COSCO SHIPPING Ports Limited
中遠海運港口有限公司

中期報告
INTERIM REPORT
2016

CONTENTS

INTERIM RESULTS

The board of directors (the "Board") of COSCO SHIPPING Ports Limited (formerly known as COSCO Pacific Limited) (the "Company" or "COSCO SHIPPING Ports") is pleased to present the interim report, including the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016. 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 42 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 2016

	Note	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,424,632**	4,219,262
Investment properties		**24,856**	28,860
Land use rights		**213,618**	220,819
Intangible assets		**5,321**	7,245
Joint ventures		**1,403,536**	1,413,204
Loans to joint ventures		**61,113**	61,107
Associates		**1,386,970**	1,375,475
Loan to an associate		**28,050**	27,409
Available-for-sale financial assets		**164,428**	171,787
Finance lease receivables		**–**	33,450
Deferred income tax assets		**1,396**	1,947
Other non-current assets	7	**45,961**	74,748
		5,759,881	7,635,313
Current assets			
Inventories		**9,078**	14,600
Trade and other receivables	8	**239,712**	280,002
Current income tax recoverable		**730**	6,539
Restricted bank deposits	9	**215**	1,020
Cash and cash equivalents	9	**894,415**	923,171
		1,144,150	1,225,332
Total assets		**6,904,031**	8,860,645
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	10	**38,090**	38,090
Reserves		**4,371,163**	5,810,991
		4,409,253	5,849,081
Non-controlling interests		**428,955**	417,995
Total equity		**4,838,208**	6,267,076

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2016

	Note	**As at 30 June 2016 US$'000**	As at 31 December 2015 US$'000 (Restated)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**51,918**	46,733
Long term borrowings	11	**1,229,274**	1,799,265
Loan from a non-controlling shareholder of a subsidiary	12(a)	**–**	50,000
Loans from a fellow subsidiary	12(b)	**51,029**	–
Other long term liabilities		**28,973**	30,235
		1,361,194	1,926,233
Current liabilities			
Trade and other payables	13	**433,550**	365,549
Current income tax liabilities		**16,647**	14,048
Current portion of long term borrowings	11	**68,139**	68,723
Short term borrowings	11	**186,293**	219,016
		704,629	667,336
Total liabilities		**2,065,823**	2,593,569
Total equity and liabilities		**6,904,031**	8,860,645

The accompanying notes on pages 9 to 42 are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 US$'000	2015 US$'000 (Restated)
Continuing operations:			
Revenues		**274,983**	276,538
Cost of sales		**(167,626)**	(173,436)
Gross profit		**107,357**	103,102
Administrative expenses		**(41,357)**	(33,710)
Other operating income		**8,647**	9,225
Other operating expenses		**(4,760)**	(1,976)
Operating profit	14	**69,887**	76,641
Finance income	15	**7,434**	14,403
Finance costs	15	**(26,050)**	(28,710)
Operating profit (after finance income and costs)		**51,271**	62,334
Share of profits less losses of			
– joint ventures		**55,848**	62,665
– associates		**42,247**	49,179
Profit before income tax from continuing operations		**149,366**	174,178
Income tax expenses	16	**(27,836)**	(23,080)
Profit for the period from continuing operations		**121,530**	151,098
Discontinued operation:	17		
Gain on disposal of a subsidiary		**59,021**	–
Profit for the period from discontinued operation		**7,526**	50,735
		66,547	50,735
Profit for the period		**188,077**	201,833
Profit attributable to:			
Equity holders of the Company		**171,948**	187,202
Non-controlling interests		**16,129**	14,631
		188,077	201,833

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016	2015 (Restated)
Earnings per share for profit attributable to equity holders of the Company			
Basic			
– from continuing operations	18	**US3.57 cents**	US4.68 cents
– from discontinued operation	18	**US2.23 cents**	US1.69 cents
		US5.80 cents	US6.37 cents
Diluted			
– from continuing operations	18	**US3.57 cents**	US4.68 cents
– from discontinued operation	18	**US2.23 cents**	US1.69 cents
		US5.80 cents	US6.37 cents

The accompanying notes on pages 9 to 42 are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June 2016 US$'000	2015 US$'000 (Restated)
Profit for the period	**188,077**	201,833
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**(59,552)**	(13,639)
Fair value (loss)/gain on available-for-sale financial assets	**(4,161)**	5,022
Release of reserves upon disposal of a subsidiary	**(598)**	–
Share of other comprehensive income of joint ventures and associates		
– Exchange reserve	**261**	1,643
– Other reserves	**2,564**	137
Other comprehensive loss for the period, net of tax	**(61,486)**	(6,837)
Total comprehensive income for the period	**126,591**	194,996
Total comprehensive income attributable to:		
Equity holders of the Company	**118,531**	179,162
Non-controlling interests	**8,060**	15,834
	126,591	194,996
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	**53,035**	129,469
Discontinued operation	**65,496**	49,693
	118,531	179,162

The accompanying notes on pages 9 to 42 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 2016

	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 2016, as previously reported	**4,862,864**	**309,996**	**5,172,860**
Adoption of merger accounting	**986,217**	**107,999**	**1,094,216**
Total equity at 1 January 2016, as restated	**5,849,081**	**417,995**	**6,267,076**
Total comprehensive income for the period	**118,531**	**8,060**	**126,591**
Distribution (note 19(a))	**(1,164,846)**	**–**	**(1,164,846)**
Capital contribution from a non-controlling shareholder of a subsidiary	**–**	**8,602**	**8,602**
Disposal of a subsidiary	**–**	**(5,702)**	**(5,702)**
Dividends paid to equity holders of the Company	**(393,513)**	**–**	**(393,513)**
	(1,439,828)	**10,960**	**(1,428,868)**
Total equity at 30 June 2016	**4,409,253**	**428,955**	**4,838,208**
Total equity at 1 January 2015, as previously reported	4,742,447	316,215	5,058,662
Adoption of merger accounting	975,910	109,754	1,085,664
Total equity at 1 January 2015, as restated	5,718,357	425,969	6,144,326
Total comprehensive income for the period	179,162	15,834	194,996
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)
	120,706	14,649	135,355
Total equity at 30 June 2015, as restated	5,839,063	440,618	6,279,681

The accompanying notes on pages 9 to 42 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 2016

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
		(Restated)
Net cash generated from operating activities	**167,844**	250,719
Net cash generated from/(used in) investing activities	**1,115,778**	(156,753)
Net cash used in financing activities	**(1,316,237)**	(181,714)
Net decrease in cash and cash equivalents	**(32,615)**	(87,748)
Cash and cash equivalents at 1 January	**923,171**	1,153,333
Exchange differences	**3,859**	2,631
Cash and cash equivalents at 30 June	**894,415**	1,068,216
Analysis of balances of cash and cash equivalents:		
Time deposits	**749,529**	823,037
Bank balances and cash	**93,443**	160,100
Balances placed with COSCO Finance Co., Ltd. ("COSCO Finance")	**51,442**	83,948
Balances placed with China Shipping Finance Co., Ltd ("CS Finance")	**1**	1,131
	894,415	1,068,216

The accompanying notes on pages 9 to 42 are an integral part of these unaudited condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

COSCO SHIPPING Ports Limited (formerly known as COSCO Pacific Limited) (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the businesses of managing and operating terminals 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. On 4 May 2016, the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") transferred its entire equity interests in COSCO to China COSCO Shipping Corporation Limited ("COSCO SHIPPING"), a stated-owned enterprise wholly-owned by SASAC in the PRC. COSCO SHIPPING then became the parent company of COSCO.

