,077 million (1H2019: HK$4,464 million), down by 8.7% year-on-year
  - Revenue derived from ports operation amounted to HK$3,786 million (1H2019: HK$4,145 million), down by 8.7% year-on-year
- Recurrent profit amounted to HK$1,409 million (1H2019: HK$ 2,045 million), down by 31.1% year-on-year
  - Recurrent profit derived from ports operation amounted to HK$2,214 million(1H2019: HK$2,651 million), down by 16.5% year-on-year
- Interim dividend of 18 HK cents per ordinary share (1H2019：22 HK cents per ordinary share)

During the first half of 2020, the COVID-19 pandemic has caused a great blow to the global economy and trade, and global demand for maritime container shipping significantly declined. the Group, with an unwavering aspiration, adhered to its strategic directives and the general operation philosophy of "enhancing core capability, insisting on both quality and efficiency, capitalizing on opportunities of this era and striving to become a world's leading enterprise", and shored up its foundation and made innovation with a pragmatic attitude. Striving for breakthroughs in seven key aspects, namely the development of homebase port, overseas expansion, comprehensive development, innovative development, capital operation, operation management, and marketing and commerce, the Group actively pushed forward various key tasks, and optimized and upgraded its core ports operation over the past half-year.

During the first half of 2020, the Group's ports handled a total container throughput of 54.87 million TEUs, up by 0.6% as compared with the corresponding period last year, and bulk cargo volume of 199 million tonnes, down by 10.9% over the same period of the previous year.

As at 30 June 2020, the Group recorded a revenue of HK$4,077 million, down 8.7% year-on-year. Profit attributable to equity holders of the Company amounted to HK$1,546 million, which included a net gain of HK$277 million (net of tax) on resumption of certain land parcels at Shantou during the period, while the amount for the same period last year included a net gain of HK$3,281 million (net of tax) on resumption of certain land parcels at Qianhai and a gain of approximately HK$456 million on deemed disposal of interest in a joint venture. Due to the impact of the pandemic, the recurrent profit Note 1 decreased by 31.1% year-on-year to HK$1,409 million, which was due to the decrease in revenue and decrease in share of profits of associates. The recurrent profit derived from the Group's core ports operations amounted to HK$2,214 million, down by 16.5% year-on-year.

To appreciate shareholders for their continuous support, the Board of the Company proposed a 2020 interim dividend of 18 HK cents per ordinary share，representing a payout ratio of 42%. Shareholders may elect to receive the interim dividend in cash or by way of scrip dividend.

Table: Overview of Container Throughput Volume of CMPort in 1H2020

Region	Port	1H2020 Throughput ('000 TEUs)	Year-on-year change (%)
Mainland China, HK and TW	West Shenzhen	4,557	(11.3)
	Chu Kong River Trade Terminal	481	(11.6)
	Shunde	175	37.8
	SIPG	20,063	(6.8)
	Ningbo Daxie	1,475	(10.0)
	Dalian Port	3,601	(28.9)
	Qingdao	3,810	0.6
	Tianjin	3,670	166.5
	Zhanjiang Port Group	606	15.6
	Zhangzhou	158	(16.4)
	Shantou	622	4.7
	Hong Kong	2,630	(3.6)
	KMCT, Kaohsiung	781	(4.4)
	Total - Mainland China, HK and TW	42,629	(3.3)
Overseas	Sri Lanka, CICT	1,375	0.3
	Togo	605	12.7
	TCP	160	(33.6)
	Terminal Link	421	(6.7)
	Djibouti	475	7.5
	Nigeria	602	(2.1)
	Turkey, Kumport	8,601	25.8
	Total - Overseas	12,239	16.6
CMPort Total		**54,868**	**0.6**

Growth against trend from domestic trade business with new contribution from acquired overseas terminals

In the first half of 2020, the Group's ports handled a total container throughput of 54.87 million TEUs, up by 0.6% year-on-year. Among that, the Group's ports in Mainland China, Hong Kong and Taiwan contributed an aggregate container throughput of 42.63 million TEUs, representing a decrease of 3.3% year-on-year, which was mainly due to the impact on import and export demand arising from the spread of the COVID-19 pandemic across the world. As the Group continuously set up its efforts in quality and efficiency improvements and optimising its business structure based on the port layout of "South-North routes", Zhanjiang Port (Group) Co., Ltd. ("Zhanjiang Port") and Shantou China Merchants Port Group Co., Ltd., driven by the domestic trade container throughput volume, achieved growth against the trend. Foreign trade business of Guangdong Yide Port Limited has grown steadily since first launching in July 2019, with container throughput increasing by 37.8% year-on-year in the first half of 2020.

