COSCO Pacific Limited
中遠太平洋有限公司

INTERIM REPORT
中期報告
2015

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INTERIM RESULTS

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to present the interim report, including the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2015. The interim report has been reviewed by the Company's Audit Committee.

The Group's unaudited condensed consolidated interim financial information as set out on pages 2 to 35 has also been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**4,152,563**	4,068,893
Investment properties		**29,208**	29,194
Land use rights		**235,322**	237,840
Intangible assets		**7,006**	7,361
Joint ventures		**822,617**	840,891
Loans to joint ventures		**73,232**	73,503
Associates		**852,760**	826,197
Loan to an associate		**28,080**	30,472
Available-for-sale financial asset		**32,000**	35,000
Finance lease receivables		**22,830**	25,324
Deferred income tax assets		**2,463**	2,470
Other non-current assets	7	**76,692**	109,752
		6,334,773	6,286,897
Current assets			
Inventories		**18,500**	23,683
Trade and other receivables	8	**294,646**	189,594
Current income tax recoverable		**—**	57
Restricted bank deposits	9	**234**	172
Cash and cash equivalents	9	**1,052,852**	1,116,307
		1,366,232	1,329,813
Total assets		**7,701,005**	7,616,710
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	10	**37,753**	37,753
Reserves		**4,728,239**	4,646,238
Proposed final dividend		**—**	58,456
Interim dividend declared		**65,748**	—
		4,831,740	4,742,447
Non-controlling interests		**327,714**	316,215
Total equity		**5,159,454**	5,058,662

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**47,299**	44,285
Long term borrowings	11	**1,455,002**	1,430,431
Loans from non-controlling shareholders of subsidiaries	12	**148,142**	148,055
Other long term liabilities		**32,403**	31,897
		1,682,846	1,654,668
Current liabilities			
Trade and other payables	13	**455,307**	385,297
Current income tax liabilities		**94,682**	88,321
Current portion of long term borrowings	11	**264,552**	419,956
Short term borrowings	11	**44,164**	9,806
		858,705	903,380
Total liabilities		**2,541,551**	2,558,048
Total equity and liabilities		**7,701,005**	7,616,710
Net current assets		**507,527**	426,433
Total assets less current liabilities		**6,842,300**	6,713,330

The accompanying notes on pages 8 to 35 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2015

	Note	Six months ended 30 June 2015 US$'000	2014 US$'000
Revenues		**402,428**	440,158
Cost of sales		**(244,847)**	(272,188)
Gross profit		**157,581**	167,970
Administrative expenses		**(40,024)**	(43,246)
Other operating income		**13,006**	8,928
Other operating expenses		**(4,754)**	(13,931)
Operating profit	14	**125,809**	119,721
Finance income	15	**13,915**	12,736
Finance costs	15	**(32,716)**	(35,996)
Operating profit after finance income and costs		**107,008**	96,461
Share of profits of			
— joint ventures		**57,539**	50,932
— associates		**34,153**	30,810
Profit before income tax		**198,700**	178,203
Income tax expenses	16	**(22,155)**	(20,127)
Profit for the period		**176,545**	158,076
Profit attributable to:			
Equity holders of the Company		**164,432**	146,786
Non-controlling interests		**12,113**	11,290
		176,545	158,076
Earnings per share for profit attributable to equity holders of the Company			
— basic	17	**US5.59 cents**	US5.04 cents
— diluted	17	**US5.59 cents**	US5.04 cents

The accompanying notes on pages 8 to 35 are an integral part of these unaudited condensed consolidated interim financial information.

	Note	Six months ended 30 June 2015 US$'000	2014 US$'000
Interim dividend	18	**65,748**	58,712

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
Profit for the period	**176,545**	158,076
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Fair value adjustment upon transfer from property, plant and equipment to investment properties	**–**	7,208
Items that may be reclassified to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**(13,867)**	(16,833)
Fair value loss on an available-for-sale financial asset	**(3,000)**	(2,000)
Share of reserves of joint ventures and associates	**755**	(2,260)
Other comprehensive loss for the period, net of tax	**(16,112)**	(13,885)
Total comprehensive income for the period	**160,433**	144,191
Total comprehensive income attributable to:		
Equity holders of the Company	**147,749**	136,397
Non-controlling interests	**12,684**	7,794
	160,433	144,191

The accompanying notes on pages 8 to 35 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Capital and reserves attributable to the equity holders of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Total equity at 1 January 2015	**4,742,447**	**316,215**	**5,058,662**
Total comprehensive income for the period	**147,749**	**12,684**	**160,433**
Capital contribution from a non-controlling shareholder of a subsidiary	**—**	**3,240**	**3,240**
Dividends paid to			
— equity holders of the Company	**(58,456)**	**—**	**(58,456)**
— non-controlling shareholders of subsidiaries	**—**	**(4,425)**	**(4,425)**
	89,293	**11,499**	**100,792**
Total equity at 30 June 2015	**4,831,740**	**327,714**	**5,159,454**
Total equity at 1 January 2014	4,546,106	297,388	4,843,494
Total comprehensive income for the period	136,397	7,794	144,191
Dividend paid to equity holders of the Company	(56,383)	—	(56,383)
	80,014	7,794	87,808
Total equity at 30 June 2014	4,626,120	305,182	4,931,302

The accompanying notes on pages 8 to 35 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
Net cash generated from operating activities	**183,725**	212,423
Net cash used in investing activities	**(139,561)**	(422,460)
Net cash used in financing activities	**(109,204)**	(95,309)
Net decrease in cash and cash equivalents	**(65,040)**	(305,346)
Cash and cash equivalents at 1 January	**1,116,307**	1,237,403
Exchange differences	**1,585**	(2,894)
Cash and cash equivalents at 30 June	**1,052,852**	929,163
Analysis of balances of cash and cash equivalents:		
Time deposits	**816,657**	694,628
Bank balances and cash	**152,247**	234,535
Balances placed with COSCO Finance Co., Ltd. ("COSCO Finance")	**83,948**	—
	1,052,852	929,163

The accompanying notes on pages 8 to 35 are an integral part of these unaudited condensed consolidated interim financial information.

1 General information

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

The intermediate holding company of the Company is China COSCO Holdings Company Limited ("China COSCO"), a company established in the People's Republic of China (the "PRC") with its H-Shares and A-Shares listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively. The parent company of China COSCO is China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2015 (the "Unaudited Condensed Consolidated Interim Financial Information") is presented in United States ("US") dollar, unless otherwise stated and has been approved for issue by the Board on 25 August 2015.

2 Basis of preparation and significant accounting policies

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

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2014 (the "2014 Annual Financial Statements"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Adoption of new HKFRSs

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those used in the 2014 Annual Financial Statements , except that the Group has adopted the following amendments and improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA which are mandatory for the financial year beginning 1 January 2015:

2 Basis of preparation and significant accounting policies (Continued)

Adoption of new HKFRSs (Continued)

Amendments and improvements	
HKAS 19 (2011) Amendment	Employee Benefits
Annual Improvements 2010-2012 Cycle	
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 24 Amendment	Related Party Disclosures
HKAS 38 Amendment	Intangible Assets
HKFRS 2 Amendment	Share-based Payment
HKFRS 3 Amendment	Business Combinations
HKFRS 8 Amendment	Operating Segments
HKFRS 13 Amendment	Fair Value Measurement
Annual Improvements 2011-2013 Cycle	
HKAS 40 Amendment	Investment Property
HKFRS 1 Amendment	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 3 Amendment	Business Combinations
HKFRS 13 Amendment	Fair Value Measurement

The adoption of the above new HKFRSs in the current period did not have any significant effect on the Unaudited Condensed Consolidated Interim Financial Information or result in any substantial changes in the Group's significant accounting policies.

The HKICPA has issued certain new standards, amendments and improvements to existing standards which are not yet effective for the year ending 31 December 2015 and have not been early adopted by the Group. The Group will apply these new standards, amendments and improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

3 Critical accounting estimates and judgements (Continued)

(a) Useful lives and residual values of containers

Management determines the estimated useful lives of containers by reference to the Group's business model, its assets management policy and industry practice. The change in these factors can significantly affect the estimation of useful lives of containers and depreciation expense will change when useful lives are different from the previous estimates.

Management determines the residual values of containers based on all relevant factors (including the use of the current scrap value of steel in an active market as a reference value) at each measurement date. The depreciation expenses will change where the residual values are different from the previous estimates.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Any adjustment will result in a change in depreciation expenses.

(b) Acquisition of a joint venture

The initial accounting on the acquisition of a joint venture involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities or businesses. The fair values of identifiable net assets are determined by using financial models. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets and liabilities.

(c) Income taxes

Deferred income tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled (note 16).

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

(d) Impairment of investments in joint ventures and associates, and trade receivables

Management determines whether investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

Management determines the provision for impairment of trade receivables based on the credit history of customers and the current market condition.

4 Financial risk management and financial instruments

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Unaudited Condensed Consolidated Interim Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2014 Annual Financial Statements of the Group.

Compared to 31 December 2014, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

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

4.2 Fair value estimation

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

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

The valuation of the Group's financial instrument is determined with reference to valuation report of an independent professional valuer. The Group reviews the valuation by holding discussions with the independent valuer on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting dates.

The following table presents the Group's financial instrument that is measured at fair value at 30 June 2015 and 31 December 2014:

	As at 30 June 2015 Level 3 US$'000	As at 31 December 2014 Level 3 US$'000
Available-for-sale financial asset	**32,000**	35,000

For the six months ended 30 June 2015, there was no transfer of financial instrument of the Group between different levels of the fair value hierarchy.

4 Financial risk management and financial instruments (Continued)

4.2 Fair value estimation (Continued)

There was no other change in valuation techniques during the period.

For the six months ended 30 June 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2015, there were no reclassifications of financial assets of the Group.

4.3 Fair value measurement using significant unobservable inputs (Level 3)

As at 30 June 2015, the fair value of unlisted available-for-sale financial asset is determined by reference to valuation report of an independent professional valuer which is determined using valuation techniques (including price/earnings multiple method and direct market quote). A discount rate of 20% is applied to compute the fair value on top of market price/earnings multiples. This available-for-sale financial asset is included in level 3.

The price/earnings multiple is estimated by making reference to the historical operating results of companies with similar business nature and having their operating activities in the PRC. The higher the price/earnings multiple, the higher the fair value. Whereas the discount rate is a common illiquidity rate applied in valuation of unlisted security. The higher the discount rate, the lower the fair value.

The following table presents the changes in a level 3 financial instrument for the six months ended 30 June 2015:

	US$'000
At 1 January 2015	**35,000**
Fair value loss recognised in equity	**(3,000)**
At 30 June 2015	**32,000**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer during the period.

4.4 Fair value of financial assets and liabilities measured at amortised cost

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

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Bank loans	**1,154,709**	1,132,029
Notes	**296,568**	296,568
	1,451,277	1,428,597

4 Financial risk management and financial instruments (Continued)

4.4 Fair value of financial assets and liabilities measured at amortised cost (Continued)

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

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

5 Segment information

5.1 Operating segments

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

(i) terminals and related businesses including terminal operations, container handling, transportation and storage; and

(ii) container leasing, management, sale and related businesses.

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.

Corporate assets comprise property, plant and equipment, investment properties, intangible assets, inter-segment loans, other receivables and prepayments and cash and cash equivalents.

