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COSCO SHIPPING Ports Limited

中遠海運港口有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

2023 INTERIM RESULTS ANNOUNCEMENT

Announcement of Results for the Six Months Ended 30 June 2023

- Total throughput increased by 2.2% YoY to 64,572,872 TEU. Among them, total throughput from terminals in which the Group has controlling stakes decreased by 6.0% YoY to 14,731,490 TEU; total throughput from the Group's non-controlling terminals increased by 4.9% YoY to 49,841,382 TEU
- Equity throughput increased by 1.3% YoY to 20,751,365 TEU. Among them, equity throughput from terminals in which the Group has controlling stakes decreased by 3.0% YoY to 9,074,454 TEU; equity throughput from the Group's non-controlling terminals increased by 4.8% YoY to 11,676,911 TEU
- Revenue of the Company decreased by 2.2% YoY to US\$688,873,000; cost of sales decreased by 2.3% YoY to US\$495,126,000; gross profit decreased by 2.0% YoY to US\$193,747,000, gross profit margin remained stable YoY at 28.1%
- Profit attributable to equity holders of the Company decreased by 15.4% YoY to US\$150,292,000

Financial Highlights

US\$ (million)

	1H2023	1H2022	Change (%)
Revenue	688.9	704.6	-2.2
Cost of sales	495.1	506.9	-2.3
Gross Profit	193.8	197.7	-2.0
Gross Profit Margin (%)	28.1	28.1	0.0
Share of profits from joint ventures and associates	153.6	160.2	-4.1
Profit attributable to equity holders of the Company	150.3	177.7 ^{Note}	-15.4
Basic earnings per share (US cents)	4.36	5.34 ^{Note}	-18.4

Note: The Group made necessary adjustments on the cumulative effect of adopting HKAS12 (Amendment) "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"; therefore, the profit attributable to equity holders of the Company in 1H2022 was adjusted from US\$176,983,000 to US\$177,676,000.

RESULTS

The board of directors (the “Board”) of COSCO SHIPPING Ports Limited (the “Company” or “COSCO SHIPPING Ports”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023.

The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards. The Group’s unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income and explanatory notes 1 to 9 as presented below are extracted from the Group’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 (the “Unaudited Condensed Consolidated Interim Financial Information”) which has been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2023

	<i>Note</i>	As at 30 June 2023 US\$'000	As at 31 December 2022 US\$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		3,840,827	3,837,374
Right-of-use assets		1,004,221	1,016,981
Investment properties		190,467	9,535
Intangible assets		382,992	384,739
Joint ventures		1,001,933	1,036,280
Associates		3,193,047	3,262,155
Loans to associates		124,334	100,251
Financial asset at fair value through profit or loss		55,545	53,338
Financial assets at fair value through other comprehensive income		139,003	139,557
Deferred tax assets		100,772	97,589
Derivative financial instruments		-	2,344
Other non-current assets		19,566	19,329
		<u>10,052,707</u>	<u>9,959,472</u>
Current assets			
Inventories		21,315	19,354
Trade and other receivables, prepayments and contract assets	3	274,725	222,723
Current tax recoverable		3,939	5,908
Derivative financial instruments		5,485	3,730
Restricted bank deposits		44,070	45,849
Cash and cash equivalents		922,776	1,069,317
		<u>1,272,310</u>	<u>1,366,881</u>
Total assets		<u><u>11,325,017</u></u>	<u><u>11,326,353</u></u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2023

	<i>Note</i>	As at 30 June 2023 <i>US\$'000</i>	As at 31 December 2022 <i>US\$'000</i> (Restated)
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		44,939	44,172
Reserves		<u>5,414,753</u>	<u>5,487,831</u>
		5,459,692	5,532,003
Non-controlling interests		<u>1,060,040</u>	<u>1,107,170</u>
Total equity		<u>6,519,732</u>	<u>6,639,173</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		124,675	128,525
Lease liabilities		755,664	738,703
Long term borrowings		2,227,735	2,121,488
Loans from non-controlling shareholders of subsidiaries		60,429	66,263
Put option liability		242,501	239,039
Pension and retirement liabilities		13,585	11,255
Other long term liabilities		<u>44,521</u>	<u>37,642</u>
		3,469,110	3,342,915
Current liabilities			
Trade and other payables and contract liabilities	4	479,721	464,421
Current tax liabilities		56,996	45,530
Current portion of lease liabilities		45,571	47,179
Current portion of long term borrowings		544,736	465,247
Short term borrowings		<u>209,151</u>	<u>321,888</u>
		<u>1,336,175</u>	<u>1,344,265</u>
Total liabilities		<u>4,805,285</u>	<u>4,687,180</u>
Total equity and liabilities		<u>11,325,017</u>	<u>11,326,353</u>

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<i>Note</i>	Six months ended 30 June 2023 US\$'000	2022 US\$'000 (Restated)
Revenues		688,873	704,622
Cost of sales		<u>(495,126)</u>	<u>(506,933)</u>
Gross profit		193,747	197,689
Administrative expenses		(82,139)	(71,632)
Other operating income		21,003	17,883
Other operating expenses		<u>(6,127)</u>	<u>(7,997)</u>
Operating profit	5	126,484	135,943
Finance income	6	11,723	4,990
Finance costs	6	<u>(81,007)</u>	<u>(57,534)</u>
Operating profit (after finance income and costs)		57,200	83,399
Share of profits less losses of			
- joint ventures		31,827	38,845
- associates		<u>121,815</u>	<u>121,376</u>
Profit before taxation		210,842	243,620
Taxation	7	<u>(28,985)</u>	<u>(29,777)</u>
Profit for the period		<u>181,857</u>	<u>213,843</u>
Profit attributable to:			
Equity holders of the Company		150,292	177,676
Non-controlling interests		<u>31,565</u>	<u>36,167</u>
		<u>181,857</u>	<u>213,843</u>
Earnings per share for profit attributable to equity holders of the Company			
-Basic	8	<u>US4.36 cents</u>	<u>US5.34 cents</u>
-Diluted	8	<u>US4.36 cents</u>	<u>US5.34 cents</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000 (Restated)
Profit for the period	181,857	213,843
Other comprehensive income		
<i>Items that may not be reclassified subsequently to profit or loss</i>		
Exchange differences from retranslation of financial statements of subsidiaries attributable to the non-controlling interests	(33,670)	-
Share of other comprehensive income of an associate - other reserves	(1,496)	(10,080)
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	3,649	9,296
<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 attributable to equity holders of the Company	(178,314)	(339,601)
Cash flow hedges, net of tax - fair value (loss)/gain	(521)	4,991
Share of other comprehensive income of joint ventures and associates - exchange reserve - other reserves	(3,357) 1,212	(4,668) 278
Other comprehensive loss for the period, net of tax	(212,497)	(339,784)
Total comprehensive loss for the period	(30,640)	(125,941)
Total comprehensive loss attributable to:		
Equity holders of the Company	(28,190)	(115,482)
Non-controlling interests	(2,450)	(10,459)
	(30,640)	(125,941)

NOTES

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2022 (the “2022 Annual Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

As at 30 June 2023, the Group had net current liabilities of US\$63,865,000. Taking into account the unutilised banking facilities of US\$1,305,772,000 and expected cash flows from operations, the Group will have adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the next twelve months. Accordingly, the Group has continued to adopt the going concern basis in preparing the Unaudited Condensed Consolidated Interim Financial Information.