A total container throughput handled by the Group's overseas ports grew by 16.6% year-on-year to 12.24 million TEUs, which was mainly benefitted from the new throughput contributed by the eight terminals acquired by Terminal Link SAS ("Terminal Link") on 26 March this year and the growth in throughput of Lomé Container Terminal S.A. in Togo and TCP Participações S.A. ("TCP") in Brazil.

Affected by the impact of the COVID-19 pandemic and local environmental policies in some regions, bulk cargo volume handled by the Group's ports decreased by 10.9% year-on-year to 199 million tonnes, within which the Group's ports in Mainland China handled a total bulk cargo volume of 196 million tonnes, representing a decrease of 10.9% year-on-year, while the Group's overseas ports contributed 3.05 million tonnes.

Upgrading in homebase port to be accelerated and overseas layout to be optimised

Regarding the development of homebase port, the Group has adhered to the strategic objective of "building world-class leading ports", for which it has made strenuous efforts to advance the development of leading ports.

The integration in the West Shenzhen Port Zone was accelerated to improve customer service. With the expanded business of reefer containers of import fruits, more boutique shipping routes from Southeast Asia were attracted, which promoted the formation of agglomeration effects in the region. The Group also continued to promote the development of channels in the West Shenzhen by completing the delivery and acceptance of section II and III of the Public Channel and expediting the construction of phase II of the navigation channel outside the West Shenzhen Port Zone, as well as trying to realise regular night services of Tonggu Channel as soon as possible, thereby enhancing the navigation capability and competitiveness of the West Shenzhen Port Zone. The transformation project of Haixing Intelligent Port was officially renamed as "Mawan Smart Port Project", and the transformation project has been progressing steadily as planned. Overseas homebase ports, with market-oriented mindset, actively expanded its businesses and the reach of the hinterland, enhanced service capability and expanded its value-added services. CICT succeeded in obtaining the calls of several maiden voyages of large liners through sound commerce work, thereby further secured business volume and diversified service of routes. Hambantota Port welcomed the first fuel oil vessel arrived in April this year for berthing and unloading, which has marked the official commencement of fuel oil bunkering service for vessels, so as to supply low-sulfur fuel oil to cargo ships and ocean-going fishing vessels. Besides, the Group accelerated the establishment of a maritime service company, with a view to enhancing the value added to the industry.

As for overseas expansion, the Group completed the acquisition of equity interest in the eight out of the ten target terminals through Terminal Link on 26 March this year. With this investment, the Group's port operations will be expanded to cover regions such as Southeast Asia, South Asia, Europe and the Caribbean Sea, etc., thereby further optimising its layout of global ports network.

Promote comprehensive development of overseas parks and strengthen strategic cooperation home and abroad

In the first half of 2020, the Group continued to promote the comprehensive development of overseas parks, and the number of enterprises entering the park continued to grow. In terms of capital operation of overseas projects, the introduction of new strategic investors has promoted the sustainable development of local port projects with remarkable results.

With respect to comprehensive development, the Group actively implemented the comprehensive development model of "Port-Park-City". During the first half of 2020, Hambantota Port continued to promote the induction of business and investment, while Djibouti International Free Trade Zone kept enhancing its capability in providing customers with value-added services and improved its service quality. As at the end of June, 83 enterprises from different countries and regions were registered in the zone, with a total leased area of 12% to the total area.

In respect of capital operation, the Group has adhered to the work approach of revitalising the existing asset and optimising asset structure. Following the introduction of strategic investors to TCP in Brazil at the end of 2019, the Group continued to introduce a strategic investor Fujian Transportation Maritime Silk Road Investment and Management Co. Limited (福建省交通海絲投資管理有限公司) to Hambantota Port this year, with a view to optimising asset portfolio and corporate governance structure while maintaining the Group's control over Hambantota Port. Synergies for Hambantota Port will be realised by leveraging on the advantage of resources of its different shareholders both at home and abroad, thereby achieving sustainable development of Hambantota Port in the long run.