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

5 Segment information (Continued)

5.1 Operating segments (Continued)

Segment assets

	Terminals and related businesses US$'000	Container leasing, management, sale and related businesses US$'000	Segment total US$'000	Corporate US$'000	Inter-segment elimination US$'000	Total US$'000
At 30 June 2015						
Segment assets	**4,644,118**	**2,199,702**	**6,843,820**	**1,897,883**	**(1,040,698)**	**7,701,005**
Segment assets include:						
Joint ventures	**822,617**	**–**	**822,617**	**–**	**–**	**822,617**
Associates	**852,760**	**–**	**852,760**	**–**	**–**	**852,760**
Available-for-sale financial asset	**32,000**	**–**	**32,000**	**–**	**–**	**32,000**
At 31 December 2014						
Segment assets	4,649,728	2,204,278	6,854,006	1,807,860	(1,045,156)	7,616,710
Segment assets include:						
Joint ventures	840,891	–	840,891	–	–	840,891
Associates	826,197	–	826,197	–	–	826,197
Available-for-sale financial asset	35,000	–	35,000	–	–	35,000

5 Segment information (Continued)

5.1 Operating segments (Continued)

Segment revenues, results and other information

	Terminals and related businesses US$'000	Container leasing, management, sale and related businesses US$'000	Segment total US$'000	Corporate US$'000	Elimination of inter-segment (revenues) and finance (income)/ costs US$'000	Total US$'000
Six months ended 30 June 2015						
Revenues – total sales	245,054	159,661	404,715	–	(2,287)	402,428
Segment profit/(loss) attributable to equity holders of the Company	121,228	49,667	170,895	(6,463)	–	164,432
Segment profit/(loss) attributable to equity holders of the Company includes:						
Finance income	559	535	1,094	27,491	(14,670)	13,915
Finance costs	(30,093)	(10,418)	(40,511)	(9,289)	17,084	(32,716)
Share of profits of						
– joint ventures	57,539	–	57,539	–	–	57,539
– associates	34,153	–	34,153	–	–	34,153
Income tax expenses	(9,445)	(1,461)	(10,906)	(11,249)	–	(22,155)
Depreciation and amortisation	(42,265)	(62,418)	(104,683)	(814)	–	(105,497)
Other non-cash expenses	(57)	(443)	(500)	–	–	(500)
Additions to non-current assets	(35,732)	(175,650)	(211,382)	(14)	–	(211,396)

5 Segment information (Continued)

5.1 Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminals and related businesses US$'000	Container leasing, management, sale and related businesses US$'000	Segment total US$'000	Corporate US$'000	Elimination of inter-segment (revenues) and finance (income)/ costs US$'000	Total US$'000
Six months ended 30 June 2014						
Revenues – total sales	258,082	184,107	442,189	–	(2,031)	440,158
Segment profit/(loss) attributable to equity holders of the Company	109,085	53,289	162,374	(15,588)	–	146,786
Segment profit/(loss) attributable to equity holders of the Company includes:						
Finance income	410	330	740	25,363	(13,367)	12,736
Finance costs	(30,970)	(10,618)	(41,588)	(9,782)	15,374	(35,996)
Share of profits of						
– joint ventures	50,932	–	50,932	–	–	50,932
– associates	30,810	–	30,810	–	–	30,810
Income tax expenses	(8,628)	(1,409)	(10,037)	(10,090)	–	(20,127)
Depreciation and amortisation	(41,188)	(64,146)	(105,334)	(844)	–	(106,178)
Other non-cash expenses	(6)	(234)	(240)	(1)	–	(241)
Additions to non-current assets	(44,149)	(215,854)	(260,003)	(140)	–	(260,143)

Note:

For the six months ended 30 June 2015, the container leasing, management, sale and related businesses segment revenues included US$85,844,000 (2014: US$82,636,000) container leasing income from COSCO Container Lines Company Limited ("COSCON"), a fellow subsidiary of the Group.

5 Segment information (Continued)

5.2 Geographical information

(a) Revenues

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

In respect of container leasing, management, sale and related businesses, the movements of containers and generator sets of the Group are known through report from the lessees but the Group is not able to control the movements of containers and generator sets except to the degree that the movements are restricted by the terms of the leases or where safety of the containers and generator sets is concerned. It is therefore impracticable to present financial information by geographical areas and thus the revenues of which are presented as unallocated revenues.

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
Terminals and related businesses		
— Mainland China (excluding Hong Kong)	**165,100**	165,410
— Europe	**78,393**	91,459
— Others	**1,547**	1,186
Unallocated	**157,388**	182,103
	402,428	440,158

(b) Non-current assets

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

The containers and generator sets (included in property, plant and equipment) are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present the locations of the containers and generator sets by geographical areas and thus the containers and generator sets are presented as unallocated non-current assets.

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

5 Segment information (Continued)

5.2 Geographical information (Continued)

(b) Non-current assets (Continued)

Other than container leasing, management, sale and related businesses, the activities of terminals and related businesses of the Group, its joint ventures and associates are predominantly carried out in Hong Kong, Mainland China, Singapore, Belgium, Egypt, Greece and Taiwan.

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Mainland China (excluding Hong Kong)	**3,621,073**	3,623,862
Europe	**355,183**	366,132
Others	**382,359**	424,023
Unallocated	**1,817,553**	1,706,111
	6,176,168	6,120,128

6 Property, plant and equipment

During the six months ended 30 June 2015, the Group acquired property, plant and equipment of US$210,619,000 (2014: US$260,048,000). The Group also disposed of property, plant and equipment with net book value of US$2,716,000 (2014: US$42,751,000) including transfer of property, plant and equipment to inventories with net book value of US$1,034,000 (2014: US$17,976,000).

7 Other non-current assets

Other non-current assets of the Group mainly represent prepaid operating lease payments, which include the unamortised upfront concession fee incurred in respect of the concession agreement with Piraeus Port Authority S.A. for the concession of Piers 2 and 3 of the Piraeus Port in Greece for a term of 35 years (the "Concession"). The Concession commenced on 1 October 2009.

8 Trade and other receivables

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Trade receivables (note a)		
— third parties	76,574	56,016
— fellow subsidiaries (notes b and c)	36,480	36,251
— joint ventures (note b)	187	—
— non-controlling shareholders of subsidiaries (note b)	4,539	4,997
— related companies (note b)	752	1,046
	118,532	98,310
Bills receivable (note a)	3,636	3,450
	122,168	101,760
Less: provision for impairment	(3,814)	(4,240)
	118,354	97,520
Other receivables, deposits and prepayments	97,362	41,475
Rent receivable collected on behalf of owners of managed containers (note d)	17,726	20,248
Current portion of finance lease receivables	5,569	5,471
Loans to joint ventures (note e)	20,230	20,599
Amounts due from		
— fellow subsidiaries (note b)	275	163
— joint ventures (note f)	27,814	285
— associates (note f)	4,247	1,537
— non-controlling shareholders of subsidiaries (note b)	2,997	2,296
— a related company (note b)	72	—
	294,646	189,594

Notes:

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

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Within 30 days	56,737	54,081
31-60 days	37,092	33,802
61-90 days	14,495	4,947
Over 90 days	10,030	4,690
	118,354	97,520

8 Trade and other receivables (Continued)

(b) The amounts due from fellow subsidiaries, joint ventures, non-controlling shareholders of subsidiaries and related companies are unsecured and interest free. Trading balances have credit periods ranging from 30 to 90 days while other balances have no fixed terms of repayment.

(c) The balance mainly represented container leasing income receivable from fellow subsidiaries and included a receivable balance from COSCON of US$26,263,000 (31 December 2014: US$32,686,000). During the six months ended 30 June 2015, the container leasing income from COSCON and the other fellow subsidiaries amounted to US$85,844,000 (2014: US$82,636,000) and US$117,000 (2014: US$80,000) respectively.

(d) The balance represented the unsettled billings to be collected by the Group in respect of the leases of those containers managed on behalf of third parties.

(e) As at 30 June 2015, balance of US$19,784,000 (31 December 2014: US$20,115,000) is unsecured, interest free, and wholly repayable within twelve months. Balance of US$446,000 (31 December 2014: US$484,000) is secured, bears interest at 5% per annum above 3 months Europe Interbank Offered Rate ("EURIBOR") and repayable within twelve months.

(f) The amounts receivable mainly represented dividend and interest receivable from joint ventures and associates.

9 Cash and cash equivalents

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Total time deposits, bank balances and cash (note i)	**1,053,086**	1,116,479
Restricted bank deposits included in current assets	**(234)**	(172)
	1,052,852	1,116,307
Representing:		
Time deposits	**816,657**	948,401
Bank balances and cash	**152,247**	146,049
Balances placed with COSCO Finance (note ii)	**83,948**	21,857
	1,052,852	1,116,307

Notes:

(i) As at 30 June 2015, balance of US$30,294,000 (31 December 2014: US$278,214,000) of the Group denominated in Renminbi and US dollar were held by certain subsidiaries of the Group with bank accounts operating in the PRC where exchange controls apply.

(ii) Balances placed with COSCO Finance, a fellow subsidiary of the Group, bear interest at prevailing market rates.

10 Share capital

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Authorised:		
4,000,000,000 (31 December 2014: 4,000,000,000) ordinary shares of HK$0.10 each	**51,282**	51,282
Issued and fully paid:		
2,940,437,862 (31 December 2014: 2,940,437,862) ordinary shares of HK$0.10 each	**37,753**	37,753

Note:

Share options

Movements of the share options, which have been granted under the share option schemes adopted by the Company on 23 May 2003, during the period are set out below:

		Number of share options				
Category	**Exercise price** HK$	**Outstanding as at 1 January 2015**	**Exercised during the period**	**Transfer (to)/from other categories during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2015**
Directors	19.30	500,000	–	–	–	500,000
Continuous contract employees	19.30	11,880,000	–	(190,000)	(10,000)	11,680,000
Others	19.30	860,000	–	190,000	–	1,050,000
		13,240,000	–	–	(10,000)	13,230,000

11 Borrowings

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Long term borrowings		
— secured (note a)	222,973	241,967
— unsecured	1,496,581	1,608,420
	1,719,554	1,850,387
Amounts due within one year included under current liabilities	(264,552)	(419,956)
	1,455,002	1,430,431
Short term borrowings — unsecured		
— bank loans	16,357	9,806
— loans from COSCO Finance	27,807	—
	44,164	9,806

Notes:

(a) As at 30 June 2015, a bank loan of US$222,973,000 (31 December 2014: US$241,967,000) granted to a subsidiary of the Company was secured by certain other property, plant and equipment of the Group with an aggregate net book value of US$49,672,000 (31 December 2014: US$55,119,000) and the Company's interest in the subsidiary. Under the circumstances that the terms and conditions as included in the loan agreement were not met, bank balances of US$22,026,000 (31 December 2014: US$36,706,000) would be pledged as security. As at 30 June 2015 and 31 December 2014, there were no violation of the terms and conditions of this loan and thus such bank balances were not pledged.

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

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Wholly repayable within five years		
— bank loans	1,092,053	1,196,084
— loan from COSCO Finance	8,178	—
	1,100,231	1,196,084
Not wholly repayable within five years		
— bank loans	322,195	357,442
— notes	297,128	296,861
	619,323	654,303
	1,719,554	1,850,387

11 Borrowings (Continued)

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

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Bank loans		
Within one year	**264,552**	419,956
Between one and two years	**233,488**	142,804
Between two and five years	**663,378**	704,847
Over five years	**252,830**	285,919
	1,414,248	1,553,526
Loan from COSCO Finance		
Between two and five years	**8,178**	—
Notes		
Over five years	**297,128**	296,861
	1,719,554	1,850,387

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

12 Loans from non-controlling shareholders of subsidiaries

As at 30 June 2015 and 31 December 2014, balance of US$50,000,000 was unsecured, interest-free and not repayable within next twelve months. As at 30 June 2015, balance of US$98,142,000 (31 December 2014: US$98,055,000) was unsecured, bore interest at 6% per annum and wholly repayable on or before October 2016. The carrying values of these loans are not materially different from their fair values.

