

CMPort adheres to the strategic directives in 2020

Recurrent profit maintains steady

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 annual results of the Company and its subsidiaries (the “Group”) for the period ended 31 December 2020.

An online press conference was held on 30 March 2021 in Shenzhen and was hosted by the Managing Director Dr. Bai Jingtao · Deputy General Manager Dr. Robin Li, General Manager of Strategy and Operations Department Dr. Jeffrey Li also attended the meeting and answered questions from the press.

During the press conference, Robin Li first introduced the 2020 annual results of the Company. Bai Jingtao emphasized, ‘Despite the unprecedented impact brought by the COVID-19 as well as the influence of anti-globalization, CMPort adhered to an unwavering aspiration on strategy guidance and made innovation with a pragmatic attitude, with strengthened risk management and control and upholding epidemic prevention and control with production and operation at the same time. the Company fulfilled its annual goal and the Board also fully affirmed the achievements.’

Bai Jingtao responded to reporter’s question by saying, ‘During the 14th Five-Year Plan period, China will enter into the stage of high quality development. CMPort will adhere to the strategic goal of constructing “World Class” ports and pay attention to green port and safe port, especially to strengthen the construction of intelligent port. At the same time speeding up port automation and port intelligentisation through the guidance and promotion of intelligent port and big data.

Robin Li said, ‘As the leading enterprise in the port industry, CMPort is determined to be a pioneer and supporter, and strive to achieve “World Class” standard in terms of scale, quality and efficiency. In terms of technological innovation and digitization, blockchain is used to solve the common problems faced by the port industry. Cooperation with leading technology enterprises such as Tencent, Ant Financial, Alibaba and Pingan, we are able to solve the problem of account and goods consistency for the participants within the supply chain and logistic system. Looking forward, CMPort will continue to enlarge cooperation with internet companies to build a new logistics platform and system serving domestic trade within our projects such as the Guangdong, Hong Kong and Macao coordinated ports and the domestic north-south shipping routes.’

The Media are particularly concerned about the Suez Canal blockage and the shortage of empty containers and congestion in Mainland China. Jeffrey Li said: “As reported, traffic on the Suez Canal has gradually resumed, and normal navigation can be fully restored within 4 days. The

blockage of the Suez Canal will have a short term chain effect. Ports may see severer shortage and accumulation of empty containers, yet we believes there will be a solution under the efforts of all parties, the impact for the whole year will be limited. As for the shortage of empty containers and congestion caused by the pandemic, CMPort has always been keeping a high alert and had actively prepared for solutions. On one hand, the Company secured the pandemic prevention and control, on the other hand, the Company collectively negotiated and discussed with shipping companies and partners in the supply chain to came up with a comprehensive solution to face the scenario as one. During the first two months of 2021, CMPort's container throughput increased by 27.7% year-on-year, of which the Greater China region recorded a year-on-year growth of 18.2%, which proves that our solution works.”

Bai Jingtao emphasized, “CMPort is expected to achieve a steady growth on container throughput volume in 2021 if the COVID-19 pandemic is under control, among that, the overseas growth would surpass domestic growth. The Company will strive to outperform its peers and the industry. In addition, CMPort will continue to follow the consistent criteria of commercial viability and three principles of regional balance, business balance, and enterprise development stage balance. Together with the opportunities from endogenous growth and extensional growth as well as the benefits brought by the signing of RCEP (Regional Comprehensive Economic Partnership), CMPort will continue to search for suitable acquisition targets and partners.”

Highlights of 2020 annual results of the Group :

- Container throughput volume rose by 7.9% year-on-year to 120.52 million TEUs (2019: 111.72 million TEUs)
- Total bulk cargo volume handled 411 million tonnes (2019: 449 million tonnes), down by 8.6% year-on-year
- Revenue amounted to HK\$8,945 million (2019: HK\$8,898 million), up by 0.5% year-on-year
 - Revenue derived from ports operation amounted to HK\$8,304 million (2019: HK\$8,243 million), up by 0.7% year-on-year
- Recurrent Profit^{Note [1]} amounted to HK\$4,158 million (2019: HK\$ 4,163 million), down by 0.1% year-on-year
 - Recurrent profit derived from ports operation amounted to HK\$4,673 million(2019: HK\$5,594 million), down by 16.5% year-on-year
- Annual dividend of 69 HK cents per ordinary share (2019 : 80 HK cents per ordinary share) · Payout Ratio 48.8%

In 2020, the more complex international environment was characterised by the significant increase in the uncertainties with the far-reaching and unprecedented impact brought by the COVID-19. In the face of the complicated and challenging international environment, the Group adhered to the strategic directives and the general operation philosophy of “enhancing core capability, insisting on both quality and efficiency, capitalising on opportunities of this era and striving to become a world’s leading enterprise” with an unwavering aspiration to reinforce its foundation and made innovation with a pragmatic attitude. In the pursuit of further breakthroughs in aspects such as the building of homebase ports, overseas business, comprehensive development, innovative development, capital operation, operation management, and marketing and commerce, the Group actively implemented various key tasks and maintained steady growth of its businesses. In 2020, the Group’s ports handled a total container throughput of 120.52 million TEUs, up by 7.9% year-on-year.