Push forward the digitalisation construction and the establishment of CM ePort

With regard to innovative development, the Group proactively pushed forward the "digitalisation strategy". "CM ePort" project has completed the technological realisation work of product launch and integration at Zhangzhou Port, Zhanjiang Port, etc. Besides, the Group signed the contract for CTOS project with the Thessaloniki Port Authority in Greece in early July, and will take this opportunity to promote the extensive application of the "CM Chip" platform in the ports and logistics industry in Europe. In addition, the Group was contracted to the "Guangdong-Hong Kong-Macao Greater Bay Area Port Logistics and Trade Facilitation Blockchain Platform" project. With pushing the data of logistics and customs clearance stored on the blockchain, the Group will be able to promote the innovation of new business model for the combination ports in the Pearl River Delta region, and enhance trade and logistics facilitation. In the future, it will be integrated into the operation of "CM ePort" platform as a whole and applied in other ports gradually.

Moreover, the Mawan Smart Port Project, centring on nine intelligent elements, namely CM Core, CM ePort, automation, smart customs, the application of 5G network, blockchain, Beidou high-precision positioning and artificial intelligence as well as green and low-carbon operation, has progressed steadily. The Smart Bulk Terminal project at Zhanjiang Port also progressed as planned, which aims at establishing a system and solution for the transformation of traditional bulk terminals towards automation. Furthermore, the Group initiated the "Smart Management Platform" project, which will provide all-rounded empowerment of intelligence in terms of operation, management and control, monitoring, decision-making and service provision, with a view to enhancing the Group's intelligent management comprehensively. The Group has attached importance to the strategic cooperation with leading enterprises in the Internet sector, such as Alibaba and Tencent, with which it has signed the strategic cooperation framework agreement, with a view to building a digitalised ecosystem of ports and logistics in collaborative efforts.

Actively takes up social responsibilities to open green paths for pandemic prevention

The Group values and actively takes up corporate social responsibilities. During the pandemic in 2020, the Group ensured the normal operation of its ports while actively adopted effective measures for pandemic prevention and control. In particular, the Group opened green paths for vessels loading with supplies for pandemic prevention and containment, offering priority in berthing and unberthing, operation, as well as the collection, distribution and transportation, so as to ensure quick collection and transportation of supplies for pandemic prevention and containment, which demonstrated the positive effect of port operator on the transportation of those supplies. For the incoming laden containers from domestic and overseas ports that carried supplies related to pandemic prevention and containment, member companies of the Group reduced or waived the fees of using warehouses and yards, weathering the difficult times together with its customers during the pandemic. Meanwhile, the Group donated supplies for pandemic prevention and containment to countries like Sri Lanka, Djibouti and Bangladesh, etc.

To seize opportunities and further grow core competitiveness

2020 is a year that port industry will face severe challenges, the development of the global economy and trade has been challenged by the COVID-19 pandemic, political disputes and global economic regression, etc. However, the development of emerging markets and the improved situation of the pandemic in major regions has brought opportunities for recovery of ports operation. The new digitalisation and intelligentisation technology will also open up new roads leading to a world-class port.

The Group will proactively capture opportunities and tap potentials in reform and innovation, as well as continuously worke on prevention and control of COVID-19 pandemic. With the growing core competitiveness and profitability, the Group will as always endeavour to maximise shareholder value. At the same time of striving to deliver better returns for its shareholders, the Group will also create values for the Group's various stakeholders.

Note 1: Profit attributable to equity holders of the Company net of non-recurrent gains after tax. Non-recurrent gains include: for the first half of 2020, change in fair value of financial assets and liabilities at fair value through profit or loss, change in fair value of investment properties, gain on resumption of certain land parcels at Shantou; while for the first half of 2019, change in fair value of financial assets and liabilities at fair value through profit or loss, change in fair value of investment properties, gain on deemed disposal of interest in a joint venture and gain on resumption of certain land parcels at Qianhai.

Chairman of the Board, Mr. Deng Renjie

Managing Director, Dr. Bai Jingtao

Deputy General Manager, Mr. Lu Yongxin

General Manager of Finance Department, Mr. Sun Ligan