1.1 Adoption of new standards and amendments

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 2022 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 on 1 January 2023:

New standard and amendments

HKAS 1 and HKFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendment)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS 17 (Amendment)	Insurance Contracts

Except for the impact disclosed below, the adoption of the above new standards and amendments 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 accounting policies.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.2 Change in accounting policies

(a) Adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This HKAS 12 (Amendment) requires the Group to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary difference. They will typically apply to transactions such as leases of lessees, and will require the recognition of additional deferred tax assets and liabilities.

The Group has applied the amendment retrospectively and has restated comparatives for the prior periods presented. The Group recognised deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with rights-of-use assets and lease liabilities.

(b) Impacts of the adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

- (i) Condensed consolidated balance sheet on 1 January 2023

	As at 31 December 2022 (As originally presented) US\$'000	Impact on initial adoption of HKAS 12 (Amendment) US\$'000	As at 1 January 2023 US\$'000 (Restated)
Condensed consolidated balance sheet (extract)			
Assets			
Deferred tax assets	82,048	15,541	97,589
Equity			
Reserves	5,474,183	13,648	5,487,831
Non-controlling interests	1,105,236	1,934	1,107,170
Liabilities			
Deferred tax liabilities	<u>128,566</u>	<u>(41)</u>	<u>128,525</u>

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.2 Change in accounting policies (Continued)

(b) Impacts of the adoption of HKAS 12 (Amendment) – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

(ii) Condensed consolidated income statement for the six months ended 30 June 2022

	Before adoption of HKAS 12 (Amendment) <i>US\$'000</i>	Impact on initial adoption of HKAS 12 (Amendment) <i>US\$'000</i>	As reported <i>US\$'000</i> (Restated)
Condensed consolidated income statement (extract)			
Taxation	(30,654)	877	(29,777)
Profit for the period	<u>212,966</u>	<u>877</u>	<u>213,843</u>
Profit attributable to:			
Equity holders of the Company	176,983	693	177,676
Non-controlling interest	<u>35,983</u>	<u>184</u>	<u>36,167</u>
	<u>212,966</u>	<u>877</u>	<u>213,843</u>
Earnings per share for profit attributable to equity holders of the company			
- Basic	US5.32 cents	US0.02 cents	US5.34 cents
- Diluted	<u>US5.32 cents</u>	<u>US0.02 cents</u>	<u>US5.34 cents</u>

The HKICPA has issued certain new standard, interpretation and amendments to existing standards which are not yet effective for the year ending 31 December 2023 and have not been early adopted by the Group. The Group will apply these new standard, interpretation and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group, certain of which may give rise to change in presentation, disclosure and measurements of certain items in the consolidated financial statements.

2. SEGMENT INFORMATION

(a) Operating segments

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

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

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

Revenues of single major customers which individually contribute 10% or more of total revenues of the Group amount to US\$203,158,000, US\$86,201,000 and US\$78,779,000 (1H2022: US\$187,812,000, US\$90,717,000 and US\$81,257,000), respectively.

Additions to non-current assets comprise additions to investment properties, 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 2023				
Segment assets	<u>10,789,334</u>	<u>719,246</u>	<u>(183,563)</u>	<u>11,325,017</u>
Segment assets include:				
Joint ventures	1,001,933	-	-	1,001,933
Associates	3,193,047	-	-	3,193,047
Financial asset at fair value through profit or loss ("FVPL")	55,545	-	-	55,545
Financial assets at fair value through other comprehensive income ("FVOCI")	<u>139,003</u>	<u>-</u>	<u>-</u>	<u>139,003</u>
At 31 December 2022 (Restated)				
Segment assets	<u>10,602,650</u>	<u>887,258</u>	<u>(163,555)</u>	<u>11,326,353</u>
Segment assets include:				
Joint ventures	1,036,280	-	-	1,036,280
Associates	3,262,155	-	-	3,262,155
Financial asset at FVPL	53,338	-	-	53,338
Financial assets at FVOCI	<u>139,557</u>	<u>-</u>	<u>-</u>	<u>139,557</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
Six months ended 30 June 2023				
Revenues	<u>688,873</u>	<u>-</u>	<u>-</u>	<u>688,873</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>214,706</u>	<u>(64,414)</u>	<u>-</u>	<u>150,292</u>
Segment profit/(loss) includes:				
Finance income	3,529	11,863	(3,669)	11,723
Finance costs	(47,030)	(37,646)	3,669	(81,007)
Share of profits less losses of				
- joint ventures	31,827	-	-	31,827
- associates	121,815	-	-	121,815
Taxation	(23,066)	(5,919)	-	(28,985)
Depreciation and amortisation	<u>(121,729)</u>	<u>(2,547)</u>	<u>-</u>	<u>(124,276)</u>
Additions to non-current assets	<u>(168,127)</u>	<u>(47)</u>	<u>-</u>	<u>(168,174)</u>
Additions arising from a business combination	<u>(194,730)</u>	<u>-</u>	<u>-</u>	<u>(194,730)</u>

2. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminals and related businesses <i>US\$'000</i>	Others <i>US\$'000</i>	Elimination <i>US\$'000</i>	Total <i>US\$'000</i>
Six months ended 30 June 2022 (Restated)				
Revenues	<u>704,622</u>	<u>-</u>	<u>-</u>	<u>704,622</u>
Segment profit/(loss) attributable to equity holders of the Company	<u>216,262</u>	<u>(38,586)</u>	<u>-</u>	<u>177,676</u>
Segment profit/(loss) includes:				
Finance income	1,233	6,984	(3,227)	4,990
Finance costs	(41,750)	(19,011)	3,227	(57,534)
Share of profits less losses of				
- joint ventures	38,845	-	-	38,845
- associates	121,376	-	-	121,376
Taxation	(29,265)	(512)	-	(29,777)
Depreciation and amortisation	<u>(123,839)</u>	<u>(2,690)</u>	<u>-</u>	<u>(126,529)</u>
Additions to non-current assets	<u>(140,880)</u>	<u>(58)</u>	<u>-</u>	<u>(140,938)</u>

2. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

(i) Revenues

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

	Six months ended 30 June	
	2023	2022
	<i>US\$'000</i>	<i>US\$'000</i>
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	332,028	344,028
- Europe	322,371	342,146
- Others	34,474	18,448
	688,873	704,622

(ii) Non-current assets

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

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

	Subsidiaries and corporate	Joint ventures and associates	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
As at 30 June 2023			
Mainland China (excluding Hong Kong)	2,825,911	3,115,797	5,941,708
Europe	1,399,536	116,802	1,516,338
Others	1,212,626	962,381	2,175,007
	5,438,073	4,194,980	9,633,053
As at 31 December 2022			
Mainland China (excluding Hong Kong)	2,765,650	3,251,275	6,016,925
Europe	1,395,507	61,342	1,456,849
Others	1,106,801	985,818	2,092,619
	5,267,958	4,298,435	9,566,393

3. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND CONTRACT ASSETS

	As at 30 June 2023 US\$'000	As at 31 December 2022 US\$'000
Trade receivables		
- third parties	80,718	73,127
- fellow subsidiaries	40,578	22,965
- non-controlling shareholders of subsidiaries	9,237	7,042
- an associate	166	-
- joint ventures	1	10
- related companies	8,483	7,140
	<u>139,183</u>	<u>110,284</u>
Bills receivable	2,323	2,535
	<u>141,506</u>	<u>112,819</u>
Less: provision for impairment	(2,353)	(628)
	<u>139,153</u>	<u>112,191</u>
Prepayments	20,757	15,973
Other receivables	34,249	46,410
Loans to a joint venture	-	23,087
Contract assets	4,284	6,946
Amounts due from		
- fellow subsidiaries	3,832	5,001
- non-controlling shareholders of subsidiaries	1,467	1,001
- joint ventures	403	434
- associates	70,182	11,680
- related companies	398	-
	<u>274,725</u>	<u>222,723</u>

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

	As at 30 June 2023 US\$'000	As at 31 December 2022 US\$'000
Within 30 days	90,148	82,193
31 - 60 days	24,896	19,609
61 - 90 days	11,545	6,546
Over 90 days	12,564	3,843
	<u>139,153</u>	<u>112,191</u>

4. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 June 2023 US\$'000	As at 31 December 2022 US\$'000
Trade payables		
- third parties	70,256	80,949
- fellow subsidiaries	2,169	2,433
- non-controlling shareholders of subsidiaries	7,168	1,194
- joint ventures	922	1,096
- an associate	431	417
- related companies	<u>6,523</u>	<u>6,531</u>
	87,469	92,620
Bills payable	<u>-</u>	<u>3,513</u>
	87,469	96,133
Accruals	57,543	53,336
Other payables	202,469	179,067
Contract liabilities	8,962	13,411
Dividend payable	4	5
Loans from a joint venture	31,158	32,329
Loans from an associate	24,927	8,619
Loans from non-controlling shareholders of subsidiaries	1,101	10,286
Amounts due to		
- fellow subsidiaries	2,691	734
- non-controlling shareholders of subsidiaries	6,002	66,177
- a joint venture	37	36
- related companies	<u>57,358</u>	<u>4,288</u>
	<u>479,721</u>	<u>464,421</u>

The ageing analysis of the trade payables and bills payable based on invoice date and issuance date respectively is as follows:

	As at 30 June 2023 US\$'000	As at 31 December 2022 US\$'000
Within 30 days	43,764	43,952
31 - 60 days	7,764	23,852
61 - 90 days	10,303	6,368
Over 90 days	<u>25,638</u>	<u>21,961</u>
	<u>87,469</u>	<u>96,133</u>

5. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Crediting		
Dividends income from listed and unlisted financial assets at FVOCI	2,173	2,490
Gain on disposal of property, plant and equipment	24	1,348
Rental income from investment properties	459	606
	<hr/>	<hr/>
Charging		
Depreciation and amortisation		
- right-of-use assets	24,396	23,606
- others	99,880	102,923
Loss on deemed disposal of an associate	-	3,215
Loss on disposal of property, plant and equipment, and right-of-use assets	92	342
Rental expenses under leases of		
- concession from a fellow subsidiary and a non-controlling shareholder of a subsidiary (note)	41,338	37,131
- concession from third parties (note)	3,608	4,137
	<hr/>	<hr/>

Note: For the six months ended 30 June 2023 and 2022, the amounts represent variable lease payments linked to revenues / throughput.

6. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Finance income		
Interest income on		
- bank balances and deposits	5,004	1,419
- deposits with other financial institution	4,107	2,554
- loans to a joint venture and associates	2,612	1,017
	<u>11,723</u>	<u>4,990</u>
Finance costs		
Interest expenses on		
- bank loans	(61,735)	(31,647)
- notes wholly repayable within five years	(1,094)	(6,564)
- loans from other financial institutions	(8,510)	(4,289)
- loans from non-controlling shareholders of subsidiaries	(1,491)	(521)
- loan from a joint venture	(373)	(401)
- loan from an associate	(296)	(284)
- lease liabilities	(15,102)	(14,907)
Amortised amount of		
- discount on issue of notes	(10)	(60)
- transaction costs on bank loans and notes	(1,162)	(1,525)
	<u>(89,773)</u>	<u>(60,198)</u>
Less: amount capitalised in construction in progress	9,633	3,656
	<u>(80,140)</u>	<u>(56,542)</u>
Other incidental borrowing costs and charges	(867)	(992)
	<u>(81,007)</u>	<u>(57,534)</u>
Net finance costs	<u>(69,284)</u>	<u>(52,544)</u>

7. TAXATION

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
		(Restated)
Current taxation		
- Mainland China taxation	21,572	30,093
- Overseas taxation	12,449	11,603
- Over provision in prior years	(1,045)	(5,912)
	32,976	35,784
Deferred taxation credit	(3,991)	(6,007)
	28,985	29,777

Hong Kong profits tax was provided at a rate of 16.5% (1H2022: 16.5%) on the estimated assessable profit for the period.

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

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

8. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2023	2022 (Restated)
Profit attributable to equity holders of the Company	<u>US\$150,292,000</u>	<u>US\$177,676,000</u>
Weighted average number of ordinary shares in issue	<u>3,443,648,641</u>	<u>3,326,555,229</u>
Basic earnings per share	<u>US4.36 cents</u>	<u>US5.34 cents</u>

(b) Diluted

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

For the six months ended 30 June 2023 and 2022, the outstanding share options granted by the Company did not have any dilutive effect on the earnings per share, and the diluted earnings per share is equal to the basic earnings per share.