On 18 March 2016, the Company completed its acquisition of all the issued shares in China Shipping Ports Development Co., Limited ("CSPD") for an initial consideration of US$1,161,963,000 (subject to completion accounts adjustments), which has been deducted by an amount equal to US$33,222,000 in relation to the incompletion of sale of Damietta International Port Company S.A.E. ("Damietta Ports"). The Company acquired 51% and 49% of the shares in CSPD from China Shipping (Hong Kong) Holdings Co., Limited and China Shipping Container Lines Company Limited, respectively. CSPD therefore became a wholly owned subsidiary of the Company after the completion of the acquisition.

The Company's acquisition of CSPD is considered to be a business combination under common control as CSPD and the Company are both ultimately controlled by the SASAC. As such, the unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 and the condensed consolidated balance sheet as at 31 December 2015 were restated as a result of adoption of merger accounting, as if the business combinations had been occurred from the beginning of the earliest financial years presented. The adoption of merger accounting has resulted in changes to the presentation of certain comparative figures which have been restated to conform to the current year's presentation. Details of relevant statements of adjustments for the common control combinations on the Group's financial position as at 30 June 2016 and 31 December 2015 and the Group's results for the six months ended 30 June 2016 and 2015 are set out in note 23.

On 24 March 2016, the Company completed the disposal of all the issued shares in Florens Container Holdings Limited ("FCHL") (representing the container leasing, management and sale, and related businesses of the Group) to China Shipping Container Lines (Hong Kong) Co., Limited ("CSCLHK") for an initial consideration of US$1,223,725,000 (subject to completion accounts adjustments). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 were transferred on the same day to CSCLHK at the consideration of US$285,000,000. Upon completion of the disposal, FCHL ceased to be a subsidiary of the Company (note 17).

1 General information (Continued)

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2016 (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 24 August 2016.

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" and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" 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 2015 (the "2015 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 2015 Annual Financial Statements, except that the Group has adopted the following new standards, amendments and improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA which are mandatory for the financial year beginning 1 January 2016:

New standards and amendments	
HKAS 1 Amendment	Disclosure Initiative
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants
HKAS 27 Amendment	Equity Method in Separate Financial Statements
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception

2 Basis of preparation and significant accounting policies (Continued)

Adoption of new HKFRSs (Continued)

Annual Improvements 2012-2014 Cycle

HKAS 19 Amendment	Employee Benefits
HKAS 34 Amendment	Interim Financial Reporting
HKFRS 5 Amendment	Non-current Assets Held for Sales and Discontinued Operations
HKFRS 7 Amendment	Financial Instruments: Disclosures

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 and amendments or improvements to existing standards which are not yet effective for the year ending 31 December 2016 and have not been early adopted by the Group. The Group will apply these standards and amendments or 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.

(a) 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.

3 Critical accounting estimates and judgements (Continued)

(b) 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.

(c) 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.

(d) Fair value of available-for-sale financial assets

If information on current or recent prices of available-for-sale financial assets is not available, the fair values of available-for-sale financial assets are determined using valuation techniques (including price/book multiple model or price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk 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 2015 Annual Financial Statements of the Group.

Compared to 31 December 2015, 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 instruments that are measured at fair value is disclosed by levels of the following fair value measurement hierarchy:

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

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2016 and 31 December 2015:

As at 30 June 2016

	Level 1 US$'000	**Level 3 US$'000**	**Total US$'000**
Available-for-sale financial assets	**58,673**	**105,755**	**164,428**

As at 31 December 2015 (Restated)

	Level 1 US$'000	Level 3 US$'000	Total US$'000
Available-for-sale financial assets	63,791	107,996	171,787

4 Financial risk management (Continued)

4.2 Fair value estimation (Continued)

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For the six months ended 30 June 2016, there were no transfers of financial instruments of the Group between different levels of the fair value hierarchy.

There were no other changes in valuation techniques during the period.

For the six months ended 30 June 2016, 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 2016, 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 2016, the fair value of unlisted available-for-sale financial assets is determined by the valuation performed by management using valuation techniques (including price/earnings and price/book multiple method and direct market quote). A discount rate of 20% is applied to compute the fair value on top of market price/earnings or price/book multiples. These available-for-sale financial asset are included in level 3.

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

4 Financial risk management (Continued)

4.3 Fair value measurement using significant unobservable inputs (level 3) (Continued)

The following table presents the changes in level 3 financial instrument for the Unaudited Condensed Consolidated Interim Financial Information:

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
		(Restated)
At 1 January	**107,996**	114,705
Currency translation differences	**(2,241)**	42
At 30 June	**105,755**	114,747

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 2016	As at 31 December 2015
	US$'000	US$'000
		(Restated)
Bank loans	**931,671**	1,501,401
Notes	**296,997**	296,783
	1,228,668	1,798,184

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. Terminals and related businesses including terminal operations, container handling, transportation and storage were identified as the operating segments in accordance with the Group's continuing operations.

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

The segment of "Others" primarily includes corporate level activities. Assets under the segment of "Others" comprise property, plant and equipment, 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.