13 Trade and other payables

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Trade payables (note a)		
— third parties	**35,452**	40,650
— fellow subsidiaries (note b)	**56**	58
— non-controlling shareholders of subsidiaries (note b)	**9,267**	7,835
— related companies (notes b and c)	**62,536**	52,720
	107,311	101,263
Other payables and accruals	**161,447**	153,795
Payable to owners of managed containers (note d)	**22,871**	23,570
Current portion of other long term liabilities	**235**	903
Dividend payable	**58,462**	7
Loan from a joint venture (note e)	**31,896**	31,868
Loans from non-controlling shareholders of subsidiaries (note f)	**57,973**	57,973
Amounts due to (note b)		
— fellow subsidiaries	**66**	39
— non-controlling shareholders of subsidiaries	**14,715**	15,516
— joint ventures	**317**	351
— related companies	**14**	12
	455,307	385,297

Notes:

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

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Within 30 days	**73,269**	61,085
31-60 days	**12,202**	4,180
61-90 days	**948**	18,429
Over 90 days	**20,892**	17,569
	107,311	101,263

(b) The balances are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers, while the other balances have no fixed terms of repayment.

(c) As at 30 June 2015, the balances represented the amounts payable to subsidiaries of China International Marine Containers (Group) Co., Ltd. ("CIMC") in respect of the purchases of containers (note 22(a)(ix)).

13 Trade and other payables (Continued)

(d) The balance represented the rental income of the managed containers collected, net of the direct operating expenses of the managed containers paid by the Group on behalf of third parties and the management fee income entitled by the Group.

(e) Loan from a joint venture is unsecured, bears interest at 3.5% per annum and repayable within twelve months.

(f) Loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of US$8,292,000 (31 December 2014: US$8,292,000) bears interest at 0.6% above 1-year US dollar London Interbank Offered Rate ("LIBOR") per annum. Balance of US$49,681,000 (31 December 2014: US$49,681,000) is interest free.

14 Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
Crediting		
Dividend income from an unlisted investment	**2,214**	2,034
Rental income from investment properties	**525**	695
Write back of provision for impairment of trade receivables, net	**34**	349
Gain on disposal of property, plant and equipment	**592**	619
Charging		
Depreciation and amortisation	**105,497**	106,178
Loss on disposal of property, plant and equipment	**12**	1
Rental expenses under operating leases of		
— buildings leased from a fellow subsidiary	**869**	781
— buildings leased from a joint venture	**16**	16
— land use rights leased from non-controlling shareholders of subsidiaries	**758**	553
— Concession (note 7)	**20,313**	23,943

15 Finance income and costs

	Six months ended 30 June 2015 US$'000	2014 US$'000
Finance income		
Interest income on		
— bank balances and deposits	**11,034**	10,090
— deposits with COSCO Finance	**197**	—
— loans to joint ventures and an associate	**2,684**	2,646
	13,915	12,736
Finance costs		
Interest expenses on		
— bank loans	**(22,615)**	(26,375)
— notes not wholly repayable within five years	**(6,564)**	(6,564)
— loans from COSCO Finance	**(228)**	—
— loans from non-controlling shareholders of subsidiaries (note 13(f))	**(3,005)**	(3,108)
— loan from a joint venture (note 13(e))	**(560)**	(473)
Amortised amount of		
— discount on issue of notes	**(127)**	(139)
— transaction costs on bank loans and notes	**(1,393)**	(1,501)
	(34,492)	(38,160)
Less: amount capitalised in construction in progress	**2,830**	3,372
	(31,662)	(34,788)
Other incidental borrowing costs and charges	**(1,054)**	(1,208)
	(32,716)	(35,996)
Net finance costs	**(18,801)**	(23,260)

16 Income tax expenses

	Six months ended 30 June 2015 US$'000	2014 US$'000
Current income tax		
— Hong Kong profits tax	**41**	—
— Mainland China taxation	**13,258**	7,538
— Overseas taxation	**6,020**	6,678
— (Over)/under provision in prior years	**(37)**	5
	19,282	14,221
Deferred income tax charge	**2,873**	5,906
	22,155	20,127

16 Income tax expenses (Continued)

The Group's shares of income tax expenses of joint ventures and associates of US$16,126,000 (2014: US$14,640,000) and US$7,950,000 (2014: US$6,615,000) are included in the Group's shares of profits of joint ventures and associates respectively.

Hong Kong profits tax was provided at a rate of 16.5% on the assessable profit for the period. In corresponding period of 2014, no Hong Kong profits tax has been provided as the Group did not have estimated assessable profit.

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

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

As at 30 June 2015, deferred income tax liabilities of US$8,963,000 (31 December 2014: US$8,295,000) have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries in certain tax jurisdictions totaling US$56,023,000 (31 December 2014: US$50,374,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and accordingly, the temporary difference will not be reversed in the foreseeable future.

17 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	
	2015	2014
Profit attributable to equity holders of the Company	**US$164,432,000**	US$146,786,000
Weighted average number of ordinary shares in issue	**2,940,437,862**	2,912,325,528
Basic earnings per share	**US5.59 cents**	US5.04 cents

(b) Diluted

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share for the six months ended 30 June 2015 and 2014, and the diluted earnings per share is equal to the basic earnings per share for the six months ended 30 June 2015 and 2014 respectively.

18 Interim dividend

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
Interim dividend, declared of US2.236 cents (2014: US2.016 cents) per ordinary share	**65,748**	58,712

Notes:

(a) At a meeting held on 24 March 2015, the directors recommended the payment of a final dividend of HK15.4 cents (equivalent to US1.988 cents) per ordinary share with a scrip dividend alternative for the year ended 31 December 2014. The final dividend, which was approved at the annual general meeting of the Company held on 14 May 2015, was paid on 15 July 2015.

(b) At a meeting held on 25 August 2015, the directors declared an interim dividend of HK17.3 cents (equivalent to US2.236 cents) per ordinary share. The dividend will be payable in cash and with a scrip dividend alternative. The interim dividend declared is not reflected as dividend payable in the Unaudited Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2015.

19 Financial guarantee contracts

	As at 30 June 2015	As at 31 December 2014
	US$'000	US$'000
Bank guarantees to an associate	**9,295**	13,613

The directors of the Company consider that it is not probable for a claim to be made against the Group under the above guarantee as at the balance sheet date.

The fair value of the guarantee contracts was not material and has not been recognised.

20 Contingent liabilities

A statement of claim was issued on 19 October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("ADK") against the Company and Piraeus Terminal, a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff has claimed approximately Euro 5,800,000 (equivalent to approximately US$6,500,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 November 2010.

The Court of First Instance of Athens has issued and pronounced judgment on the case and has dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and has awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$33,000) against the plaintiff (ADK). The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law.

20 Contingent liabilities (Continued)

In May 2015, the Athens Court of Appeals has issued and pronounced judgment on ADK's appeal and has dismissed the aforementioned appeal in its entirety and has upheld fully the judgment of the Court of First Instance. In addition the Court of Appeals has awarded to the Company and Piraeus Terminal part of the legal expenses with respect to the appellate proceedings in the amount of Euro 600 (equivalent to approximately US$700) against the appellant (ADK). The aforesaid Court of Appeal's judgment is final and is subject only to an appeal before the Supreme Court, which has to be exclusively based on legal grounds. The time limit for the filing of such an appeal before the Supreme Court by the losing parties is 30 days from the date that an official copy of the aforesaid decision, legalised by the Court itself, is served on the ADK by bailiff of the Court. As at the date of this Unaudited Condensed Consolidated Financial Information, such copy has not been issued. The Company's legal advisors consider that the legal arguments motivating the Court of Appeals' judgment are well founded on Greek law and therefore consider it unlikely that ADK will file any appeal before the Supreme Court. No provision has been made for the claims.

21 Capital commitments

The Group had the following significant capital commitments as at 30 June 2015:

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Authorised but not contracted for:		
— Investment (note)	**33,602**	33,572
— Containers	**107,400**	349,920
— Computer system under development	**1,000**	1,000
— Other property, plant and equipment	**566,493**	822,596
	708,495	1,207,088
Contracted but not provided for:		
— Containers	**29,542**	21,619
— Investments (note)	**556,658**	566,195
— Other property, plant and equipment	**353,473**	185,486
	939,673	773,300

21 Capital commitments (Continued)

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

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Authorised but not contracted for	**25,050**	25,408
Contracted but not provided for	**8,879**	9,789
	33,929	35,197

Note:

The capital commitments in respect of investments of the Group as at 30 June 2015 are as follows:

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Authorised but not contracted for		
Investment in:		
— Changshu Chang Jiang International Port Co., Ltd.	**33,602**	33,572
Contracted but not provided for		
Investments in:		
— Qingdao Qianwan Container Terminal Co., Ltd.	**64,997**	64,997
— Antwerp Gateway NV	**40,754**	49,063
— Dalian Port Container Terminal Co., Ltd.	**47,762**	47,720
— Tianjin Port Euroasia International Terminal Co., Ltd.	**114,826**	114,725
— Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	**98,142**	98,055
— Others	**119,491**	121,012
	485,972	495,572
Terminal projects in:		
— Shanghai Yangshan Port Phase II	**65,428**	65,370
— Others	**5,258**	5,253
	70,686	70,623
	556,658	566,195

22 Related party transactions

The Group is controlled by China COSCO which owns 44.54% of the Company's shares as at 30 June 2015. The parent company of China COSCO is COSCO.

COSCO is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. PRC government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO and its subsidiaries, other government related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO group companies for the interests of financial statements' users, although certain of those transactions which are individually or collectively not significant, and are exempted from disclosure upon adoption of HKAS 24 (Revised). The Directors believe that the information of related party transactions has been adequately disclosed in the Unaudited Condensed Consolidated Interim Financial Information.

In addition to those disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period.

22 Related party transactions (Continued)

(a) Sales/purchases of goods, services and investments

	Six months ended 30 June 2015 US$'000	2014 US$'000
Container rental income from fellow subsidiaries (notes i, xiii)	**85,961**	82,716
Compensation for loss of containers from a fellow subsidiary (notes ii, xiii)	**61**	251
Handling, storage and transportation income from fellow subsidiaries (notes iii, xiii)	**911**	930
Management fee and service fee income from (notes iv, xiii)		
— joint ventures	**2,010**	2,031
— associates	**313**	313
— an investee company	**71**	70
Terminal handling and storage income from (notes v, xiii)		
— fellow subsidiaries	**18,474**	21,459
— a non-controlling shareholder of a subsidiary	**20,811**	22,890
Container freight charges to subsidiaries of CIMC (note vi)	**(469)**	(856)
Container handling and logistics services fee to non-controlling shareholders of subsidiaries (notes vii, xiii)	**(8,105)**	(9,846)
Electricity and fuel expenses to (notes viii, xiii)		
— a fellow subsidiary	**(62)**	(397)
— non-controlling shareholders of subsidiaries	**(2,874)**	(1,974)
Purchase of containers from subsidiaries of CIMC (note ix)	**(134,340)**	(176,181)
Handling, storage and maintenance expenses to fellow subsidiaries (notes x, xiii)	**(296)**	(374)
High-frequency communication fee to a non-controlling shareholder of a subsidiary (notes xi, xiii)	**(83)**	(82)
Rental expenses paid to (notes xii, xiii)		
— a fellow subsidiary	**(863)**	(777)
— non-controlling shareholders of subsidiaries	**(1,832)**	(1,528)

Notes:

(i) The Group has conducted container leasing business with COSCON, other fellow subsidiaries of COSCO and other state-owned enterprises. The container rental income was charged based on terms agreed between the Group and the respective parties in concern.