9. INTERIM DIVIDEND

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
First interim dividend for the year ending 31 December 2023, declared of US1.744 cents (1H2022: US2.128 cents) per ordinary share	<u>61,054</u>	<u>71,995</u>

Notes:

- (a) At a meeting held on 29 March 2023, the directors declared a second interim dividend (in lieu of a final dividend) of HK11.6 cents (equivalent to US1.504 cents) per ordinary share for the year ended 31 December 2022. The second interim dividend was paid on 21 June 2023.
- (b) At a meeting held on 29 August 2023, the directors declared a first interim dividend of HK13.6 cents (equivalent to US1.744 cents) per ordinary share for the year ending 31 December 2023. The dividend will be payable in cash and with a scrip dividend alternative. The first interim dividend declared is not reflected as dividend payable in the Unaudited Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2023.

FIRST INTERIM DIVIDEND

The Board has declared a first interim dividend of HK13.6 cents (1H2022: HK16.7 cents) per share for the year ending 31 December 2023 with an option to receive new fully paid shares in lieu of cash (“Scrip Dividend Scheme”).

The first interim dividend will be payable on 23 November 2023 to shareholders whose names appear on the register of members of the Company at the close of business on 18 September 2023. 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 November 2023.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 24 October 2023.

For the purpose of determining the shareholders’ entitlement to the first interim dividend, the register of members of the Company will be closed from 13 September 2023 to 18 September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the first interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company’s Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 12 September 2023.

FINANCIAL REVIEW

In the first half of 2023, the post-pandemic recovery of global economy has been difficult and tortuous, suffering from increasing downward pressure. The prospects for global economic recovery are still uncertain amid the continuous tightening of monetary policies in various countries, hiking interest rate, persistently high inflation and other impacting factors. COSCO SHIPPING Ports continued to further implement its strategy of lean operations, focusing on improving quality and efficiency as well as controlling costs in terminal operations and management. Amidst numerous challenges, the Company reported a profit attributable to equity holders of the Company in the first half of 2023 of US\$150,292,000 (1H2022: US\$177,676,000), decreased by 15.4% YoY.

In the first half of 2023, profit from the terminals in which the Group has controlling stakes and non-controlling terminals amounted to US\$214,706,000 (1H2022: US\$219,477,000) in total, decreased by 2.2% YoY, and profit from terminals in which the Group has controlling stakes amounted to US\$56,795,000 (1H2022: US\$59,000,000), decreased by 3.7% YoY. Profit from terminals in which the Group has controlling stakes was mainly attributable to Piraeus Container Terminal Single Member S.A. (“Piraeus Terminal”), Xiamen Ocean Gate Container Terminal Co., Ltd. (“Xiamen Ocean Gate Terminal”), Guangzhou South China Oceangate Container Terminal Company Limited (“Guangzhou South China Oceangate Terminal”) and Tianjin Port Container Terminal Co., Ltd. (“Tianjin Container Terminal”). Although throughput and revenue of Piraeus Terminal for the first half of 2023 increased, it recorded a profit decreased slightly by 2.5% YoY to US\$18,002,000 (1H2022: US\$18,455,000), as a result of the increase in finance costs. In February 2023, the Group completed the acquisition of additional 30% equity interests in Xiamen Ocean Gate Terminal to make it a wholly-owned subsidiary of the Group of which US\$17,014,000 (1H2022: US\$13,652,000) has been included in the profit from the terminal in the first half of 2023, increased by 24.6% YoY. Throughput of Guangzhou South China Oceangate Terminal for the first half of 2023 decreased, its profit for the period amounted to US\$10,825,000 (1H2022: US\$11,910,000), decreased by 9.1% YoY. Due to the change of the structure of container type of Tianjin Container Terminal in the first half of 2023 compared to the same period in 2022, its revenue increased, and its profit amounted to US\$9,663,000 in the first half of 2023 (1H2022: US\$7,492,000), increased by 29.0% YoY. Apart from the above major terminals, throughput of CSP Zeebrugge Terminal NV and COSCO SHIPPING Ports (Spain) Holding, S.L. and

its subsidiaries (collectively “CSP Spain Related Companies”) for the period decreased YoY, and the profit for the first half of 2023 decreased by US\$4,008,000 and US\$3,762,000 YoY, respectively, representing a relatively large decrease. While, throughput of CSP Abu Dhabi Terminal L.L.C. (“CSP Abu Dhabi Terminal”) increased by 53.5% YoY, and its profit contribution increased by US\$2,237,000 YoY.

In respect of non-controlling terminals, the profit recorded during the first half of 2023 was US\$ 157,911,000 (1H2022: US\$160,477,000), decreased by 1.6% YoY. In particular, the share of profit of Sigma Enterprises Limited and Watrus Limited and their subsidiaries (collectively “Yantian Terminal Related Companies”) decreased by US\$7,574,000 YoY. In addition, the total share of profit of COSCO-HIT Terminals (Hong Kong) Limited (“COSCO-HIT Terminal”) and COSCO-HPHT ACT Limited (“COSCO-HPHT”), which held Asia Container Terminals Limited (“Asia Container Terminal”), decreased by US\$8,502,000 YoY. On the other hand, the share of profit of Red Sea Gateway Terminal Company Limited (“Red Sea Gateway Terminal”), Qingdao Port International Co., Ltd. (“QPI”), Suez Canal Container Terminal S.A.E. (“Suez Canal Terminal”) and Shanghai Mingdong Container Terminals Limited (“Shanghai Mingdong Terminal”) during the first half of 2023 increased by US\$3,072,000, US\$2,755,000, US\$2,139,000 and US\$1,911,000 YoY, respectively, which partially offset the decrease. In addition, the Group recorded after-tax fair value gain from the convertible bonds of Beibu Gulf Port Co., Ltd. (“Beibu Gulf Port”) held of US\$3,216,000 (1H2022: loss of US\$2,000), increased by US\$3,218,000 YoY.

Financial Analysis

Revenues

In the first half of 2023, throughput of terminals in which the Group has controlling stakes decreased by 6.0% YoY, and revenues of the Group amounted to US\$688,873,000 (1H2022: US\$704,622,000), decreased by 2.2% YoY. Revenues of some terminals experienced a YoY decrease due to the YoY decrease in their container volumes. In particular, CSP Spain Related Companies recorded a revenue of US\$137,159,000 (1H2022: US\$159,377,000), decreased by 13.9% YoY; Guangzhou South China Oceangate Terminal recorded a revenue of US\$88,319,000 (1H2022: US\$100,790,000), decreased by 12.4% YoY; Xiamen Ocean Gate Terminal recorded a revenue of US\$58,816,000 (1H2022: US\$64,223,000), decreased by 8.4% YoY. On the other hand, Piraeus Terminal recorded a YoY increase in revenue of 5.0% to US\$156,489,000 (1H2022: US\$149,098,000) during the period due to the YoY increase in its throughput; Tianjin Container Terminal recorded a revenue of US\$94,549,000 (1H2022: US\$93,137,000) due to the change of the structure of container type, increased by 1.5% YoY. In addition, upon the completion of the acquisition of CSP Supply Chain (Xiamen) Development Co., Ltd. (“Xiamen Haitou Supply Chain”) in the first quarter of 2023, it recorded a revenue of US\$12,819,000 (1H2022: Nil).