Segment assets

	Terminals and related businesses US$'000	Container leasing, management, sale and related businesses (note) US$'000	Segment total US$'000	Others US$'000	Elimination US$'000	Total US$'000
At 30 June 2016						
Segment assets	**6,001,607**	**–**	**6,001,607**	**1,499,318**	**(596,894)**	**6,904,031**
Segment assets include:						
Joint ventures	**1,403,536**	**–**	**1,403,536**	**–**	**–**	**1,403,536**
Associates	**1,386,970**	**–**	**1,386,970**	**–**	**–**	**1,386,970**
Available-for-sale financial assets	**164,428**	**–**	**164,428**	**–**	**–**	**164,428**
At 31 December 2015 (Restated)						
Segment assets	5,985,873	2,147,247	8,133,120	1,717,095	(989,570)	8,860,645
Segment assets include:						
Joint ventures	1,413,204	–	1,413,204	–	–	1,413,204
Associates	1,375,475	–	1,375,475	–	–	1,375,475
Available-for-sale financial assets	171,787	–	171,787	–	–	171,787

5 Segment information (Continued)

5.1 Operating segments (Continued)

Segment assets (Continued)

Note:

The container leasing, management, sale and related businesses segment was classified as discontinued operation in 2016 (note 17).

Segment revenues, results and other information

	Continuing operations				Discontinued operation
	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000	Container leasing, management, sale and related businesses US$'000
Six months ended 30 June 2016					
Revenues – total sales	274,983	–	–	274,983	73,073
Segment profit/(loss) attributable to equity holders of the Company	132,455	(26,601)	–	105,854	66,094
Segment profit/(loss) attributable to equity holders of the Company includes:					
Finance income	432	17,193	(10,191)	7,434	76
Finance costs	(23,919)	(12,322)	10,191	(26,050)	(4,820)
Share of profits less losses of					
– joint ventures	55,848	–	–	55,848	–
– associates	42,247	–	–	42,247	–
Gain on disposal of a subsidiary	–	–	–	–	59,021
Income tax expenses	(14,588)	(13,248)	–	(27,836)	(375)
Depreciation and amortisation	(46,535)	(465)	–	(47,000)	(34,810)
Other non-cash expenses	(273)	–	–	(273)	(141)
Additions to non-current assets	(77,675)	(170)	–	(77,845)	(319,992)

5 Segment information (Continued)

5.1 Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Continuing operations (Restated)				Discontinued operation
	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000	Container leasing, management, sale and related businesses US$'000
Six months ended 30 June 2015					
Revenues – total sales	276,538	–	–	276,538	159,661
Segment profit/(loss) attributable to equity holders of the Company	145,688	(8,153)	–	137,535	49,667
Segment profit/(loss) attributable to equity holders of the Company includes:					
Finance income	1,582	27,491	(14,670)	14,403	535
Finance costs	(34,061)	(9,289)	14,640	(28,710)	(10,418)
Share of profits less losses of					
– joint ventures	62,665	–	–	62,665	–
– associates	49,179	–	–	49,179	–
Gain on disposal of a joint venture	495	–	–	495	–
Gain on disposal of an available-for-sale financial asset	3,326	–	–	3,326	–
Income tax expenses	(11,551)	(11,529)	–	(23,080)	(1,461)
Depreciation and amortisation	(48,819)	(814)	–	(49,633)	(62,418)
Other non-cash expenses	(57)	–	–	(57)	(443)
Additions to non-current assets	(36,080)	(14)	–	(36,094)	(175,650)

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	
	2016	2015
	US$'000	US$'000
		(Restated)
Continuing operations		
Terminals and related businesses		
– Mainland China (excluding Hong Kong)	**184,696**	196,598
– Europe	**88,742**	78,393
– Others	**1,545**	1,547
	274,983	276,538

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
Discontinued operation		
Container leasing, management, sale and related businesses		
– unallocated	**73,073**	159,661

5 Segment information (Continued)

5.2 Geographical information (Continued)

(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.

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, Taiwan and Turkey.

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Mainland China (excluding Hong Kong)	**4,162,468**	4,239,334
Europe	**837,518**	407,263
Others	**504,908**	914,844
Unallocated	**–**	1,778,172
	5,504,894	7,339,613

6 Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of US$397,593,000 (2015: US$210,946,000). The Group also disposed of property, plant and equipment with net book value of US$11,188,000 (2015: US$2,724,000).

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 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Trade receivables (note a)		
– third parties	**54,059**	62,994
– fellow subsidiaries (note b)	**15,592**	35,119
– joint ventures (note b)	**372**	79
– non-controlling shareholders of subsidiaries (note b)	**4,527**	5,794
– related companies (note b)	**880**	590
	75,430	104,576
Bills receivables (note a)	**10,560**	15,507
	85,990	120,083
Less: provision for impairment	**(368)**	(4,090)
	85,622	115,993
Deposits and prepayments	**48,517**	66,100
Other receivables	**36,268**	37,291
Current portion of finance lease receivables	**–**	7,194
Loans to joint ventures (note c)	**20,231**	19,225
Amounts due from		
– fellow subsidiaries (note b)	**19,636**	23,239
– joint ventures (note d)	**17,231**	6,435
– associates (note d)	**10,610**	3,532
– non-controlling shareholders of subsidiaries (note b)	**1,597**	993
	239,712	280,002

8 Trade and other receivables (Continued)

Notes:

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

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Within 30 days	**52,694**	58,489
31-60 days	**15,300**	33,825
61-90 days	**7,406**	11,669
Over 90 days	**10,222**	12,010
	85,622	115,993

(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) As at 30 June 2016, balance of US$19,786,000 (31 December 2015: US$18,790,000) is unsecured, interest free, and wholly repayable within twelve months. Balance of US$445,000 (31 December 2015: US$435,000) is secured, bears interest at 5% per annum above 3 months Europe Interbank Offered Rate ("EURIBOR") and repayable within twelve months.

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

9 Cash and cash equivalents

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Total time deposits, bank balances and cash (note i)	**894,630**	924,191
Restricted bank deposits included in current assets	**(215)**	(1,020)
	894,415	923,171
Representing:		
Time deposits	**749,529**	701,527
Bank balances and cash	**93,443**	147,277
Balance placed with COSCO Finance (note ii)	**51,442**	69,806
Balance placed with CS Finance (note iii)	**1**	4,561
	894,415	923,171

Notes:

(i) As at 30 June 2016, the balance of US$98,229,000 (31 December 2015: US$103,691,000) 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.

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

10 Share capital

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000
Issued and fully paid:		
2,966,559,439 (31 December 2015: 2,966,559,439) ordinary shares of HK$0.10 each	**38,090**	38,090

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 2016**	**Transfer (to)/ from other categories during the period**	**Lapsed during the period**	**Outstanding as at 30 June 2016**
Directors	19.30	500,000	–	–	500,000
Continuous contract employees	19.30	11,050,000	(300,000)	(2,710,000)	8,040,000
Others	19.30	1,430,000	300,000	–	1,730,000
		12,980,000	–	(2,710,000)	10,270,000

11 Borrowings

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Long term borrowings		
Secured		
– bank loans (note a)	**311,430**	274,021
– loans from CS Finance (note a)	**15,202**	16,170
Unsecured		
– bank loans	**647,809**	1,254,379
– loans from COSCO Finance	**25,335**	26,026
– notes	**297,637**	297,392
	1,297,413	1,867,988
Amounts due within one year included under current liabilities	**(68,139)**	(68,723)
	1,229,274	1,799,265
Short term borrowings – unsecured		
– bank loans	**87,293**	104,911
– loans from COSCO Finance	**99,000**	114,105
	186,293	219,016

Notes:

(a) As at 30 June 2016, certain of the Group's non-current assets with an aggregate net book value of US$111,963,000 (31 December 2015: US$115,071,000) were pledged as securities against bank borrowings and loans from CS Finance of US$326,632,000 (31 December 2015: US$290,191,000).