(ii) During the period, the Group had compensation received and receivable of US$61,000 (2014: US$251,000) from COSCON for the loss of containers under operating leases, resulting in a loss of US$3,000 (2014: US$78,000).

22 Related party transactions (Continued)

(a) Sales/purchases of goods, services and investments (Continued)

(iii) The handling, storage and transportation income received from fellow subsidiaries of the Group were conducted at terms as set out in the agreements entered into between the Group and these fellow subsidiaries.

(iv) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal"), a joint venture of the Group, during the period. Management fee was charged and agreed at HK$20,000,000 (equivalent to US$2,580,000) (2014: HK$20,000,000 (equivalent to US$2,578,000)) per annum.

Other management fee and service fee income charged to joint ventures, associates and an investee company were agreed between the Group and the respective parties in concern.

(v) The terminal handling and storage income received from fellow subsidiaries and a non-controlling shareholder of a subsidiary in relation to the cargoes shipped from/to Zhangjiagang, Yangzhou, Quanzhou, Jinjiang, Xiamen and Nansha were conducted by the Group by reference to rates as set out by the Ministry of Communications of the PRC.

The container terminal handling and storage income received from fellow subsidiaries in relation to the cargoes shipped from/to Piraeus Terminal were conducted by the Group with rates as mutually agreed.

(vi) The container freight charges paid to subsidiaries of CIMC for container repositioning services rendered to the Group were charged at rates mutually agreed.

(vii) The container handling and logistics service fees paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(viii) Electricity and fuel expenses paid to a fellow subsidiary and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(ix) The purchases of containers from subsidiaries of CIMC, were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.

(x) Handling, storage and maintenance expenses paid to fellow subsidiaries were charged at rates as mutually agreed.

(xi) High-frequency communication fee paid to a non-controlling shareholder of a subsidiary was charged at rates as mutually agreed.

(xii) Rental expenses paid to a fellow subsidiary and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(xiii) The transactions represent continuing connected transactions which has complied with the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules").

22 Related party transactions (Continued)

(b) Balances with state-owned banks

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Bank deposits balances		
— in Mainland China	**30,294**	116,358
— outside Mainland China	**648,079**	770,469
Long term bank loans		
— in Mainland China	**331,251**	382,316
— outside Mainland China	**747,344**	765,634
Short term bank loans		
— in Mainland China	**16,357**	9,806
Committed and undrawn bank borrowings facilities		
— in Mainland China	**416,792**	357,546
— outside Mainland China	**136,723**	18,148

The deposits and loans with state-owned banks were in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern.

(c) Balances with other state-controlled entities in the PRC

	As at 30 June 2015 US$'000	As at 31 December 2014 US$'000
Other payable to a government port authority	**10,097**	10,074

The balance represented the port construction levies collected by a subsidiary of the Group on behalf of the port authority in Zhangjiagang pursuant to a notice issued by the Ministry of Communications of the PRC. The balance is unsecured, interest free and has no fixed terms of repayment.

22 Related party transactions (Continued)

(d) Key management compensation

	Six months ended 30 June	
	2015	2014
	US$'000	US$'000
Salaries, bonuses and other allowances	**1,831**	2,156
Contributions to retirement benefit schemes	**7**	6
	1,838	2,162

Key management includes directors of the Company and four (2014: four) senior management members of the Group.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF COSCO PACIFIC LIMITED
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 35, which comprises the condensed consolidated balance sheet of COSCO Pacific Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated statements of income, condensed consolidated comprehensive income, condensed consolidated changes in equity and condensed consolidated cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on Interim Financial Information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 August 2015

INTERIM DIVIDEND

The directors have declared an interim dividend of HK17.3 cents (corresponding period of 2014: HK15.6 cents) per share for the six months ended 30 June 2015, with an option to receive new fully paid shares in lieu of cash ("Scrip Dividend Scheme").

The interim dividend will be payable to shareholders whose names appear on the register of members of the Company on Monday, 14 September 2015. 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 or about Monday, 26 October 2015.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Wednesday, 30 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10 September 2015 to Monday, 14 September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 9 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

COSCO Pacific made solid progress in the development of its terminals business during the first half of 2015, reporting a satisfactory increase in its profit. However, due to the unfavourable market conditions in the period, the container leasing, management and sale businesses saw a decrease in lease rates and the selling prices for old containers disposed of, which in turn weighed down its profitability. Profit attributable to equity holders of COSCO Pacific for the first half of 2015 was US$164,432,000 (corresponding period of 2014: US$146,786,000), a 12.0% increase compared with the corresponding period of last year. Of this, profit from the terminals business was US$121,228,000 (corresponding period of 2014: US$109,085,000), an 11.1% increase compared with the corresponding period of last year; and profit from the container leasing, management and sale businesses was US$49,667,000 (corresponding period of 2014: US$53,289,000), a 6.8% decrease compared with the corresponding period of last year. Taken as a whole, profit of COSCO Pacific's core business for the first half of 2015 saw a 5.2% increase compared with the corresponding period of last year.

Profit from the terminals business for the first half of 2015 increased by 11.1% compared with the corresponding period of last year, the throughput of container terminal reached 33,831,834 TEU (corresponding period of 2014: 32,481,568 TEU), a 4.2% increase compared with the corresponding period of last year. On the other hand, equity throughput rose to 9,462,720 TEU (corresponding period of 2014: 9,285,396 TEU), a 1.9% increase compared with the corresponding period of last year. During the period, Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal") recorded some improvements in its operation. Benefiting from the opening of new shipping routes, the throughput of containers recorded an increase of 14.6%. Profit of Xiamen Ocean Gate Terminal for the first half of

2015 was US$9,000 (corresponding period of 2014: loss of US$2,868,000). Piraeus Terminal in Greece delivered steady results, recording a 0.8% increase in its throughput compared with the corresponding period of last year, and a profit of US$15,129,000 (corresponding period of 2014: US$15,073,000), representing a 0.4% increase compared with the corresponding period of last year.

For terminals in which the Group has no controlling stake, driven by the increased throughput, there was an observable growth in COSCO Pacific's share of profit from Yantian International Container Terminals Co., Ltd. ("Yantian Terminal"), Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal"), Antwerp Gateway NV ("Antwerp Terminal"), Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Euroasia Terminal") and COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") for the first half of 2015. During the first half of 2015, the throughput of Yantian Terminal increased by 6.8% compared with the corresponding period of last year, the Group's share of profit of Yantian Terminal increased to US$23,027,000 (corresponding period of 2014: US$20,718,000), an 11.1% increase compared with the corresponding period of last year; the throughput of Qingdao Qianwan Terminal increased by 3.5% compared with the corresponding period of last year, the Group's share of profit of Qingdao Qianwan Terminal was US$24,363,000 (corresponding period of 2014: US$21,616,000), a 12.7% increase compared with the corresponding period of last year; the throughput of Antwerp Terminal increased by 27.4% compared with the corresponding period of last year, the Group's share of profit of Antwerp Terminal was US$2,698,000 (corresponding period of 2014: US$1,191,000), a 126.5% increase compared with the corresponding period of last year; the throughput of Tianjin Euroasia Terminal increased by 8.7% compared with the corresponding period of last year, the Group's share of profit of Tianjin Euroasia Terminal was US$1,685,000 (corresponding period of 2014: US$490,000); the throughput of COSCO-PSA Terminal increased by 20.4% compared with the corresponding period of last year, the Group's share of profit of COSCO-PSA Terminal increased to US$1,995,000 (corresponding period of 2014: US$1,017,000), a 96.2% increase compared with the corresponding period of last year.

For the container leasing, management and sale businesses, profit for the first half of 2015 was US$49,667,000 (corresponding period of 2014: US$53,289,000), a 6.8% decrease compared with the corresponding period of last year. As at 30 June 2015, the Group's fleet capacity expanded to 1,969,196 TEU (30 June 2014: 1,936,263 TEU), a 1.7% increase compared with the corresponding period of last year.

Financial Analysis

Revenues

Revenues of the Group for the first half of 2015 amounted to US$402,428,000 (corresponding period of 2014: US$440,158,000), an 8.6% decrease compared with the corresponding period of last year. The revenues was primarily derived from the terminals business of US$245,054,000 (corresponding period of 2014: US$258,082,000) and the container leasing, management and sale businesses of US$159,661,000 (corresponding period of 2014: US$184,107,000).

The total revenues from terminals business for the first half of 2015 decreased by 5.0% compared with the corresponding period of last year. The decrease was mainly attributable to Piraeus Terminal in Greece. In the first half of 2015, the throughput of Piraeus Terminal was 1,481,718 TEU (corresponding period of 2014: 1,470,563 TEU), generating a revenue of Euro 69,809,000 (corresponding period of 2014: Euro 66,707,000), a 4.7% increase compared with the corresponding period of last year. However, under the influence of a depreciating Euro, the revenue of Piraeus Terminal for the first half of 2015 was equivalent to US$78,393,000 (corresponding period of 2014: US$91,459,000), a 14.3% decrease compared with the corresponding period of last year. During the period, Xiamen Ocean Gate Terminal made an upward adjustment in its tariffs and increased its shipping routes, generating a revenue of US$24,196,000 for the first half of 2015 (corresponding period of 2014: US$15,936,000), a 51.8% increase compared with the corresponding period of last year.

For the container leasing, management and sale businesses, revenues for the first half of 2015, which primarily included container leasing income and revenue from the disposal of returned containers, was US$159,661,000 (corresponding period of 2014: US$184,107,000), representing a 13.3% decrease compared with the corresponding period of last year. As at 30 June 2015, the fleet capacity of owned containers and sale-and-leaseback containers reached 1,179,233 TEU and 286,568 TEU respectively (30 June 2014: 1,168,265 TEU and 250,290 TEU respectively). As a result of decreased lease rates, revenue from container leasing for the first half of 2015 was US$144,593,000 (corresponding period of 2014: US$147,639,000), representing a 2.1% decrease compared with the corresponding period of last year. For the container sale business, the average selling prices of returned containers disposed of during the period fell by 8.6% compared with the corresponding period of last year, and the number of returned containers disposed of decreased by 68.8% over the corresponding period of last year to 10,108 TEU (corresponding period of 2014: 32,418 TEU), resulting in a decrease in the revenue from the disposal of returned containers to US$8,554,000 (corresponding period of 2014: US$30,022,000), a 71.5% decrease compared with the corresponding period of last year.

Cost of sales

Cost of sales mainly comprised operating expenses of the terminal companies in which the Group has controlling stakes, depreciation charges on owned containers, net carrying amount of returned containers disposed of and rental expenses of sale-and-leaseback containers. Cost of sales for the first half of 2015 was US$244,847,000 (corresponding period of 2014: US$272,188,000), a 10.0% decrease compared with the corresponding period of last year. Of this, cost of sales of the terminals business was US$153,104,000 (corresponding period of 2014: US$164,676,000), a 7.0% decrease compared with the corresponding period of last year. The decrease was mainly attributable to Piraeus Terminal. For the first half of 2015, cost of sales of Piraeus Terminal was US$52,816,000 (corresponding period of 2014: US$64,578,000), an 18.2% decrease compared with the corresponding period of last year. Cost of sales of container leasing, management and sale businesses was US$91,756,000 (corresponding period of 2014: US$107,541,000), a 14.7% decrease compared with the corresponding period of last year. The net carrying amount of returned containers disposed of decreased to US$6,885,000 (corresponding period of 2014: US$23,974,000) as the result of a 68.8% decrease in the number of returned containers disposed of, a 71.3% decrease compared with the corresponding period of last year. Depreciation charges on containers for the first half of 2015 were US$61,354,000 (corresponding period of 2014: US$63,027,000), a 2.7% decrease compared with the corresponding period of last year.