Cost of Sales

Cost of sales mainly comprised operating expenses of terminals in which the Group has controlling stakes. Cost of sales was US\$495,126,000 in the first half of 2023 (1H2022: US\$506,933,000), decreased by 2.3% YoY. Costs of some terminals experienced a YoY decrease due to the YoY decrease in their container volumes. Amongst which, CSP Spain Related Companies recorded a cost of US\$ 119,511,000 (1H2022: US\$134,416,000), decreased by 11.1% YoY; Guangzhou South China Oceangate Terminal recorded a cost of US\$48,017,000 (1H2022: US\$52,544,000), decreased by 8.6% YoY; Xiamen Ocean Gate Terminal recorded a cost of US\$33,436,000 (1H2022: US\$34,974,000), decreased by 4.4% YoY; Tianjin Container Terminal recorded a cost of US\$54,647,000 (1H2022: US\$60,794,000), decreased by 10.1% YoY. On the other hand, due to the increase in throughput and the increase in concession fees driven by the increase in revenue during the period, Piraeus Terminal recorded a cost of US\$120,791,000 (1H2022: US\$115,338,000), increased by 4.7% YoY. In addition, Xiamen Haitou Supply Chain recorded a cost of US\$8,758,000 (1H2022: Nil) in the first half of 2023.

Administrative Expenses

Administrative expenses in the first half of 2023 were US\$82,139,000 (1H2022: US\$71,632,000), increased by 14.7% YoY, which was mainly attributable to the relevant administrative expenses of Xiamen Haitou Supply Chain being included and the increase in overall local labour costs in 2023.

Other Operating Income/(Expenses), Net

Net other operating income was US\$14,876,000 (1H2022: US\$9,886,000) in the first half of 2023, increased by US\$4,990,000 YoY, which was primarily attributable to a pre-tax fair value profit of US\$4,288,000 (1H2022: a loss of US\$2,000) on the convertible bonds of Beibu Gulf Port held in the first half of 2023, increased by US\$4,290,000 YoY.

Finance Costs

The Group's finance costs amounted to US\$81,007,000 in the first half of 2023 (1H2022: US\$57,534,000), increased by 40.8% YoY. The average balance of bank loans for the period amounted to US\$2,952,868,000 (1H2022: US\$3,100,762,000), decreased by 4.8% YoY. The increase in finance costs was mainly due to the significant increase in the interest rates of the US dollar and Euro loans as a result of interest rate hikes by the US Federal Reserve and the European Central Bank. Taking into account the capitalised interest, the average cost of bank borrowings (including the amortization of transaction costs over bank loans and notes) was 4.97% in the first half of 2023 (1H2022: 2.91%).

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 2023 totalled US\$153,642,000 (1H2022: US\$160,221,000), decreased by 4.1% YoY. Share of profit of Yantian Terminals Related Companies during the period amounted to US\$23,782,000 (1H2022: US\$31,356,000), decreased by 24.2% YoY. Besides, in the first of 2023, the profit attributable to COSCO-HIT Terminal and COSCO-HPHT decreased by US\$8,502,000 YoY in total. On the other hand, the profit contribution from some joint ventures and associates increased YoY, which partially offset the decrease. For domestic terminals, the share of profit of QPI amounted to US\$70,182,000 (1H2022: US\$67,427,000), increased by 4.1% YoY, as well as the share of profit of Shanghai Mingdong Terminal amounted to US\$4,441,000 (1H2022: US\$2,530,000), increased by 75.5% YoY. For overseas terminals, the share of profit of Suez Canal Terminal amounted to US\$4,539,000 (1H2022: US\$2,400,000), increased by 89.1% YoY, and the share of profit of Red Sea Gateway Terminal amounted to US\$2,170,000 (1H2022: a loss of US\$902,000), increased by US\$3,072,000 YoY.

Taxation

Taxation for the period amounted to US\$28,985,000 (1H2022: US\$29,777,000), decreased by US\$792,000 YoY.

Financial Position

Cash flow

In the first half of 2023, the Group continued to receive steady cash flow income. The Group's net cash generated from operating activities amounted to US\$214,908,000 (1H2022: US\$218,531,000) during the period. In the first half of 2023, the Group borrowed bank loans of US\$588,724,000 (1H2022: US\$529,405,000) and repaid loans of US\$518,951,000 (1H2022: US\$623,357,000). During the period, US\$151,793,000 (1H2022: US\$140,226,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment.

Financing and credit facilities

As at 30 June 2023, the Group's total outstanding borrowings amounted to US\$2,981,622,000 (31 December 2022: US\$2,908,623,000) and cash balance amounted to US\$966,846,000 (31 December 2022: US\$1,115,166,000). Banking facilities available but unutilised amounted to US\$1,305,772,000 (31 December 2022: US\$698,602,000).

Assets and liabilities

As at 30 June 2023, the Group's total assets and total liabilities were US\$11,325,017,000 (31 December 2022: US\$11,326,353,000) and US\$4,805,285,000 (31 December 2022: US\$4,687,180,000), respectively. Net assets were US\$6,519,732,000 (31 December 2022: US\$6,639,173,000). As at 30 June 2023, net asset value attributable to equity holder per share of the Company was US\$1.56 (31 December 2022: US\$1.61).

As at 30 June 2023, the net debt-to-total-equity ratio (excluding lease liabilities) was 30.9% (31 December 2022: 27.0%) and the interest coverage was 3.6 times (1H2022: 5.2 times).

As at 30 June 2023, certain assets of the Group with an aggregate net book value of US\$134,223,000 (31 December 2022: US\$137,117,000), together with the Company's restricted bank deposits and interest in subsidiaries, were pledged to secure bank loans, totalling US\$975,033,000 (31 December 2022: US\$753,500,000).