Under the circumstances that the terms and conditions as included in the loan agreement were not met, bank balances of US$36,575,000 (31 December 2015: US$14,692,000) would be pledged as security. As at 30 June 2016 and 31 December 2015, there were no bank balances pledged.

11 Borrowings (Continued)

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

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Bank loans		
Within one year	**59,544**	67,707
Between one and two years	**82,456**	280,220
Between two and five years	**540,228**	914,660
Over five years	**277,011**	265,813
	959,239	1,528,400
Loans from COSCO Finance		
Within one year	**7,389**	–
Between one and two years	**17,946**	26,026
	25,335	26,026
Loans from CS Finance		
Within one year	**1,206**	1,016
Between one and two years	**1,508**	1,324
Between two and five years	**5,188**	5,082
Over five years	**7,300**	8,748
	15,202	16,170
Notes		
Over five years	**297,637**	297,392
	1,297,413	1,867,988

(c) 10-year notes with principal amount of US$300,000,000 were issued by a subsidiary of the Company to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320 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 Loan from a non-controlling shareholder of a subsidiary and loans from a fellow subsidiary

(a) Loan from a non-controlling shareholder of a subsidiary

As at 31 December 2015, balance of US$50,000,000 is unsecured, interest-free and not repayable within next twelve months. The balance was released in 2016 due to disposal of a subsidiary. The carrying value of the loan is not materially different from its fair value.

(b) Loans from a fellow subsidiary

As at 30 June 2016, total balance of US$63,967,000 represented finance lease contracts the Group entered for leasing of terminal equipment with a fellow subsidiary. The average term of the finance lease contracts is 8 years (2015: 6 years), and bear interest ranging from 2% above to 11% below the RMB five-year benchmark lending rate, or 5.98%. The cost of assets acquired under the finance leases amounted to US$117,204,000 (31 December 2015: US$119,687,000) as at 30 June 2016. The carrying value of the loans are not materially different from its fair value.

13 Trade and other payables

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Trade payables (note a)		
– third parties	**28,042**	25,955
– fellow subsidiaries (note b)	**278**	175
– an associate (note b)	**63**	–
– non-controlling shareholders of subsidiaries (note b)	**3,851**	3,124
– related companies (notes b)	**287**	146
	32,521	29,400
Bills payables (note a)	**–**	4,001
	32,521	33,401
Accruals	**31,757**	36,220
Other payables	**111,750**	128,469
Current portion of other long term liabilities	**–**	219
Dividend payable	**87,462**	7
Loans from a fellow subsidiary (note 12(b))	**12,938**	–
Loan from a joint venture (note c)	**29,406**	30,030
Loans from non-controlling shareholders of subsidiaries (note d)	**103,317**	104,275
Amounts due to (note b)		
– fellow subsidiaries	**10,784**	6,401
– non-controlling shareholders of subsidiaries	**13,087**	15,955
– joint ventures	**250**	10,256
– an associate	**223**	–
– related companies	**55**	316
	433,550	365,549

13 Trade and other payables (Continued)

Notes:

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

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Within 30 days	**12,015**	14,653
31-60 days	**4,492**	4,140
61-90 days	**2,082**	4,040
Over 90 days	**13,932**	10,568
	32,521	33,401

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

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

(d) Loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of US$8,395,000 (31 December 2015: US$8,395,000) 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 2015: US$49,681,000) is interest free. Balance of US$45,241,000 (31 December 2015: US$15,400,000 and US$30,799,000 respectively) bears interest at 3.9% (31 December 2015: 6.0% and 4.1% respectively) per annum.

14 Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
		(Restated)
Crediting		
Dividends income from listed and unlisted available-for sale financial assets	**4,094**	96
Rental income from investment properties	**355**	480
Gain on disposal of property, plant and equipment	**16**	286
Charging		
Depreciation and amortisation	**47,000**	49,633
Loss on disposal of property, plant and equipment	**121**	3
Rental expenses under operating leases of		
– buildings leased from a fellow subsidiary	**864**	869
– buildings leased from a joint venture	**16**	16
– land use rights leased from non-controlling shareholders of subsidiaries	**1,056**	758
– Concession (note 7)	**22,470**	20,313

15 Finance income and costs

	Six months ended 30 June 2016 US$'000	2015 US$'000 (Restated)
Finance income		
Interest income on		
– bank balances and deposits	**5,187**	10,747
– deposits with COSCO Finance	**179**	37
– deposits with CS Finance	**3**	25
– loans to joint ventures and an associate	**2,065**	3,594
	7,434	14,403
Finance costs		
Interest expenses on		
– bank loans	**(15,037)**	(15,106)
– notes not wholly repayable within five years	**(6,564)**	(6,564)
– loans from COSCO Finance	**(2,190)**	(228)
– loans from CS Finance	**(362)**	(503)
– loans from fellow subsidiaries	**(1,820)**	(3,819)
– loans from non-controlling shareholders of subsidiaries (note 13(d))	**(1,024)**	(3,005)
– loan from a joint venture (note 13(c))	**(453)**	(560)
Amortised amount of		
– discount on issue of notes	**(117)**	(127)
– transaction costs on bank loans and notes	**(129)**	(140)
	(27,696)	(30,052)
Less: amount capitalised in construction in progress	**3,067**	2,829
	(24,629)	(27,223)
Other incidental borrowing costs and charges	**(1,421)**	(1,487)
	(26,050)	(28,710)
Net finance costs	**(18,616)**	(14,307)

16 Income tax expenses

	Six months ended 30 June 2016 US$'000	2015 US$'000 (Restated)
Current income tax		
– Hong Kong profits tax	**5**	41
– Mainland China taxation	**12,990**	14,520
– Overseas taxation	**7,540**	5,630
– Under/(over) provision in prior years	**1,856**	(37)
	22,391	20,154
Deferred income tax charge	**5,445**	2,926
	27,836	23,080

The Group's shares of income tax expenses of joint ventures and associates of US$16,744,000 (2015: US$17,676,000) and US$12,900,000 (2015: US$10,346,000) are included in the Group's shares of profits less losses of joint ventures and associates respectively.