For the year ended 31 December 2020, the Group’s recorded revenue of HK\$8,945 million, representing a year-on-year increase of 0.5%. Profit attributable to equity holders of the Company amounted to HK\$5,151 million, representing a year-on-year decrease of 38.4%, which included a net gain of HK\$775 million (net of tax) recognised by the Group from the resumption of certain land parcels at Shantou by the government during the year and the gain on discontinuance of equity accounting for a joint venture of HK\$912 million (net of tax) and goodwill impairment loss of a subsidiary of HK\$621 million, while the amount for the same period of previous year included a net gain of HK\$3,591 million (net of tax) recognised by the Group from the resumption of certain land parcels at Qianhai and Shantou by the government and the gain on deemed disposal of interest in a joint venture of approximately HK\$416 million. The recurring profit of the Group decreased by 0.1% year-on-year to HK\$4,158 million, maintaining steady.

To appreciate shareholders for their continuous support, the Board of the Company proposed a 2020 final dividend of 51 HK cents per ordinary share, together with the interim dividend of 18HK cents per ordinary share, deriving a full year dividend of 69 HK cents per ordinary share · representing an annual payout ratio of 48.8%. Shareholders may elect to receive the annual dividend in cash or by way of scrip dividend.

Table : Overview of Container Throughput Volume of CMPort in 2020

Region	Port	2020 Throughput (’000 TEUs)	Year-on- year change (%)
Mainland China, HK and TW	West Shenzhen	10, 567	3. 5
	Chu Kong River Trade Terminal	1, 055	(3. 4)
	Shunde	425	44. 1
	SIPG	43, 503	0. 5
	Ningbo Daxie	3, 320	0. 9
	Dalian Port	6, 535	(36. 0)
	Qingdao	8, 097	2. 2
	Tianjin	7, 866	75. 8
	Zhanjiang Port Group	1, 220	10. 1
	Zhangzhou	315	(25. 4)
	Shantou	1, 588	18. 9
	Hong Kong	5, 557	(0. 2)
	KMCT, Kaohsiung	1, 599	(2. 2)
	Total - Mainland China, HK and TW	91, 647	0. 8
Overseas	Sri Lanka, CICT	2, 930	1. 9
	Togo	1, 364	20. 5
	Nigeria	303	(35. 3)
	Djibouti	859	(6. 3)
	Brazil, TCP	983	7. 4
	Turkey, Kumport	1, 217	(5. 1)
	Terminal Link	21, 219	60. 1
	Total - Overseas	28, 875	38. 5
CMPort Total		120, 522	7. 9

Solid growth from domestic major ports with additional contribution from overseas terminals acquired

In 2020, the continuous recovery of business volume in the second half of the year has offset the impact arising from the pandemic at the beginning of the year. The Group’s ports handled a total container throughput of 120.52 million TEUs, up by 7.9% year-on-year. Among that, the Group’s ports in Mainland China, Hong Kong and Taiwan contributed an aggregate container throughput of 91.65 million TEUs, representing an increase of 0.8% year-on-year. Among the major ports in the Group’s portfolio, container throughput handled by the Group’s terminals in the West Shenzhen Port Zone was 10.57 million TEUs, up by 3.5% year-on-year; Shanghai International Port (Group) Co., Ltd. handled a container throughput of 43.50 million TEUs, representing a year-on-year increase of 0.5%, being the world’s largest for the eleventh consecutive year.

Overseas operations delivered a container throughput of 28.88 million TEUs, up 38.5% year-on-year, which mainly represented the additional throughput contributed by the 8 terminals

acquired by Terminal Link SAS (“Terminal Link”) on 26 March 2020, as well as the throughput growth handled by Lomé Container Terminal S.A. in Togo, TCP Participações S.A. in Brazil and Colombo International Container Terminals Limited (“CICT”) in Sri Lanka.

Bulk cargo volume handled by the Group’s ports decreased by 8.6% year-on-year to 411 million tonnes, of which the Group’s ports in Mainland China handled a total bulk cargo volume of 405 million tonnes, representing a decrease of 8.6% year-on-year. The Group’s overseas ports handled a total bulk cargo volume of 5.83 million tonnes, of which Hambantota International Port Group (Private) Limited (“HIPG”) handled 1.24 million tonnes, increased by 145.6% year-on-year, which was mainly due to the resumption of growth in the clinker volume.

Optimising overseas layout and accelerating the building of ‘world-class’ port

In respect of the overseas business, the Group completed the acquisition of equity interests in 8 terminals through Terminal Link, following which the port business of the Group has expanded into Southeast Asia, the Middle East, Europe and the Caribbean Sea, which further complemented its global port network.

In terms of the development of homebase ports, the Group accelerated the building of world-class ports in its homebase ports of West Shenzhen Port Zone, and CICT and HIPG in Sri Lanka. Through progress in the construction of channels and infrastructure, integrated operation, and the development of Mawan Smart Port, etc., the comprehensive competitiveness of the West Shenzhen homebase port was improved further. Capitalising on the collaborative advantages between the ports, the Group has also improved the infrastructure of HIPG and enhanced the collaborated development between HIPG and CICT, striving to establish world-class shipping centres in South Asia and increase the influence of its overseas homebase ports.