Debt analysis

By repayment term	As at 30 June 2023		As at 31 December 2022	
	US\$	(%)	US\$	(%)
Within the first year	753,887,000	25.3	787,135,000	27.1
Within the second year	425,680,000	14.3	881,396,000	30.3
Within the third year	247,823,000	8.3	95,021,000	3.3
Within the fourth year	429,355,000	14.4	105,802,000	3.6
Within the fifth year and after	1,124,877,000	37.7	1,039,269,000	35.7
	2,981,622,000*	100.0	2,908,623,000*	100.0
By category				
Secured borrowings	975,033,000	32.7	753,500,000	25.9
Unsecured borrowings	2,006,589,000	67.3	2,155,123,000	74.1
	2,981,622,000*	100.0	2,908,623,000*	100.0
By denominated currency				
US dollar borrowings	1,513,202,000	50.7	1,507,276,000	51.8
RMB borrowings	741,973,000	24.9	759,561,000	26.1
Euro borrowings	626,508,000	21.0	641,786,000	22.1
HK dollar borrowings	99,939,000	3.4	-	-
	2,981,622,000*	100.0	2,908,623,000*	100.0

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

Financial guarantee contracts

As at 30 June 2023 and 31 December 2022, the Company did not have any guarantee contract.

Treasury policy

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as much as possible. The functional currency of the Group's terminals business is mainly either Euro or Renminbi, the same currency of its borrowings, revenues and expenses, so as to provide a natural hedge against the foreign exchange volatility.

Interest rate swap contracts with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure. As at 30 June 2023, 7.8% (31 December 2022: 18.3%) of the Group's borrowings were at fixed rates. In light of market conditions, the Group will continue to monitor and regulate its fixed and floating-rate debt portfolio, with a view to minimising its potential interest rate exposure.

OPERATIONAL REVIEW

In the first half of 2023, the recovery of the global economy has been sluggish and major economies have tightened their monetary policies to curb high inflation, which has aggravated the contraction of global demand. The global manufacturing Purchasing Managers' Index (PMI) for new export orders remained in the contractionary range, and the global trade downturn inevitably affected China's import and export growth. Despite the pressure, China's foreign trade was characterized by strong resilience and vitality, and under the effect of various measures to stabilize foreign trade, China's share of global exports remained basically stable in the first half of 2023.

Against the backdrop of a complicated and severe external environment and slowdown in global trade and investment, total throughput of the Group increased by 2.2% YoY to 64,572,872 TEU (1H2022: 63,210,330 TEU) for the six months ended 30 June 2023. Among them, the total throughput from terminal companies in which the Group has controlling stakes decreased by 6.0% YoY to 14,731,490 TEU (1H2022: 15,679,516 TEU), accounting for 22.8% of the Group's total throughput, while that of non-controlling terminal companies increased by 4.9% YoY to 49,841,382 TEU (1H2022: 47,530,814 TEU), accounting for 77.2% of the Group's total throughput.

During the period, the Group's equity throughput increased by 1.3% YoY to 20,751,365 TEU (1H2022: 20,494,012 TEU). Among them, the equity throughput from terminal companies in which the Group has controlling stakes decreased by 3.0% YoY to 9,074,454 TEU (1H2022: 9,357,233 TEU), accounting for 43.7%; while the equity throughput of non-controlling terminal companies increased by 4.8% YoY to 11,676,911 TEU (1H2022: 11,136,779 TEU), accounting for 56.3%.

	1H2023 (TEU)	1H2022 (TEU)	Change (%)
Total Throughput	64,572,872	63,210,330	+2.2
Throughput from terminals in which the Group has controlling stake	14,731,490	15,679,516	-6.0
Throughput from the Group's non-controlling terminals	49,841,382	47,530,814	+4.9
Equity Throughput	20,751,365	20,494,012	+1.3
Equity throughput from terminals in which the Group has controlling stake	9,074,454	9,357,233	-3.0
Equity throughput from the Group's non-controlling terminals	11,676,911	11,136,779	+4.8

China

During the period, total throughput of terminals in China increased by 2.4% YoY to 48,703,766 TEU (1H2022: 47,562,593 TEU), accounted for 75.4% of the Group's total throughput. Equity throughput of terminals in China increased by 1.8% YoY to 14,519,336 TEU (1H2022: 14,259,249 TEU), accounted for 70.0% of the Group's equity throughput.

Bohai Rim

During the period, total throughput of the Bohai Rim region increased by 8.4% YoY to 22,515,008 TEU (1H2022: 20,767,708 TEU), accounted for 34.9% of the Group's total throughput, which is the region with the largest share of total throughput in the Group's portfolio. Equity throughput in the Bohai Rim region increased by 5.1% YoY to 6,105,704 TEU (1H2022: 5,809,679 TEU), accounted for 29.4% of the Group's equity throughput. Dalian Container Terminal Co., Ltd.'s total throughput increased by 20.6% YoY to 2,255,129 TEU (1H2022: 1,869,273 TEU), benefiting from the growth of new routes.

Yangtze River Delta

During the period, total throughput of the Yangtze River Delta region increased by 8.9% YoY to 7,059,244 TEU (1H2022: 6,483,243 TEU), accounted for 10.9% of the Group's total throughput. Equity throughput in the Yangtze River Delta region increased by 7.6% YoY to 1,954,690 TEU (1H2022: 1,817,298 TEU), accounted for 9.4% of the Group's equity throughput. In view of the steady recovery of the economy in the Yangtze River Delta region, the total throughput of Shanghai Mingdong Terminal increased by 25.9% YoY to 2,968,418 TEU (1H2022: 2,358,620 TEU).

Southeast Coast and Others

During the period, total throughput in the Southeast Coast and others decreased by 15.3% YoY to 2,777,699 TEU (1H2022: 3,280,185 TEU), accounted for 4.3% of the Group's total throughput. Equity throughput in the Southeast Coast and others increased by 2.9% YoY to 1,895,617 TEU (1H2022: 1,841,317 TEU), accounted for 9.2% of the Group's equity throughput. Mainly due to the weak global demand, the total throughput of Xiamen Ocean Gate Terminal decreased by 12.1% YoY to 1,237,070 TEU (1H2022: 1,407,182 TEU). The increase in equity throughput in the Southeast Coast and others was mainly attributable to the Company's acquisition of a 30% equity interest in Xiamen Ocean Gate Terminal in the first half of the year, in which the Company now holds a 100% equity interest.

Pearl River Delta

During the period, total throughput of the Pearl River Delta region decreased by 8.1% YoY to 12,744,315 TEU (1H2022: 13,866,357 TEU), accounted for 19.7% of the Group's total throughput. Equity throughput in the Pearl River Delta region decreased by 6.6% YoY to 3,712,829 TEU (1H2022: 3,974,883 TEU), accounted for 17.9% of the Group's equity throughput. The total throughput of Guangzhou South China Oceangate Terminal decreased by 5.7% YoY to 2,652,926 TEU (1H2022: 2,814,568 TEU), mainly due to the declining demand from Europe and the United States leading to the pressure on foreign trade exports.