Hong Kong profits tax was provided at a rate of 16.5% (2015: 16.5%) on the assessable profit for the period.

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

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

17 Discontinued operation

On 24 March 2016 ("Completion Date"), the Company completed the disposal of all the issued shares in FCHL (representing the container leasing, management and sale, and related businesses of the Group) to CSCLHK for a total consideration of US$1,223,725,000 (subject to completion accounts adjustments). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 were transferred on the same day to CSCLHK at the consideration of US$285,000,000. Upon completion of the disposal, FCHL ceased to be a subsidiary of the Company. Given that FCHL represented a separate major line of business with separately identifiable operations and cash flows before the disposal, it is classified as discontinued operation in the Unaudited Condensed Consolidated Interim Financial Information.

17 Discontinued operation (Continued)

The details of the net assets of discontinued operation as at the Completion Date are as follows:

	US$'000
Property, plant and equipment	2,067,353
Investment properties	3,693
Land use rights	100
Intangible assets	1,462
Finance lease receivables	87,005
Deferred income tax assets	618
Other non-current assets	4,813
Inventories	4,616
Trade and other receivables	74,925
Cash and cash equivalent	102,128
Trade payable and other payables	(24,015)
Current income tax liabilities	(7,846)
Current portion of long term liabilities	(32,104)
Loans from immediate holding company	(285,000)
Other long term liabilities	(758,957)
Loan from a non-controlling shareholder	(50,000)
Net assets	1,188,791
Less: non-controlling interests	(5,702)
Net assets disposed of	1,183,089
Release of reserves upon disposal	(934)
	1,182,155
Sales proceeds – cash received	1,223,725
– price adjustment (subject to completion accounts adjustments)	17,451
	1,241,176
Net gain on disposal of a subsidiary	59,021
Satisfied by:	
Cash consideration received	1,223,725
Assignment of shareholder's loans	285,000
Total considerations received	1,508,725
Less: cash and cash equivalents of a subsidiary disposed of	(102,128)
Net cash inflow on disposal of a subsidiary	1,406,597

17 Discontinued operation (Continued)

The results and cash flows of discontinued operation are as follows:

	For the period from 1 January 2016 to 31 March 2016 US$'000	Six months ended 30 June 2015 US$'000
Revenues	**73,073**	159,661
Expenses	**(65,172)**	(107,465)
Profit before income tax	**7,901**	52,196
Income tax expenses	**(375)**	(1,461)
Profit for the period	**7,526**	50,735
Gain on disposal of a subsidiary	**59,021**	–
	66,547	50,735
Profit attributable to:		
Equity holders of the Company	**66,094**	49,667
Non-controlling interests	**453**	1,068
	66,547	50,735
Net cash generated from operating activities	**52,903**	110,839
Net cash used in investing activities	**(274,252)**	(159,259)
Net cash generated from/(used in) financing activities	**193,524**	(80,209)
Net decrease in cash and cash equivalents	**(27,825)**	(128,629)
Cash and cash equivalents at beginning of period	**129,835**	253,181
Exchange difference	**118**	(37)
Cash and cash equivalents at end of period	**102,128**	124,515

18 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 2016	2015 (Restated)
Profit from continuing operations attributable to equity holders of the Company	**US$105,854,000**	US$137,535,000
Profit from discontinued operation attributable to equity holders of the Company	**US$66,094,000**	US$49,667,000
	US$171,948,000	US$187,202,000
Weighted average number of ordinary shares in issue	**2,966,559,439**	2,940,437,862
Basic earnings per share		
– from continuing operations	**US3.57 cents**	US4.68 cents
– from discontinued operation	**US2.23 cents**	US1.69 cents
	US5.80 cents	US6.37 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 2016 and 2015 (as restated), and the diluted earnings per share is equal to the basic earnings per share for the six months ended 30 June 2016 and 2015 (as restated) respectively.

19 Distribution, interim and special dividend

(a) Distribution

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
Consideration in connection with the purchase of CSPD	**1,164,846**	–

(b) Interim and special dividend

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
		(Restated)
Conditional Special Cash Dividend, paid of US10.317 cents (2015: nil) per ordinary share	**306,059**	–
Interim dividend, declared of US2.320 cents (2015: US2.236 cents) per ordinary share	**68,894**	65,748
	374,953	65,748

Notes:

(i) The distribution represented consideration paid by the Group for acquisition of equity interests in subsidiaries under the control of the SASAC. The acquisition is regarded as a business combination under common control.

(ii) At a meeting held on 23 December 2015, the directors declared a conditional special cash dividend ("Conditional Special Cash Dividend") of HK80.0 cents (equivalent to US10.317 cents) per share. The payment of Conditional Special Cash Dividend is subject to the independent shareholders' approval of the transactions including the acquisition of CSPD's issued shares and the disposal of all the issued shares in FCHL. The transaction can be fulfilled only when it is completed in accordance with the terms of two sale and purchase agreements. On 18 March 2016, the Company completed its acquisition of all the issued shares in CSPD. On 24 March 2016, the Company completed the disposal of all the issued shares in FCHL. The Conditional Special Cash Dividend was paid on 4 May 2016.

(iii) At a meeting held on 29 March 2016, the directors recommended the payment of a final dividend of HK22.9 cents (equivalent to US2.948 cents) per ordinary share with a scrip dividend alternative for the year ended 31 December 2015. The final dividend, which was approved at the annual general meeting of the Company held on 18 May 2016, was paid on 20 July 2016.

(iv) At a meeting held on 24 August 2016, the directors declared an interim dividend of HK18.0 cents (equivalent to US2.320 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 2016.

20 Financial guarantee contracts

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Bank guarantees to a joint venture	**12,486**	2,464

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.

21 Capital commitments

The Group had the following significant capital commitments as at 30 June 2016:

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Contracted but not provided for:		
– Investments (note)	**777,196**	556,675
– Other property, plant and equipment	**265,082**	314,729
	1,042,278	871,404

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

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Contracted but not provided for	**66,713**	5,636

21 Capital commitments (Continued)

Note:

The capital commitments in respect of investments of the Group as at 30 June 2016 are as follows:

	As at 30 June 2016 US$'000	As at 31 December 2015 US$'000 (Restated)
Contracted but not provided for		
Investments in:		
– Qingdao Qianwan Container Terminal Co., Ltd.	**64,997**	64,997
– Antwerp Gateway NV	**40,658**	39,726
– Dalian Port Container Terminal Co., Ltd.	**44,034**	44,967
– Tianjin Port Euroasia International Terminal Co., Ltd.	**105,863**	108,106
– Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	**90,481**	92,399
– Others	**365,995**	139,931
	712,028	490,126
Terminal projects in:		
– Shanghai Yangshan Port Phase II	**60,321**	61,599
– Others	**4,847**	4,950
	65,168	66,549
	777,196	556,675

22 Related party transactions

The Group is controlled by China COSCO which owns 46.24% of the Company's shares as at 30 June 2016. The parent company of China COSCO is COSCO, and the parent company of COSCO is COSCO SHIPPING.