Proactively strengthen strategic cooperation and steadily push forward comprehensive development

With respect to comprehensive development, the Group also made a crucial step in the implementation of the “Port-Park-City” model. With focal projects in Djibouti and Sri Lanka, the Group propelled the material realisation of “Port-Park-City”, the regional economic and comprehensive development model, with strengthened business synergies in overseas projects. As of the end of 2020, HIPG has contracted and registered 26 enterprises in its industrial parks, and Djibouti International Free Trade Zone reached 114 enterprises. Positive achievements have been made in the induction of business and investment and various objectives for the year have been met.

In respect of capital operation, the Group reviewed its existing assets, developed capital operation plans. It also introduced 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) as the strategic investor of HIPG, through which it has optimised its corporate governance structure while maintaining its control over HIPG. In addition, the Group successfully recognised Ningbo Daxie, a former joint venture, as a subsidiary, which would then be consolidated into the consolidated financial statements of the Group.

Intelligent ports construction in progress with fruitful innovative digitalisation achievements

In pursuit of innovative development, the Group proactively pushed forward the construction of intelligent ports and the building of a port ecosystem. The first berth of the Mawan Smart Port construction project completed the delivery and acceptance during the year. The project embodied smart technology, as well as social and economic benefits, incorporating nine major intelligent elements, namely CMCore, CM ePort, artificial intelligence, the application of 5G network, Beidou high precision positioning system, automation, intelligent customs, blockchain, and green and low-carbon development. It was recognised as a key research and development project by the Ministry of Science and Technology and a model for intelligentisation upgrade of traditional terminals at home and abroad.

In terms of service extension and expansion, the Group developed the coordinated ports in the Guangdong-Hong Kong-Macao Greater Bay Area in an innovative manner, which has greatly enhanced the efficiency of both the terminals and container turnover. For the incubation of business innovation, the Group also took the initiative to cooperate with leading Internet and technology companies, such as Tencent and Alibaba, to explore the establishment of an open platform for intelligent ports.

Embrace cooperation for mutual benefit and actively undertake corporate social responsibilities

During the pandemic in 2020, the Group opened green paths for vessels loading with supplies for pandemic prevention and containment, and reduced or waived the fees of using warehouses and yards, which demonstrated the positive effect of port operators on the transportation of those supplies. Meanwhile, the Group offered financial supports to Sri Lanka, and donated supplies for pandemic prevention and containment to countries like Djibouti, Bangladesh, etc.

In 2020, the Group further developed the “Shaping Blue Dreams Together (C-Blue)” charity brand and established the “Global Care Walk” (全球關愛行) charity project system. It also continued to hold the “Shaping Blue Dreams Together — 21st Century C Blue Training Programme” (共鑄藍色夢想—21世紀海上絲綢之路優才計劃), with which the Group offered advanced online training courses related to port and shipping for 25 local postgraduate students from the port and shipping industry in Djibouti. This programme not only served as a learning and

communication platform for young people from countries along the Belt and Road, but also contributed to enriching the talent pool for the Group and the global port and shipping industry. Besides, the Group carried out works regarding, amongst others, caring for the left-behind children and rural poverty alleviation with continuous effort. During the year, the newly upgraded “C-Blue Children Development Camp” (C-Blue兒童成長營) has been launched, through which the Group organised activities for and offered learning equipment and tailored courses to 135 students in Qiling Town, Wuhua County of Meizhou City in Guangdong Province. The Group also continued to push forward the “China Merchants Silk Road Hope Village” (招商絲路愛心村) project in Sri Lanka and facilitated the construction of a community activity centre in the Pannia Village to improve the living conditions of villagers, so as to give back to the local community.

Grasp the changes in the world paradigm in 2021 to promote high-quality business development

In 2021, in the initiatives of 14th Five-Year Plan and the Long-Range Objectives Through the Year 2035, as an important hub of the transportation system and a key link in the domestic and international circulations(“dual circulation”), ports should grasp four major changes in the industry: 1)changes in global economy structure; 2)changes in the import and export paradigm; 3)changes in customer groups; 4) changes on digitalisation and Intelligentisation.

Looking forward to 2021, the Group will insist on strengthening strategic management and searching for new growth amidst changes, improve operational management as well as quality and efficiency, strengthen headquarters and local construction, innovation, risk control and workplace safety. The Group will be committed to realising the strategic goal of “to be a world’s leading comprehensive port service provider” by 2022, to fully rank among the world’s leading port operators in terms of quality, efficiency, scale, and innovation. 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 2020, change in fair value of financial assets and liabilities at FVTPL, change in fair value of investment properties, net gain on resumption of certain land parcels at Shantou, goodwill impairment loss of a subsidiary and gain on discontinuance of equity accounting for a joint venture; while for 2019, change in fair value of financial assets and liabilities at FVTPL, change in fair value of investment properties, gain on deemed disposal of interest in a joint venture and net gain on resumption of certain land parcels at Qianhai and Shantou.