Southwest Coast

During the period, total throughput in the Southwest Coastal region increased by 14.0% YoY to 3,607,500 TEU (1H2022: 3,165,100 TEU), the fastest-growing region in terms of total throughput within the Group's portfolio, accounted for 5.6% of the Group's total throughput, which is an ever-increasing share. Equity throughput in the Southwest Coastal Region increased by 4.2% YoY to 850,495 TEU (1H2022: 816,072 TEU), accounted for 4.1% of the Group's equity throughput. The increase in throughput was mainly attributable to the entry into force of the Regional Comprehensive Economic Partnership ("RCEP") and the development of the regional economy in the ports' hinterland, which drove the rapid growth in throughput of the Beibu Gulf Port by relying on the back of new western land-sea corridor.

Overseas

During the period, total throughput from overseas increased by 1.4% YoY to 15,869,106 TEU (1H2022: 15,647,737 TEU), which was overall quite stable and accounted for 24.6% of the Group's total throughput, making it the second largest region in the Group's portfolio in terms of total throughput. Overseas equity throughput remained stable YoY at 6,232,028 TEU (1H2022: 6,234,763 TEU), accounted for 30.0% of the Group's equity throughput, while CSP Abu Dhabi Terminal's position as a hub port in the Middle East region gradually became more prominent, with total throughput increasing by 53.5% YoY to 633,883 TEU (1H2022: 413,057 TEU).

PROSPECTS

In the first half of 2023, the momentum of global economic growth continued to weaken due to factors such as the persistence of high inflation in major economies around the world, interest rate hikes in the United States, and a gradual shift in consumer spending towards service-oriented consumption, as well as increasingly tense geopolitical factors. According to the statistics of the General Administration of Customs, the total import and export value of China's trade in goods in the first half of the year amounted to RMB20.1 trillion, representing a YoY growth of 2.1%. Among them, exports amounted to RMB11.46 trillion with a YoY increase of 3.7%, while imports amounted to RMB8.64 trillion with a YoY decrease of 0.1%.

Facing a complex and difficult external environment, COSCO SHIPPING Ports, by virtue of its leading position in the global ports operator industry, maintained stable operations in the first half of the year. The Company will continue to respond to new development trends and seize new development opportunities, adhere to the principle of "seeking progress while maintaining stability", continue to deepen the globalization of its resources, enhance its terminal service capacity and operational efficiency, and push for greater breakthroughs in transformation and upgrading, so as to accelerate its efforts to develop world-class ports.

The Group will continue to improve the global layout of its port resources. The Company will actively capitalize on the opportunities in emerging markets, regional markets and third-country markets represented by the RCEP and explore investment opportunities in key hub ports and core supply chain resources behind terminals. At the same time, the Company will continue to participate in domestic port resource integration to optimize the terminal structure and enhance asset quality.

The Group will continue to focus on "Lean Operations" strategy. The Company will seize the favorable opportunities arising from the release of liner shipping capacity and strengthen its commercial marketing efforts to strive for the opening of new routes and the maiden call of new vessels. The Company will continue to deepen the synergy between ports and shipping lines, and launch joint marketing campaigns with major shipping lines to tap into the increasing cargo from emerging and regional markets; and continue to push forward its cost control work by focusing on reducing the cost of operations per TEU.

The Group will continue to accelerate its digital transformation. The Company will incorporate green and low carbon ideas into its operation and management values, deepen digital intelligence into the whole chain of operation and management, and accelerate the pace of digital transformation. The Company will continue to promote the construction of smart ports, strengthen the in-depth fusion of artificial intelligence and traditional terminal operations, and promote the large-scale application of unmanned trucking operations; focus on building green and low carbon ports, and promote the commissioning of photovoltaic and other green and low carbon projects; and promote the updating and renovation of terminal equipment to accelerate the pace of green and low carbon intelligent transformation.

Throughput of the Group for the six months ended 30 June 2023, was set out below:

	1H2023 (TEU)	1H2022 (TEU)	Change (%)
Bohai Rim	22,515,008	20,767,708	+8.4
Qingdao Port International Co., Ltd.	14,510,000	13,010,000	+11.5
Dalian Container Terminal Co., Ltd.	2,255,129	1,869,273	+20.6
Dalian Dagang Container Terminal Co., Ltd.	10,579	10,232	+3.4
Tianjin Port Container Terminal Co., Ltd.	4,056,577	4,318,871	-6.1
Yingkou Terminals ^{Note 1}	1,098,909	876,271	+25.4
Jinzhou New Age Container Terminal Co., Ltd.	296,375	366,480	-19.1
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	287,439	316,581	-9.2
Yangtze River Delta	7,059,244	6,483,243	+8.9
Shanghai Pudong International Container Terminals Limited	1,261,053	1,221,841	+3.2
Shanghai Mingdong Container Terminals Limited	2,968,418	2,358,620	+25.9
Ningbo Yuan Dong Terminals Limited	1,583,970	1,648,751	-3.9
Lianyungang New Oriental International Terminals Co., Ltd.	447,613	450,391	-0.6
Taicang International Container Terminal Co., Ltd.	107,273	110,544	-3.0
Nantong Tonghai Port Co., Ltd.	615,894	678,597	-9.2
Wuhan CSP Terminal Co., Ltd. ^{Note 2}	75,023	14,499	+417.4
Southeast Coast and others	2,777,699	3,280,185	-15.3
Xiamen Ocean Gate Container Terminal Co., Ltd.	1,237,070	1,407,182	-12.1
Quan Zhou Pacific Container Terminal Co., Ltd.	605,227	649,749	-6.9
Jinjiang Pacific Ports Development Co., Ltd.	117,535	127,617	-7.9
Kao Ming Container Terminal Corp.	817,867	1,095,637	-25.4
Pearl River Delta	12,744,315	13,866,357	-8.1
Yantian International Container Terminals Co., Ltd.	6,063,926	6,920,830	-12.4
Guangzhou Terminals ^{Note 3}	5,461,899	5,559,520	-1.8
Hong Kong Terminals ^{Note 4}	1,218,490	1,386,007	-12.1
Southwest Coast	3,607,500	3,165,100	+14.0
Beibu Gulf Port Co., Ltd.	3,607,500	3,165,100	+14.0
Overseas	15,869,106	15,647,737	+1.4
Piraeus Container Terminal Single Member S.A.	2,248,193	2,144,064	+4.9
CSP Zeebrugge Terminal NV	276,955	547,314	-49.4
COSCO SHIPPING Port (Spain) Holding, S.L. and its subsidiaries	1,543,248	1,828,166	-15.6
CSP Abu Dhabi Terminal L.L.C.	633,883	413,057	+53.5
COSCO-PSA Terminal Private Limited	2,645,473	2,389,741	+10.7
Reefer Terminal S.p.A.	28,742	34,218	-16.0
Euromax Terminal Rotterdam B.V.	1,235,680	1,337,539	-7.6
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	679,140	613,302	+10.7
Suez Canal Container Terminal S.A.E.	1,934,723	1,847,285	+4.7
Red Sea Gateway Terminal Company Limited	1,540,195	1,313,475	+17.3
Antwerp Gateway NV	995,763	1,076,496	-7.5
SSA Terminals (Seattle), LLC	89,990	134,148	-32.9
Busan Port Terminal Co., Ltd.	1,869,594	1,871,255	-0.1
Vado Gateway S.p.A.	147,527	97,677	+51.0
Total	64,572,872	63,210,330	+2.2