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

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

22 Related party transactions (Continued)

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.

(a) Continuing operations

Sales/purchases of goods, services and investments

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
		(Restated)
Handling, storage and transportation income from fellow subsidiaries (note i, xiv)	**635**	911
Management fee and service fee income from (note ii, xiv)		
– joint ventures	**1,566**	1,986
– associates	**214**	338
– an investee company	**66**	71
Terminal handling and storage income from (note iii, xiv)		
– fellow subsidiaries	**38,721**	42,193
– non-controlling shareholders of subsidiaries	**22,664**	21,248
Container handling and logistics services fee to non-controlling shareholders of subsidiaries (note iv, xiv)	**(6,029)**	(8,105)
Electricity and fuel expenses to (note v, xiv)		
– fellow subsidiaries	**(539)**	(401)
– non-controlling shareholders of subsidiaries	**(4,339)**	(3,342)
Finance lease charges paid to a fellow subsidiary (note vi)	**(796)**	–
Handling, storage and maintenance expenses to fellow subsidiaries (note vii, xiv)	**(1,009)**	(1,383)
High-frequency communication fee to a non-controlling shareholder of a subsidiary (note viii, xiv)	**(45)**	(83)
Rental expenses paid to (note ix, xiv)		
– fellow subsidiaries	**(886)**	(1,175)
– non-controlling shareholders of subsidiaries	**(2,274)**	(1,832)

22 Related party transactions (Continued)

(b) Discontinued operation

Sales/purchases of goods, services and investment

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
Container rental income from fellow subsidiaries (note x, xiv)	**38,358**	86,132
Compensation for loss of containers from a fellow subsidiary (note xi, xiv)	**2,370**	61
Handling, storage and maintenance expenses to fellow subsidiaries (note vii, xiv)	**(240)**	(191)
Container freight charges to subsidiaries of China International Marine Containers (Group) Co., Ltd. ("CIMC") (note xii)	**(52)**	(469)
Purchase of containers from (note xiii)		
– fellow subsidiaries	**–**	(14,661)
– subsidiaries of CIMC	**–**	(134,340)

Notes:

(i) 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.

(ii) 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$2,576,000) (2015: HK$20,000,000 (equivalent to US$2,580,000)) 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.

(iii) The terminal handling and storage income received from fellow subsidiaries and non-controlling shareholders of subsidiaries in relation to the cargoes shipped from/to Zhangjiagang, Yangzhou, Quanzhou, Jinjiang, Xiamen, Nansha, Lianyungang and Jinzhou 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.

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

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

22 Related party transactions (Continued)

(vi) Finance lease charges paid to a fellow subsidiary were charged at rates as mutually agreed.

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

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

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

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

(xi) During the period, the Group had compensation received and receivable of US$2,370,000 (2015: US$61,000) from COSCON for the loss of containers under operating leases, resulting in a profit of US$6,000 (2015: loss of US$3,000).

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

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

(xiv) 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").

(c) Key management compensation

	Six months ended 30 June	
	2016	2015
	US$'000	US$'000
		(Restated)
Salaries, bonuses and other allowances	**2,036**	1,831
Contributions to retirement benefit schemes	**5**	7
	2,041	1,838

Key management includes directors of the Company and five (2015: four) senior management members of the Group.

23 Business combination under common control

The Group adopts merger accounting for common control combination in respect of the acquisition of CSPD (the "Acquired Subsidiary") as mentioned in note 1. Statements of adjustments for business combinations under common control on the Group's financial position as at 30 June 2016 and 31 December 2015 and the results for the six months ended 30 June 2016 and 30 June 2015 are summarised as follows:

	The Group before the Acquired Subsidiary US$'000	The Acquired Subsidiary US$'000	Note	Adjustments US$'000	Total US$'000
Six months ended 30 June 2016					
Continuing operations					
Revenues	247,109	27,874		–	274,983
Profit before income tax	126,166	25,019	(i)	(1,819)	149,366
Income tax	(23,812)	(3,733)	(i)	(291)	(27,836)
Profit for the period	102,354	21,286		(2,110)	121,530
As at 30 June 2016					
ASSETS					
Non-current assets	5,821,031	1,062,024	(ii),(iv)	(1,123,174)	5,759,881
Current assets	1,083,244	66,643	(ii),(iii)	(5,737)	1,144,150
Total assets	6,904,275	1,128,667		(1,128,911)	6,904,031
EQUITY					
Capital and reserves					
Share capital	38,090	1,112,304	(iv)	(1,112,304)	38,090
Reserves	4,553,296	(134,772)	(ii),(iv)	(47,361)	4,371,163
	4,591,386	977,532		(1,159,665)	4,409,253
Non-controlling interests	318,861	69,225	(ii)	40,869	428,955
Total equity	4,910,247	1,046,757		(1,118,796)	4,838,208
LIABILITIES					
Non-current liabilities	1,324,205	36,532	(ii)	457	1,361,194
Current liabilities	669,823	45,378	(ii),(iii)	(10,572)	704,629
Total liabilities	1,994,028	81,910		(10,115)	2,065,823
Total equity and liabilities	6,904,275	1,128,667		(1,128,911)	6,904,031

23 Business combination under common control (Continued)

	As previously reported US$'000	The Acquired Subsidiary US$'000	Note	Adjustments US$'000	Total US$'000
Six months ended 30 June 2015					
Continuing operations					
Revenues	245,040	31,498		–	276,538
Profit before income tax	146,504	27,813	(i)	(139)	174,178
Income tax	(20,694)	(2,105)	(i)	(281)	(23,080)
Profit for the period	125,810	25,708		(420)	151,098
As at 31 December 2015					
ASSETS					
Non-current assets	6,510,725	1,078,921	(ii)	45,667	7,635,313
Current assets	1,160,849	62,338	(ii),(iii)	2,145	1,225,332
Total assets	7,671,574	1,141,259		47,812	8,860,645
EQUITY					
Capital and reserves					
Share capital	38,090	1,112,304	(iv)	(1,112,304)	38,090
Reserves	4,824,774	(134,168)	(ii),(iv)	1,120,385	5,810,991
	4,862,864	978,136		8,081	5,849,081
Non-controlling interests	309,996	68,023	(ii)	39,976	417,995
Total equity	5,172,860	1,046,159		48,057	6,267,076
LIABILITIES					
Non-current liabilities	1,886,201	39,436	(ii)	596	1,926,233
Current liabilities	612,513	55,664	(ii),(iii)	(841)	667,336
Total liabilities	2,498,714	95,100		(245)	2,593,569
Total equity and liabilities	7,671,574	1,141,259		47,812	8,860,645

Notes:

(i) Adjustments to adjust the profits and tax in relation to reclassification of certain investments after acquisition of the Acquired Subsidiary.