Administrative expenses

Administrative expenses in the first half of 2015 were US$40,024,000 (corresponding period of 2014: US$43,246,000), a 7.5% decrease compared with the corresponding period of last year. The decrease in administrative expenses compared with the corresponding period of last year was mainly attributable to the stringent cost-control measures taken by the Group during the period.

Other operating income/(expenses), net

Net other operating income during the period was US$8,252,000 (corresponding period of 2014: net other operating expenses of US$5,003,000), which included a net exchange loss of US$1,092,000 recorded in the first half of 2015 (corresponding period of 2014: US$9,470,000).

Finance costs

The Group's finance costs in the first half of 2015 were US$32,716,000 (corresponding period of 2014: US$35,996,000), a 9.1% decrease compared with the corresponding period of last year. The decrease in finance costs was primarily due to the decrease of the average balance of bank loans during the period to US$1,786,003,000 (corresponding period of 2014: US$2,019,608,000), an 11.6% decrease compared with the corresponding period of last year. Taking into account capitalised interest, the average cost of bank borrowings in the first half of 2015, including the amortisation of transaction costs over bank loans and notes, was 3.58% (corresponding period of 2014: 3.54%).

Share of profits of joint ventures and associates

The Group's share of profit of joint ventures and associates for the first half of 2015 amounted to US$91,692,000 in aggregate (corresponding period of 2014: US$81,742,000), representing a 12.2% increase compared with the corresponding period of last year. Driven by increased throughput, there was an observable growth in COSCO Pacific's share of profit from Yantian Terminal, Qingdao Qianwan Terminal, Antwerp Terminal, Tianjin Euroasia Terminal and COSCO-PSA Terminal during the period. For the first half of 2015, the throughput of Yantian Terminal increased by 6.8% compared with the corresponding period of last year, the Group's share of profit of Yantian Terminal increased to US$23,027,000 (corresponding period of 2014: US$20,718,000), an 11.1% increase compared with the corresponding period of last year; the throughput of Qingdao Qianwan Terminal increased by 3.5% compared with the corresponding period of last year, the Group's share of profit of Qingdao Qianwan Terminal was US$24,363,000 (corresponding period of 2014: US$21,616,000), a 12.7% increase compared with the corresponding period of last year; the throughput of Antwerp Terminal increased by 27.4% compared with the corresponding period of last year, the Group's share of profit of Antwerp Terminal was US$2,698,000 (corresponding period of 2014: US$1,191,000), a 126.5% increase compared with the corresponding period of last year; the throughput of Tianjin Euroasia Terminal increased by 8.7% compared with the corresponding period of last year, the Group's share of profit of Tianjin Euroasia Terminal was US$1,685,000 (corresponding period of 2014: US$490,000); the throughput of COSCO-PSA Terminal increased by 20.4% compared with the corresponding period of last year, the Group's share of profit of COSCO-PSA Terminal increased to US$1,995,000 (corresponding period of 2014: US$1,017,000), representing a 96.2% increase compared with the corresponding period of last year.

Income tax expenses

During the period, income tax expenses amounted to US$22,155,000 (corresponding period of 2014: US$20,127,000), a 10.1% increase compared with the corresponding period of last year. This included a provision of approximately US$8,155,000 (corresponding period of 2014: US$7,908,000) for withholding income tax in respect of the profit distribution by certain investments of the Group in China.

Financial Position

Cash flow

Operating cash inflow of the Group remained steady in the first half of 2015. During the period, net cash generated from operating activities amounted to US$183,725,000 (corresponding period of 2014: US$212,423,000). The Group borrowed bank loans of US$132,180,000 (corresponding period of 2014: US$154,661,000) in the first half of 2015, and repaid loans of US$211,023,000 (corresponding period of 2014: US$216,198,000) during the period.

During the period, an amount of US$200,523,000 (corresponding period of 2014: US$195,421,000) was paid in cash by the Group for the expansion of berths and purchase of property, plant and equipment, of which US$160,357,000 (corresponding period of 2014: US$161,409,000) was for the purchase of new containers. In addition, no additional equity investment was made by COSCO Pacific during the first half of 2015. The total cash outflow for capital investment by the Group amounted to US$279,919,000 in the first half of 2014, comprising US$212,335,000 for the investment in Asia Container Terminals Limited ("Asia Container Terminal"), net equity investment of US$57,330,000 in Qingdao Port Dongjiakou Ore Terminal Co., Ltd. ("Dongjiakou Ore Terminal") and US$10,254,000 used for capital injection in Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal").

Financing and credit facilities

As at 30 June 2015, the Group's total outstanding borrowings and cash balance amounted to US$1,763,718,000 (31 December 2014: US$1,860,193,000) and US$1,053,086,000 (31 December 2014: US$1,116,479,000) respectively. Banking facilities available but unused amounted to US$553,514,000 (31 December 2014: US$475,694,000).

Assets and liabilities

As at 30 June 2015, the Group's total assets and total liabilities increased to US$7,701,005,000 (31 December 2014: US$7,616,710,000) and US$2,541,551,000 (31 December 2014: US$2,558,048,000) respectively. Net assets were US$5,159,454,000, representing an increase of 2.0% as compared with that of US$5,058,662,000 as at 31 December 2014. Net current assets as at 30 June 2015 amounted to US$507,527,000 (31 December 2014: US$426,433,000). As at 30 June 2015, net asset value per share of the Company was US$1.75 (31 December 2014: US$1.72).

As at 30 June 2015, net debt-to-total equity ratio was 13.8% (31 December 2014: 14.7%), and the interest coverage was 7.1 times (corresponding period of 2014: 6.0 times). As at 30 June 2015, certain other property, plant and equipment of the Group with an aggregate net book value of US$49,672,000 (31 December 2014: US$55,119,000) and the Company's interest in the subsidiary were pledged as securities against bank borrowings of US$222,973,000 (31 December 2014: US$241,967,000).

Debt analysis

	As at 30 June 2015 US$	(%)	As at 31 December 2014 US$	(%)
By repayment term				
Within the first year	**308,716,000**	**17.5**	429,762,000	23.1
Within the second year	**233,488,000**	**13.2**	142,804,000	7.7
Within the third year	**450,519,000**	**25.5**	371,953,000	20.0
Within the fourth year	**179,082,000**	**10.2**	159,648,000	8.6
Within the fifth year and after	**591,913,000**	**33.6**	756,026,000	40.6
	1,763,718,000*	**100.0**	1,860,193,000*	100.0
By category				
Secured borrowings	**222,973,000**	**12.6**	241,967,000	13.0
Unsecured borrowings	**1,540,745,000**	**87.4**	1,618,226,000	87.0
	1,763,718,000*	**100.0**	1,860,193,000*	100.0
By denominated currency				
US dollar borrowings	**1,193,634,000**	**67.7**	1,266,764,000	68.1
RMB borrowings	**347,111,000**	**19.7**	351,462,000	18.9
Euro borrowings	**222,973,000**	**12.6**	241,967,000	13.0
	1,763,718,000*	**100.0**	1,860,193,000*	100.0

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

Financial guarantee contracts

As at 30 June 2015, the Group provided guarantees on a loan facility granted to an associate of US$9,295,000 (31 December 2014: US$13,613,000).

Contingent liabilities

A statement of claim was issued on 19 October 2009 by ADK against the Company and Piraeus Terminal, a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff has claimed approximately Euro 5,800,000 (equivalent to approximately US$6,500,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 November 2010.

The Court of First Instance of Athens has issued and pronounced judgment on the case and has dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and has awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$33,000) against the plaintiff (ADK). The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law.

In May 2015, the Athens Court of Appeals has issued and pronounced judgment on ADK's appeal and has dismissed the aforementioned appeal in its entirety and has upheld fully the judgment of the Court of First Instance. In addition, the Court of Appeals has awarded to the Company and Piraeus Terminal part of the legal expenses with respect to the appellate proceedings in the amount of Euro 600 (equivalent to approximately US$700) against the appellant (ADK). The aforesaid Court of Appeal's judgment is final and is subject only to an appeal before the Supreme Court, which has to be exclusively based on legal grounds. The time limit for the filing of such an appeal before the Supreme Court by the losing parties is 30 days from the date that an official copy of the aforesaid decision, legalised by the Court itself, is served on the ADK by bailiff of the Court. As at the date of this report, such copy has not been issued. The Company's legal advisors consider that the legal arguments motivating the Court of Appeals' judgment are well founded on Greek law and therefore consider it unlikely that ADK will file any appeal before the Supreme Court. No provision has been made for the claims.

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 far as possible. Borrowings for the container leasing business are mainly denominated in US dollar, which is the same currency as the majority of its revenue and expenses so as to minimise potential foreign exchange exposure.

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

As at 30 June 2015, 17.0% (31 December 2014: 16.1%) of the Group's total borrowings were in fixed rate. The Group continues to monitor and regulate its fixed and floating rate debt portfolio from time to time in light of the market conditions, with a view to minimising its potential interest rate exposure.

Operational Review

Global growth was on a trend of gradual deceleration during the first half of the year. According to the July 2015 report from the International Monetary Fund, global economy is estimated to grow 3.3% in 2015, 0.2 percentage points lower than previously estimated, of which, China is estimated to grow at a 6.8% rate in 2015, 0.6 percentage points lower than the 7.4% growth in 2014. Against the backdrop of a decelerating economy, the total value of China's foreign trade in the first half saw a 6.9% decrease as compared with the corresponding period of last year, posing challenges to the sector's operating environment.

In the face of these factors, the Group continued to enhance the brand value of COSCO Pacific by adhering to its proven operational strategies, focusing on optimising management efficiency, proactively enhancing service quality and establishing long-term strategic partnerships with clients. Meanwhile, the Group implemented effective cost control measures. During the period, the Group's container throughput grew steadily, driving higher profit from terminals business. On the other hand, amidst fierce competition in the container leasing industry, the container lease rates and the resale prices of used containers remained at low levels, resulting in weak performances from the Group's container leasing and sale businesses.

Terminals

During the first half of 2015, even faced with a volatile global economy, the Group's terminals business still reported an overall profit of US$121,228,000 (corresponding period of 2014: US$109,085,000), representing an 11.1% increase. Its equity throughput increased by 1.9% to 9,462,720 TEU (corresponding period of 2014: 9,285,396 TEU). Thanks to the optimisation of overall terminal operations, the terminals business saw profit growth greater than that of the equity throughput.