- Note 1: Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.
- Note 2: Throughput of CSP Wuhan Terminal was included since April 2022. Therefore, the figure of the terminal for the six months ended 30 June 2022 was the throughput between April and June of 2022.
- Note 3: Throughput of Guangzhou Terminals was the total throughput of Guangzhou South China Oceangate Terminal and Nansha Stevedoring Corporation Limited of Port of Guangzhou.
- Note 4: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.
- Note 5: Total throughput of bulk cargo, excluding throughput of Beibu Gulf Port Co., Ltd., for the six months ended 30 June 2023 was 222,730,681 tons (1H2022: 222,576,470 tons), representing an increase of 0.1%. Total throughput of automobile for the six months ended 30 June 2023 was 359,007 vehicles (1H2022: 355,562 vehicles), representing an increase of 1.0%. Throughput of reefer of Reefer Terminal S.p.A. (Vado Reefer Terminal) for the six months ended 30 June 2023 was 179,236 pallets (1H2022: 187,844 pallets), representing a decrease of 4.6%.

CORPORATE GOVERNANCE

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2023.

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 2023.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2023.

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 2023.

INVESTOR RELATIONS

The Company has always highly valued communication with its shareholders and investors and regards investor relations as an important measure to enhance the Company's corporate governance. The Company adopts strict and transparent disclosure standards and releases corporate information in a timely and accurate manner. Through the disclosure and exchange of information, the Company continuously strengthens communication with investors and potential investors, enhances stakeholders' understanding and recognition of the Company's strategy formulation and execution processes, improves the standard of corporate governance, and maximises the Company's overall interests while protecting the legitimate rights and interests of investors.

As a leading global ports operator, the management of the Company attaches great importance to communication with shareholders and actively participates in various communication activities to maintain close contact with the market. The management and the Investor Relations Department of the Company have continued to strengthen the promotion and publicity in the capital market, intensify communication efforts, and respond frankly to market concerns to build a bridge for two-way communication between the Company and investors. Through various means and channels such as online and offline results announcements, roadshows, investor presentations, investor conferences, conferences call, official websites and emails, the Company keeps domestic and overseas investors and analysts abreast of the Company's businesses and development in a timely manner. The Company has been actively presenting the effectiveness of its "Global Presence and Lean Operations" strategy, as well as its efforts and achievements in ESG, to promote the Company's long-term development advantages and core competitiveness.

In the first half of 2023, the Company actively participated in investor summits organised by investment banks to proactively approach potential investors and identify institutional investors interested in the industry and the Company. The Company also conducted a roadshow in Singapore to promote a positive relationship between the Company and investors and to enhance investors' understanding of and familiarity with the Company. During the period from January to June 2023, the Company met with investors and analysts more than 160 times in order to convey the Company's latest development strategies and directions to investors and to build a stable and quality investor base to gain long-term market support.

The Company is committed to building up an international image and enhancing its corporate governance. In the first half of 2023, the Company was awarded the "Best Shipping Port Operator Hong Kong", "Best Investor Relations Company (Ports sector) Hong Kong", "Most Sustainable Company (Ports sector) Hong Kong" and "Best CSR Company (Ports sector) Hong Kong" awards by International Business Magazine, based on the Company's excellent terminal operation and good corporate governance model. The Company was also honored at international awards, including the "Most Innovative Port Operator" by International Finance magazine. In addition, the Company's environmental, social and governance efforts were recognized by the market with the "Outstanding Contribution to the Environment" award at the "Benefiting the Future" China Corporate Social Responsibility Ceremony 2022.

CORPORATE SUSTAINABLE DEVELOPMENT

In the first half of 2023, uncertainties continued to cloud the global macro economy. Amid the difficulties and challenges, however, the Company steadily captured new development opportunities, proactively improved terminal services, and drove breakthroughs in the upgrading and transformation of its terminals to lay a solid foundation for high-quality development, facilitating the creation of world-class ports.

Caring for our People

The Company attaches great importance to occupational safety and health. To enhance safety management and control, the Company implemented safety inspections to strengthen the identification and rectification of potential safety hazards, and encouraged its subsidiary terminals to conduct drills and trainings to enhance employees' emergency handling capability for incidents such as extreme weather and climate events, extreme heat and heat stroke, and injuries.

Customers First

The Company continued to strengthen the communication with customers and drive its terminals to introduce new shipping services, new types of cargo and supply chain services. In the first half of the year, Quan Zhou Pacific Terminal undertook a promotion conference on export container shipping services in Quanzhou to introduce its shipping services and ancillary services, attracting commerce departments and representatives of export companies. The Company also optimised stowage area and handling to provide better customer service. For example, CSP Wuhan Terminal worked with a shipping company to solve the difficulties in slot allocation of grain containers, making its first successful case of unloading imported grains.

Green Development

To facilitate the construction of green and low-carbon ports and advance towards the goals of reaching “carbon peak and carbon neutrality”, the Company has proactively promoted the use of new energy and clean energy in the subsidiary terminals, increased the connection and promotion of shore power, switched to LED green lightings and smart lighting control systems, and extensively used energy-saving technologies and products to improve port operations through digital services, thereby reducing carbon emissions along the industry chain.

Win-win Cooperation

The Company, together with its business partners, has built a 5G smart port demonstration area at Xiamen Ocean Gate Terminal through the application of technologies such as 5G, artificial intelligence, blockchain and big data, raising the level of digitalised services at the terminal. The Company will continue to leverage on its successful experience in building automated terminal and implement it at other subsidiary terminals as and when appropriate.

Investing in Communities

On the strength of its global network of terminals, the Company supports the economic and social development of the areas in which it operates through investments, and the construction and upgrading of terminals, creating job opportunities for local residents. At the same time, the Company encourages its subsidiary terminals to donate to charity and engage in charitable activities to give back to the local communities and fulfil the concept of corporate social responsibility.

By Order of the Board
COSCO SHIPPING Ports Limited
YANG Zhijian
Chairman

Hong Kong, 29 August 2023

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

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director