(ii) Adjustments for reclassification of certain investments after acquisition of the Acquired Subsidiary.

(iii) Adjustments to eliminate the inter-group balances as at 30 June 2016 and 31 December 2015.

(iv) Adjustments to eliminate the investment cost, share capital of the Acquired Subsidiary against reserves.

No other significant adjustment were made to the net assets and net profit of any entities or business as a result of the common control combination to achieve consistency of accounting policies.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF COSCO SHIPPING PORTS LIMITED
(formerly known as COSCO Pacific Limited)
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 42, which comprises the condensed consolidated balance sheet of COSCO SHIPPING Ports Limited (the "Company") (formerly known as COSCO Pacific Limited) and its subsidiaries (together, the "Group") as at 30 June 2016 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, 24 August 2016

INTERIM DIVIDEND

The directors have declared an interim dividend of HK18.0 cents (corresponding period of 2015: HK17.3 cents) per share, representing a payout ratio of 40.0%, with an option to receive new fully paid shares in lieu of cash ("Scrip Dividend Scheme").

The interim dividend will be payable on 26 October 2016 to shareholders whose names appear on the register of members of the Company at the close of business on 13 September 2016. 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 26 October 2016.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 29 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 September 2016 to 13 September 2016, 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 Thursday, 8 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

On 18 March 2016, the Company completed its acquisition of all the issued shares in CSPD for a total consideration of US$1,161,963,000 (subject to completion accounts adjustments). The Company acquired 51% and 49% of the shares in CSPD from China Shipping (Hong Kong) Holdings Co., Limited and China Shipping Container Lines Company Limited, respectively. CSPD therefore became a wholly owned subsidiary of the Company after the completion of the acquisition. The Company's acquisition of CSPD is considered to be a business combination under common control as CSPD and the Company are both ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council. As such, the consolidated financial statements for the six months ended 30 June 2015 and the financial position as at 31 December 2015 disclosed in these consolidated financial statements have been restated as a result of adoption of merger accounting, as if the business combinations had been occurred from the beginning of the earliest financial years presented. The adoption of merger accounting has resulted in changes to the presentation of certain comparative figures which have been restated to conform to the current year's presentation.

On 24 March 2016, the Company completed the disposal of all the issued shares in FCHL (representing the container leasing, management and sale, and related businesses of the Group) to CSCLHK for a total consideration of US$1,223,725,000 (subject to completion accounts adjustments). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 were transferred on the same day to CSCLHK at the consideration of US$285,000,000. Upon completion of the disposal, FCHL ceased to be a subsidiary of the Company. The disposal gain and operation result of FCHL are disclosed as discontinued operation as container leasing, management and sale, and related businesses constitute a separate business of the Group. The gain on the disposal of FCHL during the period was approximately US$59,021,000 (corresponding period of 2015: not applicable). For the three months ended 31 March 2016, profit from FCHL attributable to equity holders of the Company was US$7,073,000 (for the six months ended 30 June 2015: US$49,667,000). The total profit from the discontinued operation attributable to equity holders of the Company amounted to US$66,094,000 (corresponding period of 2015: US$49,667,000).

Following the reorganisation, the Group has been transformed from the former businesses of managing and operating terminals, container leasing, management and sale to be a pure terminal operator. Profit attributable to equity holders of the Company for the first half of 2016 was US$171,948,000 (corresponding period of 2015: US$187,202,000), an 8.1% decrease compared with the corresponding period of last year. Excluding the discontinued operation, the Company recorded profit attributable to equity holders in the amount of US$105,854,000 (corresponding period of 2015: US$137,535,000) for the first half of 2016, a 23.0% decrease compared with the corresponding period of last year.

During the period, the throughput of container terminals reached 46,027,405 TEU (corresponding period of 2015: 44,468,891 TEU), and the throughput of bulk cargo was 41,423,079 tons (corresponding period of 2015: 40,627,278 tons), an increase of 3.5% and 2.0% respectively compared with the corresponding period of last year. The equity throughput of containers was 14,347,074 TEU (corresponding period of 2015: 13,760,603 TEU), a 4.3% increase compared with the corresponding period of last year. The equity throughput of bulk cargo was 13,637,156 tons (corresponding period of 2015: 14,003,924 tons), a 2.6% decrease compared with the corresponding period of last year. Profit from the terminals business for the first half of 2016 was US$132,455,000 (corresponding period of 2015: US$145,688,000), a 9.1% decrease compared with the corresponding period of last year. Of this, profit from terminal companies in which the Group has controlling stakes was US$30,609,000 (corresponding period of 2015: US$30,199,000), a 1.4% increase compared with the corresponding period of last year; profit from non-controlled terminals was US$101,846,000 (corresponding period of 2015: US$115,489,000), an 11.8% decrease compared with the corresponding period of last year.

Profit from terminal companies in which the Group has controlling stakes was mainly attributable to Piraeus Container Terminal S.A. ("Piraeus Terminal") in Greece and Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal"). Driven by the increased throughput, Piraeus Terminal recorded a profit of US$17,903,000 (corresponding period of 2015: US$15,129,000) for the first half of 2016, an 18.3% increase compared with the corresponding period of last year. During the period, the throughput of Guangzhou South China Oceangate Terminal grew by 6.0% compared with the corresponding period of last year, with a rise in the proportion of loaded containers. For the first half of 2016, Guangzhou South China Oceangate Terminal recorded a profit of US$8,065,000 (corresponding period of 2015: US$4,796,000), a 68.2% increase compared with the corresponding period of last year. However, Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") incurred a loss of US$3,417,000 (corresponding period of 2015: a profit of US$512,000) for the first half of 2016 as a result of a drop of 31.7% in its throughput of bulk cargo compared with the corresponding period of last year, partly offsetting the growth of controlled terminals.