During the period, with a robust growth in throughput and increased tariffs, Xiamen Ocean Gate Terminal achieved a turnaround. Together with Xiamen Haitou Tongda Terminal Co., Ltd. ("Xiamen Tongda Terminal") which was acquired in March 2013, the terminal reported an aggregate profit of US$9,000 (corresponding period of 2014: a loss of US$2,868,000). The Group's share of profit from Yantian Terminal rose by 11.1% to US$23,027,000 (corresponding period of 2014: US$20,718,000). Qingdao Qianwan Terminal saw an increase in its average revenue per TEU and throughput, which drove the profit contribution to rise by 12.7% to US$24,363,000 (corresponding period of 2014: US$21,616,000). Continuing to benefit from a strong growth in throughput, profit contribution from Antwerp Terminal rose by 126.5% to US$2,698,000 (corresponding period of 2014: US$1,191,000). Profit contribution from Tianjin Euroasia Terminal rose by 243.9% to US$1,685,000 (corresponding period of 2014: US$490,000), which was mainly attributable to a steady growth in throughput and a higher ratio of foreign trade cargoes, which generated greater profits. While Piraeus Terminal's profit in Euro rose by 22.6% from the optimisation of its terminal operations, its profit contribution in US dollar reported a 0.4% increase to US$15,129,000 (corresponding period of 2014: US$15,073,000), resulting from the depreciation of Euro against US dollar compared with the corresponding period of last year.

On 13 March 2014, the Group acquired a 40% effective equity interest in Asia Container Terminal, whose profit and throughput have been included into the Group's accounts since 14 March 2014. The acquired company contributed a profit of US$990,000 (corresponding period of 2014: US$554,000) to the Group and repaid interest for the Group's shareholder's loan amounting to US$1,808,000 (corresponding period of 2014: US$1,083,000) during the period. On the other hand, profit contributed by COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") rose by 3.3% to US$9,060,000 (corresponding period of 2014: US$8,769,000).

During the period, revenue from the terminals business dropped by 5.0% to US$245,054,000 (corresponding period of 2014: US$258,082,000). Piraeus Terminal delivered stable operational performance, with its revenue in Euro rising by 4.7%. However, affected by the depreciation of Euro against the US dollar compared with the corresponding period of last year, its revenue in US dollar dropped by 14.3% to US$78,393,000 (corresponding period of 2014: US$91,459,000). The business volume of Xiamen Ocean Gate Terminal saw a continued increase. Combined with the revenue from Xiamen Tongda Terminal, the terminal reported an aggregate revenue of US$24,196,000 (corresponding period of 2014: US$15,936,000), representing a 51.8% increase. Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") recorded revenue of US$71,923,000 (corresponding period of 2014: US$71,843,000).

Total container throughput of COSCO Pacific continued to grow during the first half of 2015, rising by 4.2% to 33,831,834 TEU (corresponding period of 2014: 32,481,568 TEU). The terminal companies in mainland China handled a total of 26,878,476 TEU (corresponding period of 2014: 26,046,245 TEU), representing a 3.2% rise. Equity throughput of the Group rose by 1.9% to 9,462,720 TEU (corresponding period of 2014: 9,285,396 TEU). In comparison with the corresponding period of 2014, container throughput growth in all regions decelerated, with signs of stabilisation.

During the period, the Bohai Rim region reported a total throughput of 12,760,512 TEU (corresponding period of 2014: 12,546,426 TEU), up 1.7% and accounting for 37.7% of the Group's total container throughput. Container volume in Qingdao Qianwan Terminal grew steadily, throughput achieved growth of 3.5% to 8,369,569 TEU (corresponding period of 2014: 8,089,696 TEU). Benefiting from its increased foreign trade cargoes, the container throughput at Tianjin Euroasia Terminal grew by 8.7% to 1,074,458 TEU (corresponding period of 2014: 988,417 TEU). Due to the adjustments of shipping routes, the throughput of Yingkou Container Terminals Company Limited shrank by 19.6% to 748,066 TEU (corresponding period of 2014: 930,076 TEU).

The Yangtze River Delta region reported a total throughput of 5,193,524 TEU (corresponding period of 2014: 4,931,807 TEU), up 5.3% and accounting for 15.3% of the Group's total container throughput. The throughput of Shanghai Pudong International Container Terminals Limited and Ningbo Yuan Dong Terminal rose by 4.1% to 1,226,218 TEU (corresponding period of 2014: 1,178,394 TEU) and 19.8% to 1,878,009 TEU (corresponding period of 2014: 1,568,009 TEU) respectively, which was mainly attributable to additional shipping routes. As a result of reduction of certain domestic shipping routes, the throughput of Taicang International Container Terminal Co., Ltd. decreased by 16.6% to 244,333 TEU (corresponding period of 2014: 293,075 TEU). The throughput of Zhangjiagang Win Hanverky Container Terminal Co., Ltd. dropped by 27.4% to 337,268 TEU (corresponding period of 2014: 464,587 TEU), which was mainly due to a decrease in the volume of transhipment and foreign trade import cargoes.

The combined container throughput of the Southeast Coast and others totalled 1,956,226 TEU (corresponding period of 2014: 1,809,505 TEU), up 8.1% and accounting for 5.8% of the Group's total container throughput. Xiamen Ocean Gate Terminal actively enhanced its service level during the period. Coupling with increased investment in marketing campaigns targeting customers and the optimisation of a number of service routes, the terminal reported a container throughput of 466,368 TEU (corresponding period of 2014: 406,867 TEU), representing an increase of 14.6%.

The Pearl River Delta region reported a total throughput of 9,132,295 TEU (corresponding period of 2014: 8,622,636 TEU), up 5.9% and accounting for 27.0% of the Group's total container throughput. The container throughput of Yantian Terminal climbed by 6.8% to 5,529,239 TEU (corresponding period of 2014: 5,175,306 TEU), which was largely driven by growth in US cargoes, transshipment cargoes and empty containers. Facing carriers' service redeployment, the container throughput of COSCO-HIT Terminal was down 5.6% to 814,667 TEU (corresponding period of 2014: 863,417 TEU). Starting from 14 March 2014, the throughput and the profit of Asia Container Terminal were included into the Group's accounts, and a throughput of 600,227 TEU was recorded during the period (corresponding period of 2014: 388,337 TEU). The container throughput of Guangzhou South China Oceangate Terminal was down 0.3% to 2,188,162 TEU (corresponding period of 2014: 2,195,576 TEU).

Overseas terminals reported a total throughput of 4,789,277 TEU (corresponding period of 2014: 4,571,194 TEU), up 4.8% and accounting for 14.2% of the Group's total container throughput. While the Far East-Mediterranean shipping market remained weak during the period, Piraeus Terminal managed to increase its throughput by 0.8% to 1,481,718 TEU (corresponding period of 2014: 1,470,563 TEU) by enhancing services for its network of transshipment ports in the Mediterranean and introducing a number of new shipping routes. Based in Belgium, Antwerp Terminal continued to deliver consistent services, thereby attracting greater support from its clients in the terminals business. As a result of optimised operations for a number of shipping routes, its container throughput rose by 27.4% to 1,009,620 TEU (corresponding period of 2014: 792,492 TEU). The throughput of COSCO-PSA Terminal rose by 20.4% to 725,476 TEU (corresponding period of 2014: 602,398 TEU), which was largely driven by terminals optimising the provision of services and clients establishing new shipping routes.

As of 30 June 2015, the Group was operating 108 container terminals berths (corresponding period of 2014: 106), with a total annual handling capacity of 65,750,000 TEU (corresponding period of 2014: 64,350,000 TEU); and was operating 13 bulk cargo berths (corresponding period of 2014: 13) with a total annual handling capacity of 46,050,000 tons (corresponding period of 2014: 46,050,000 tons).

Regional breakdown of total throughput

	1H 2015 (TEU)	y-o-y change (%)	Percentage of total (%)
Bohai Rim	12,760,512	+1.7	37.7
Yangtze River Delta	5,193,524	+5.3	15.3
Southeast Coast and others	1,956,226	+8.1	5.8
Pearl River Delta	9,132,295	+5.9	27.0
Overseas	4,789,277	+4.8	14.2
Total	**33,831,834**	**+4.2**	**100.0**

Regional breakdown of equity throughput (calculated according to the shareholding proportion of the Group)

	1H 2015 (TEU)	y-o-y change (%)	Percentage of total (%)
Bohai Rim	2,400,810	-1.8	25.4
Yangtze River Delta	1,393,754	+0.7	14.7
Southeast Coast and others	1,007,014	+1.6	10.6
Pearl River Delta	2,307,524	+5.0	24.4
Overseas	2,353,618	+3.9	24.9
Total	**9,462,720**	**+1.9**	**100.0**

Throughput of terminal companies

Terminal companies	1H 2015 (TEU)	1H 2014 (TEU)	change (%)
Bohai Rim	**12,760,512**	12,546,426	+1.7
Qingdao Qianwan Container Terminal Co., Ltd. Note 1	**8,369,569**	8,089,696	+3.5
Tianjin Five Continents International Container Terminal Co., Ltd.	**1,308,011**	1,258,450	+3.9
Tianjin Port Euroasia International Container Terminal Co., Ltd.	**1,074,458**	988,417	+8.7
Dalian Port Container Terminal Co., Ltd.	**1,260,408**	1,279,787	-1.5
Yingkou Container Terminals Company Limited	**748,066**	930,076	-19.6
Yangtze River Delta	**5,193,524**	4,931,807	+5.3
Shanghai Pudong International Container Terminals Limited	**1,226,218**	1,178,394	+4.1
Ningbo Yuan Dong Terminals Limited	**1,878,009**	1,568,009	+19.8
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**337,268**	464,587	-27.4
Yangzhou Yuanyang International Ports Co., Ltd.	**228,585**	226,606	+0.9
Taicang International Container Terminal Co., Ltd.	**244,333**	293,075	-16.6
Nanjing Port Longtan Container Co., Ltd.	**1,279,111**	1,201,136	+6.5
Southeast Coast and others	**1,956,226**	1,809,505	+8.1
Quan Zhou Pacific Container Terminal Co., Ltd.	**557,445**	549,602	+1.4
Jinjiang Pacific Ports Development Co., Ltd.	**183,226**	240,661	-23.9
Xiamen Ocean Gate Container Terminal Co., Ltd.	**466,368**	406,867	+14.6
Kao Ming Container Terminal Corp.	**749,187**	612,375	+22.3
Pearl River Delta	**9,132,295**	8,622,636	+5.9
Yantian International Container Terminals Co., Ltd.	**5,529,239**	5,175,306	+6.8
COSCO-HIT Terminals (Hong Kong) Limited	**814,667**	863,417	-5.6
Asia Container Terminals Limited Note 2	**600,227**	388,337	+54.6
Guangzhou South China Oceangate Container Terminal Company Limited	**2,188,162**	2,195,576	-0.3
Overseas	**4,789,277**	4,571,194	+4.8
Piraeus Container Terminal S.A.	**1,481,718**	1,470,563	+0.8
Suez Canal Container Terminal S.A.E.	**1,572,463**	1,705,741	-7.8
COSCO-PSA Terminal Private Limited	**725,476**	602,398	+20.4
Antwerp Gateway NV	**1,009,620**	792,492	+27.4
Total	**33,831,834**	32,481,568	+4.2

Note 1: Throughput of Qingdao Qianwan Terminal included the throughput of Qingdao Qianwan United Terminal and Qingdao Qianwan United Advance Terminal and these two terminals are joint ventures of Qingdao Qianwan Terminal. The throughput of the two terminals in the first half of 2015 were 2,430,277 TEU (corresponding period of 2014: 2,224,445 TEU) and 785,026 TEU (corresponding period of 2014: 687,063 TEU), representing an increase of 9.3% and 14.3% respectively.

Note 2: The throughput of Asia Container Terminals was included since 14 March 2014.

Note 3: The total throughput of bulk cargo in the first half of 2015 was 38,614,214 tons (corresponding period of 2014: 36,432,061 tons), representing an increase of 6.0%. The bulk cargo throughput of Dongjiakou Ore Terminal was included since 1 March 2014, while its throughput during the period was 25,175,910 tons (corresponding period of 2014: 12,934,203 tons), representing an increase of 94.6%. The throughput of Dalian Automobile Terminal Co., Ltd. reached 227,136 vehicles (corresponding period of 2014: 224,968 vehicles), representing an increase of 1.0%.

Container Leasing, Management and Sale

As of 30 June 2015, the Group's container fleet size reached 1,969,196 TEU (30 June 2014: 1,936,263 TEU), representing a 1.7% increase. The average age of the container fleet was 6.8 years (corresponding period of 2014: 6.6 years).

The Group's overall average utilisation rate of containers was 95.5% (corresponding period of 2014: 94.8%), up 0.7 percentage points compared with the corresponding period of last year, which was above the industry average of approximately 94.8% (corresponding period of 2014: approximately 93.2%). Long-term leases accounted for 96.6% (corresponding period of 2014: 96.1%) of the total container leasing revenue, while revenue from master leases accounted for 3.4% (corresponding period of 2014: 3.9%).

Despite stable market demand for new containers during the first half of the year, with intense competition and a low-interest rate environment, lease rates and rental yield remained at historically low levels. In addition, as the Group saw a decline in the number of disposed returned containers during the first half of the year, the resale prices were still being pressurised. As a result, revenue from the disposal of returned containers took a hit compared with the corresponding period of last year. During the period, profit from the container leasing, management and sale businesses dropped by 6.8% to US$49,667,000 (corresponding period of 2014: US$53,289,000).

The Group's container leasing, management and sale businesses generated total revenues of US$159,661,000 (corresponding period of 2014: US$184,107,000), representing a drop of 13.3% compared with the corresponding period of last year.

The revenue from container leasing dropped by 2.1% to US$144,593,000 (corresponding period of 2014: US$147,639,000), accounting for 90.6% (corresponding period of 2014: 80.2%) of the total revenues of the container leasing, management and sale businesses. Although the number of owned and sale-and-leaseback containers of the Group increased by 3.3% to 1,465,801 TEU (30 June 2014: 1,418,555 TEU), revenue from container leasing was under pressure due to a decrease in lease rates compared with the corresponding period of last year.

During the first half of 2015, the number of disposed returned containers was 10,108 TEU (corresponding period of 2014: 32,418 TEU), down 68.8% compared with the corresponding period of last year. Added with a moderate decrease in the resale prices, revenue from the disposal of returned containers dropped by 71.5% to US$8,554,000 (corresponding period of 2014: US$30,022,000), accounting for 5.4% (corresponding period of 2014: 16.3%) of the total revenues of the container leasing, management and sale businesses.

In addition, the fleet size of managed containers was down by 2.8% to 503,395 TEU (30 June 2014: 517,708 TEU), as a result, the revenue from the management of containers decreased by 10.5% to US$2,630,000 (corresponding period of 2014: US$2,937,000), accounting for 1.6% (corresponding period of 2014: 1.6%) of the total revenues of the container leasing, management and sale businesses.

Fleet capacity movement

	2015 (TEU)	2014 (TEU)	change (%)
Fleet capacity as at 1 January	**1,907,778**	1,888,200	+1.0
New containers purchased	**100,614**	109,500	-8.1
Total number of returned containers disposed of and pending for disposal	**(3,623)**	(22,711)	-84.0
Managed containers (disposed of or declared lost and compensated for by customers)	**(34,059)**	(34,695)	-1.8
Others [Note]	**(1,514)**	(4,031)	-62.4
Fleet capacity as at 30 June	**1,969,196**	1,936,263	+1.7

Note: Others included ownership transferred to customers upon expiry of finance leases, defective containers written off, owned containers declared lost and compensated for by customers.

Breakdown of owned, managed and sale-and-leaseback containers

As at 30 June	**Leasing Customers**	**2015 (TEU)**	2014 (TEU)	change (%)
Owned containers	COSCO Container Lines Company Limited ("COSCON")	**592,260**	546,921	+8.3
Owned containers	International customers	**586,973**	621,344	-5.5
Sale-and-leaseback containers	COSCON	**286,568**	250,290	+14.5
Managed containers	International customers	**503,395**	517,708	-2.8
Total		**1,969,196**	1,936,263	+1.7

As at 30 June	**Leasing Customers**	**2015 % of total**	2014 % of total	change (pp)
Owned containers	COSCON	**30.1**	28.3	+1.8
Owned containers	International customers	**29.8**	32.1	-2.3
Sale-and-leaseback containers	COSCON	**14.5**	12.9	+1.6
Managed containers	International customers	**25.6**	26.7	-1.1
Total		**100.0**	100.0	—

During the period, the Group purchased 100,614 TEU (corresponding period of 2014: 109,500 TEU) of new containers. The capital expenditure on containers was US$174,919,000 (corresponding period of 2014: US$215,833,000).

As at 30 June 2015, the owned container fleet size of the Group reached 1,179,233 TEU (30 June 2014: 1,168,265 TEU), representing 59.9% (30 June 2014: 60.4%) of the total container fleet. Classified by customers, COSCON leased 878,828 TEU (30 June 2014: 797,211 TEU), accounting for 44.6% (30 June 2014: 41.2%) of the total fleet size.

SHARE OPTIONS

At a special general meeting of the Company held on 23 May 2003, the shareholders of the Company approved the adoption of a share option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by the shareholders of the Company on 30 November 1994. The 2003 Share Option Scheme was expired on 22 May 2013. No further options shall thereafter be granted under the 2003 Share Option Scheme but in respects of the outstanding options granted, the provisions of the 2003 Share Option Scheme shall remain in full force and effect.

Movements of the options, which were granted under the 2003 Share Option Scheme, during the period are set out below:

		Number of share options								
Category	**Exercise price HK$**	**Outstanding at 1 January 2015**	**Granted during the period**	**Exercised during the period**	**Transfer (to)/ from other categories during the period**	**Lapsed during the period**	**Outstanding at 30 June 2015**	**% of total number of issued shares**	**Exercisable period**	**Note**
Director										
Dr. WONG Tin Yau, Kelvin	19.30	500,000	–	–	–	–	500,000	0.017%	18.4.2007-17.4.2017	(1), (2)
		500,000	–	–	–	–	500,000			
Continuous contract employees	19.30	11,880,000	–	–	(190,000)	(10,000)	11,680,000	0.398%	(refer to note 1)	(1)
Others	19.30	860,000	–	–	190,000	–	1,050,000	0.036%	(refer to note 1)	(1)
		13,240,000	–	–	–	(10,000)	13,230,000			
		13,240,000	–	–	–	(10,000)	13,230,000			

Notes:

(1) The share options were granted during the period from 17 April 2007 to 19 April 2007 under the 2003 Share Option Scheme at an exercise price of HK$19.30. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options was from 17 April 2007 to 19 April 2007.

(2) These options represent personal interest held by the relevant director as beneficial owner.

(3) No share options were granted, exercised or cancelled under the 2003 Share Option Scheme during the period.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interest of the Company's directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in shares of the Company

Name of director	Capacity	Nature of interest	Number of ordinary shares held	% of total number of issued shares of the Company
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	564,062	0.019%

(b) Long positions in underlying shares of equity derivatives of the Company

Share options were granted by the Company to certain directors of the Company pursuant to the 2003 Share Option Scheme. Details of the directors' interest in share options granted by the Company are set out under the previous section headed "Share Options" of this report.

(c) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of H shares held	% of total number of issued H shares of the relevant associated corporation
China COSCO Holdings Company Limited	Mr. WAN Min	Beneficial owner	Personal	2,000	0.0001%
	Dr. FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of A shares held	% of total number of issued A shares of the relevant associated corporation
China COSCO Holdings Company Limited	Mr. WAN Min	Beneficial owner	Personal	35,000	0.0005%
	Mr. QIU Jinguang	Beneficial owner	Personal	6,400	0.00008%

(d) Long positions in underlying shares of equity derivatives of associated corporations

Movements of the share appreciation rights granted to the directors of the Company by an associated corporation during the period are set out below:

					Number of units of share appreciation rights					
Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price HK$	Outstanding at 1 January 2015	Granted during the period	Exercised during the period	Outstanding at 30 June 2015	% of total number of issued H shares of the relevant associated corporation	Note
China COSCO Holdings Company Limited	Mr. WAN Min	Beneficial owner	Personal	3.195	75,000	–	–	75,000	0.003%	(1)
				3.588	280,000	–	–	280,000	0.011%	(2)
				9.540	260,000	–	–	260,000	0.010%	(3)
	Mr. FENG Jinhua	Beneficial owner	Personal	3.195	100,000	–	–	100,000	0.004%	(1)
				3.588	90,000	–	–	90,000	0.003%	(2)
				9.540	85,000	–	–	85,000	0.003%	(3)
	Mr. TANG Runjiang	Beneficial owner	Personal	3.195	75,000	–	–	75,000	0.003%	(1)
				3.588	65,000	–	–	65,000	0.003%	(2)
	Mr. FENG Bo	Beneficial owner	Personal	3.195	75,000	–	–	75,000	0.003%	(1)
				3.588	90,000	–	–	90,000	0.003%	(2)
				9.540	85,000	–	–	85,000	0.003%	(3)
	Mr. WANG Wei	Beneficial owner	Personal	3.195	75,000	–	–	75,000	0.003%	(1)
				3.588	65,000	–	–	65,000	0.003%	(2)
				9.540	60,000	–	–	60,000	0.002%	(3)
	Mr. WANG Haimin	Beneficial owner	Personal	3.195	57,000	–	–	57,000	0.002%	(1)
				3.588	90,000	–	–	90,000	0.003%	(2)
				9.540	75,000	–	–	75,000	0.003%	(3)

Notes:

(1) The share appreciation rights were granted by China COSCO Holdings Company Limited ("China COSCO"), an associated corporation of the Company listed on the Stock Exchange and the Shanghai Stock Exchange, in units with each unit representing one H share of China COSCO, on 16 December 2005 pursuant to the share appreciation rights plan adopted by China COSCO (the "Plan"). Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exercisable at HK$3.195 per unit at any time between 16 December 2007 and 15 December 2015.

(2) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 5 October 2006 pursuant to the Plan. Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exercisable at HK$3.588 per unit at any time between 5 October 2008 and 4 October 2016.

(3) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 4 June 2007 pursuant to the Plan. Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exercisable at HK$9.540 per unit at any time between 4 June 2009 and 3 June 2017.

(4) No share appreciation rights mentioned above were lapsed or cancelled during the period.

Save as disclosed above, as at 30 June 2015, none of the directors or chief executive of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL INTEREST IN THE ISSUED SHARES OF THE COMPANY

So far as is known to any directors or chief executive of the Company, as at 30 June 2015, the interest of shareholders in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

			Number of shares/Percentage of total number of issued shares as at 30 June 2015				
Name	**Capacity**	**Nature of interests**	**Long positions**	**%**	**Short positions**	**%**	**Note**
COSCO Investments Limited	Beneficial owner	Beneficial interest	213,989,277	7.28	–	–	(1)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,294,206,113	44.04	–	–	(1)
China COSCO Holdings Company Limited	Interest of controlled corporation	Corporate interest	1,294,206,113	44.04	–	–	(1)
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,294,206,113	44.04	–	–	(1)
BlackRock, Inc.	Interest of controlled corporation	Corporate interest	174,251,257	5.93	–	–	(2)

Notes:

(1) The 1,294,206,113 shares relate to the same batch of shares of the Company. COSCO Investments Limited ("COSCO Investments") is a wholly owned subsidiary of China COSCO (Hong Kong) Limited ("China COSCO (HK)"). Accordingly, the 213,989,277 shares of the Company held by COSCO Investments are also included as part of China COSCO (HK)'s interest in the Company. China COSCO (HK) is a wholly owned subsidiary of China COSCO and it itself held 1,080,216,836 shares of the Company beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,294,206,113 shares of the Company are also recorded as China COSCO's interest in the Company. COSCO held 52.80% interest of the total number of issued shares of China COSCO as at 30 June 2015, and accordingly, COSCO is deemed to have the interest of 1,294,206,113 shares of the Company held by China COSCO (HK).

As informed by China COSCO (HK), it was interested in a total of 1,309,606,113 shares (representing 44.54% of the total number of issued shares of the Company) as at 30 June 2015 because of the acquisition of 15,400,000 shares of the Company.

(2) The corporate interest of BlackRock, Inc. was attributable on account through a number of its wholly owned subsidiaries and non-wholly owned subsidiaries (BR Jersey International Holdings L.P. (86% control) and BlackRock Group Limited (90% control).

Save as disclosed above, as at 30 June 2015, the Company has not been notified of any other interest or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the 2014 annual report of the Company and up to the date of this report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of director	Details of changes
Mr. WAN Min	• Appointed as a non-executive director of China COSCO Holdings Company Limited, a company listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange • Appointed as the Chairman of the board of directors of COSCO Shipping Co., Ltd., a company listed on Shanghai Stock Exchange
Dr. WONG Tin Yau, Kelvin	• Appointed as an independent non-executive director of AAG Energy Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited • Appointed as an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange
Mr. Adrian David LI Man Kiu	• Appointed as a Trustee of The University of Hong Kong's occupational retirement schemes • Resigned as an alternate independent non-executive director of San Miguel Brewery Hong Kong Limited, a company listed on The Stock Exchange of Hong Kong Limited • Resigned as an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange

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

DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 June 2015 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US$'000
Non-current assets	797,046
Current assets	119,544
Current liabilities	(51,164)
Non-current liabilities	(433,095)
Net assets	432,331
Share capital	69,983
Reserves	318,803
Non-controlling interest	43,545
Capital and reserves	432,331

As at 30 June 2015, the Group's attributable interests in these affiliated companies amounted to US$297,495,000.

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 code provisions of Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015.

BOARD COMMITTEES

Audit Committee

As announced by the Company on 14 May 2015, Mr. Timothy George FRESHWATER, an independent non-executive director of the Company, retired from office after the conclusion of the annual general meeting of the Company held on 14 May 2015. Upon the retirement of Mr. FRESHWATER, the Audit Committee of the Company comprises 2 members, both are independent non-executive directors of the Company. Accordingly, the number of Audit Committee members fell below three, the minimum number as required under Rules 3.21 of the Listing Rules.

As such, the Company had been actively identifying suitable candidates for appointment as an independent non-executive director and a member of the Audit Committee of the Company in order to meet the requirement under Rule 3.21 of the Listing Rules. On 14 August 2015, Mr. LAM Yiu Kin was appointed within the three-month grace period allowed under Rule 3.23 of the Listing Rules. The Company has therefore complied with the requirement under Rule 3.21 of the Listing Rules since 14 August 2015.

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 2015.

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 four members, a majority of whom are independent non-executive directors. The Committee reviews the structure, size and composition of the Board and the policy regarding Board diversity, and identifies individuals suitably qualified to become Board members and make recommendations to the Board and assessing the independence of all independent non-executive directors.

Other Board Committees

In addition to the above committees, the Board has also established various committees which include the Executive Committee, the Investment and Strategic Planning Committee, the Corporate Governance Committee and the Risk Management Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website at www.coscopac.com.hk.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the six months ended 30 June 2015.

INVESTOR RELATIONS

COSCO Pacific has always regarded investor relations as an important aspect of corporate governance and has been seeking to further heighten the level of corporate information disclosure to make available to the market the development strategies and the latest business conditions of the Company. During the period, the Company participated in three investor conferences organised by investment banks and conducted 2014 final results roadshow in Hong Kong. The Company met with a total of 132 investors, analysts and media representatives through one-on-one and group meetings. The Company's management is committed to improving corporate governance performance. During the period, the Company was greatly encouraged by winning the Outstanding China Enterprise Award from Capital magazine for the fourth consecutive year.

CORPORATE SUSTAINABLE DEVELOPMENT

In March 2015, COSCO Pacific published its first Corporate Sustainability Report, with a view to enhancing the Group's information disclosure on environmental, social and corporate governance aspects and demonstrating the Group's commitment to environmental protection and social responsibility.

Environmental Protection

COSCO Pacific implements measures and policies to protect and improve the environment. While developing our business, we have kept this commitment and strive to minimise the environmental impact brought by our business operations.

The Group has supported and led its subsidiaries to actively promote technological renovation and innovation with an aim to protect the environment, achieve green and low-carbon footprint, save energy and reduce emission, and cut cost as well as enhance efficiency. As part of these initiatives, the Group has stepped up to substitute fuel-powered equipment with electricity-powered equipment, introduce LED lighting at its terminals, and launch a fully-intelligent automated container terminal project at Xiamen Ocean Gate Terminal, all of which have significantly reduced carbon emissions at the terminals. Excluding varying factors such as throughput, it is estimated that the terminals in which the Group has controlling stakes recorded an approximately 10% reduction in carbon emissions during the first half of the year. In the first half of the year, Florens Container Holdings Limited, a wholly owned subsidiary, completed its trial production of eco-friendly and lightweight containers. Being made of environmental friendly materials, eco-friendly containers can drastically reduce the emission of harmful substances. Lightweight containers are 10% lighter than the ordinary ones, contributing to a reduction in fuel consumption in the course of transportation and an expected reduction in carbon emissions by 800kg/TEU per annum.

Caring for the Community

The Group embraces its corporate citizenship by promoting trustworthiness and actively participating in charities and community services, bringing positive influence to the local communities where the Group operates its businesses in. The Group's subsidiary terminals in Greece, Xiamen and Quanzhou support the social affairs in various ways, such as caring for and helping local residents, making donations to local schools and social service agencies, so as to contribute to building harmonious and prosperous communities.

Employee-oriented Philosophy

As at 30 June 2015, COSCO Pacific had a total of 2,928 employees.

Employees are regarded as COSCO Pacific's most valuable asset and our vision is to build a team of dedicated staff that pursues excellence. The expansion of the Group's businesses has provided valuable and sustainable career development opportunities for employees. The Group arranges a wide range of training programmes to enhance management skills and professionalism of its staff. The Group also focuses on improving its incentive mechanism, optimising the staff assessment system and implementing an internal job rotation system, with the aim of strengthening talent training and helping employees to fully realise their potentials.

The Group is dedicated to providing a safe and healthy working environment for its staff. Adhering to the safety philosophy of "redlining development at the expense of human life", the Group strives to optimise its safety management system, improve equipment to ease the labour intensity of terminal workers, increase resources input to enhance safety control, and raise the awareness of occupational health and safety among its employees through various kinds of safety education and drills, in order to provide its staff with comprehensive health and safety protection. During the first half of the year, the Group invested a total of RMB2.7 million in safety management at the terminals in which the Group has controlling stakes.

As part of our commitment to foster a corporate culture that encourages harmony, mutual understanding and pursuit of excellence, the Group promotes cultural integration across regions. Though various activities aimed at facilitating better communication and understanding among employees in different positions and from different cultural backgrounds, we have enhanced the sense of belonging among our employees, which translates into a driving force for corporate sustainable development. "Piraeus Cup", an event demonstrating the core value and five-stars practice for a term of three years, has been launched for electing and recognising outstanding teams and staff that have made remarkable contributions to the Group's production, operations and corporate culture, and guiding subsidiaries in building corporate culture and promoting the core value of the Group, which results in convergence and spread of positive energy.

Commitment to Better Sustainable Development

The essence of sustainable development lies in the appropriate incorporation of the environmental, social and administrative considerations into our overall business strategy and operations. As part of this commitment, we need to enhance our operational efficiency, brand value and reputation, as well as the trust from our shareholders, customers, clients and communities in which we operate, with a view to maintaining economical efficiency and establishing advantages for our business.

The challenge facing by enterprises is to factor in various environmental, social and administrative requirements, and to create sustainable value when enhancing their strategic business objectives. A set of practical strategies for sustainable development would allow us to fulfill our environmental, social and administrative commitments through practical operational performance.

As the establishment of practical framework for sustainable development is a persistent effort rather than a once-and-for-all action, COSCO Pacific has appointed the Business Environment Council in Hong Kong as our advisor to assist the Company in laying the cornerstone for our longer-term strategy. Our ultimate goal is to establish strategic competitive strengths on long-term basis and create value for our shareholders in the long run by way of sustainable development and disclosure of information on our environmental, social and administrative efforts.

PROSPECTS

Looking ahead to the second half of the year, in light of the volatile global economic conditions, stagnant economic recovery in the US and Europe, as well as the downward pressure on China's economic growth, fierce competition is expected to continue within the sector. Such challenging operational environment is bound to have some impacts on the Group's terminals and container leasing businesses, and the growth in container throughput of the Group's terminals in 2015 may turn out to be slower than expected. Therefore, in order to maintain steady profit growth in the terminals business, the Group will continue to focus on cost control. With regard to the container leasing, management and sale businesses, rental yield for the second half of the year is estimated to remain at low levels; furthermore, in view of declining resale prices, the pressure on profit margin of the sale of old containers business is expected to endure. Despite a grim picture in the container leasing industry, the Group will continue to address market needs in a prudent manner, further enhance its managerial effectiveness and rigorously manage its operational risk, with a view to ensuring solid development for its container leasing business.

COSCO Pacific will seize business opportunities proactively through continuing to examine the market circumstances and focusing on the balance between the Group's two major business segments and achieving synergy with the Group's parent company, China Ocean Shipping (Group) Company ("COSCO"). With regards to its terminals business, COSCO Pacific will adhere to the principle of "Four Areas of Strategic Focus" proposed last year, focus on seizing development opportunities in hub ports in line with the trend towards mega-vessels, focus on enhancing COSCO Pacific's brand value by optimizing the operational model of the terminal subsidiaries, and align the direction and strategy for its terminals business with global development strategies for COSCO's fleet and its shipping route network, to proactively seize strategic opportunities from China's "One Belt, One Road" and "Yangtze River Economic Belt" initiatives, also to access potential investments in terminal projects along the "One Belt, One Road", with a view to propelling a global hub network.

MEMBERS OF THE BOARD

As at the date of this report, the Board comprises Mr. WAN Min[2] (Chairman), Mr. QIU Jinguang[1] (Vice Chairman & Managing Director), Mr. FENG Jinhua[1], Mr. TANG Runjiang[1], Mr. FENG Bo[1], Mr. WANG Wei[2], Mr. WANG Haimin[2], Mr. ZHANG Wei[2], Dr. WONG Tin Yau, Kelvin[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3], Mr. IP Sing Chi[3], Mr. FAN Ergang[3] and Mr. LAM Yiu Kin[3] (appointed on 14 August 2015).

[1] Executive Director
[2] Non-executive Director
[3] Independent Non-executive Director

By Order of the Board
COSCO Pacific Limited
QIU Jinguang
Vice Chairman & Managing Director

Hong Kong, 25 August 2015

COSCO Pacific Limited
中遠太平洋有限公司
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

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