In respect of non-controlled terminals, the decrease in profit was mainly attributable to Shanghai Mingdong Container Terminals Limited ("Shanghai Mingdong Terminal"), COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal"), Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") in Egypt and Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal"). For Shanghai Mingdong Terminal, the tax incentive of "full exemption for five years and 50% exemption for five years" expired in 2015, and Shanghai Mingdong Terminal is required to pay tax in full beginning from 2016. During the period, the Group's share of profit of Shanghai Mingdong Terminal decreased to US$9,386,000 (corresponding period of 2015: US$12,870,000), a 27.1% decrease compared with the corresponding period of last year. With the throughput of COSCO-HIT Terminal decreasing by 17.4% compared with the corresponding period of last year, combined with increased depreciation during the period, the Group's share of profit of COSCO-HIT Terminal was US$6,012,000 (corresponding period of 2015: US$9,060,000) for the first half of 2016, a 33.6% decrease compared with the corresponding period of last year. Similarly, as Suez Canal Terminal recorded a 20.8% decrease in its throughput compared with the corresponding period of last year, the Group's share of profit of Suez Canal Terminal for the period was US$2,445,000 (corresponding period of 2015: US$5,475,000), a 55.3% decrease compared with the corresponding period of last year. Ningbo Yuan Dong Terminal recorded the Group's share of profit US$4,134,000 (corresponding period of 2015: US$5,836,000), a 29.2% decrease compared with the corresponding period of last year, which was attributable to a 33.4% decline in its throughput compared with the corresponding period of last year as a result of a decrease in the number of berths from 5 to 3 in the corresponding period of last year. In addition, the gain on disposal of shares in Xiamen International Port Co., Ltd. ("Xiamen Port") in the amount of US$3,326,000 and the gain on disposal of equity interests in Lianyungang New Dongrun Port Co., Ltd. ("Lianyungang New Dongrun") in the amount of US$495,000 were included into the corresponding period of last year. As there was no such gain in the first half of 2016, profit from non-controlled terminals decreased compared with the corresponding period of last year.

Financial Analysis

Revenues

Excluding the discontinued container leasing, management and sale businesses, revenues of the Group for the first half of 2016 amounted to US$274,983,000 (corresponding period of 2015: US$276,538,000), a 0.6% decrease compared with the corresponding period of last year. Of this, Piraeus Terminal and Guangzhou South China Oceangate Terminal recorded significant growth in their revenues. During the period, the throughput of Piraeus Terminal rose to 1,688,892 TEU (corresponding period of 2015: 1,481,718 TEU), representing an increase of 14.0%, generating a revenue of US$88,742,000 (corresponding period of 2015: US$78,393,000), a 13.2% increase compared with the corresponding period of last year. In the first half of 2016, the throughput of Guangzhou South China Oceangate Terminal was 2,318,848 TEU (corresponding period of 2015: 2,188,162 TEU), a 6.0% increase compared with the corresponding period of last year, with a rise in the proportion of loaded containers during the period. Guangzhou South China Oceangate Terminal recorded a revenue of US$76,966,000 (corresponding period of 2015: US$71,923,000), a 7.0% increase compared with the corresponding period of last year.

However, the performance of bulk cargo terminals was unsatisfactory. Yangzhou Yuanyang Terminal recorded a bulk cargo throughput of 3,761,890 tons during the period (corresponding period of 2015: 5,504,046 tons), a decrease of 31.7% compared with the corresponding period of last year, while its revenue decreased to US$12,087,000 (corresponding period of 2015: US$17,423,000), a 30.6% decrease compared with the corresponding period of last year. Quan Zhou Pacific Container Terminal Co., Ltd. recorded a bulk cargo throughput of 1,159,468 tons (corresponding period of 2015: 1,654,414 tons), a decrease of 29.9% compared with the corresponding period of last year, while its revenue decreased to US$21,047,000 (corresponding period of 2015: US$25,159,000), a 16.3% decrease compared with the corresponding period of last year. Lianyungang New Oriental International Terminals Co., Ltd. ("Lianyungang New Oriental International Terminal") recorded a 24.9% decrease in its bulk cargo throughput during the first half of 2016 compared with the corresponding period of last year, and its revenue also decreased to US$21,027,000 (corresponding period of 2015: US$24,750,000), a 15.0% 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. Cost of sales for the first half of 2016 was US$167,626,000 (corresponding period of 2015: US$173,436,000), a 3.3% decrease compared with the corresponding period of last year. The decrease was mainly attributable to a decrease in the bulk cargo throughput and revenue, with operating expenses decreasing in line. Piraeus Terminal recorded an increase in operating expenses due to an increase in its throughput. The cost of sales of Piraeus Terminal for the first half of 2016 was US$58,022,000 (corresponding period of 2015: US$52,816,000), a 9.9% increase compared with the corresponding period of last year.

Administrative expenses

Administrative expenses in the first half of 2016 were US$41,357,000 (corresponding period of 2015: US$33,710,000), a 22.7% increase compared with the corresponding period of last year. The increase was mainly attributable to a rise in the professional services fee of projects and other provisions during the period.

Other operating income/(expenses), net

Net other operating income during the period was US$3,887,000 (corresponding period of 2015: US$7,249,000), which included the gain on disposal of the shares in Xiamen Port and gain on disposal of the equity interests in Lianyungang New Dongrun of US$3,326,000 and US$495,000 respectively in the first half of 2015, while there was no such gain in the first half of 2016.

Finance costs

The Group's finance costs in the first half of 2016 were US$26,050,000 (corresponding period of 2015: US$28,710,000), a 9.3% decrease compared with the corresponding period of last year. Excluding the discontinued operation, the average balance of bank loans increased to US$1,494,025,000 (corresponding period of 2015: US$1,153,830,000) during the period, a 29.5% increase compared with the corresponding period of last year. The decrease in finance costs was mainly attributable to a decrease in the average cost of bank borrowings, as well as a decrease in interest expenses resulted from the reduced balance of loan from a non-controlling shareholder of a subsidiary. Taking into account capitalised interest, the average cost of bank borrowings in the first half of 2016, including the amortisation of transaction costs over bank loans and notes, was 3.46% (corresponding period of 2015: 4.16%).

Share of profits less losses of joint ventures and associates

The Group's share of profits less losses of joint ventures and associates for the first half of 2016 amounted to US$98,095,000 (corresponding period of 2015: US$111,844,000), a 12.3% decrease compared with the corresponding period of last year. The decrease in profit was primarily attributable to Shanghai Mingdong Terminal, COSCO-HIT Terminal, Suez Canal Terminal and Ningbo Yuan Dong Terminal. For Shanghai Mingdong Terminal, the tax incentive of "full exemption for five years and 50% exemption for five years" has expired in the year 2015, and Shanghai Mingdong Terminal is required to pay tax in full beginning from 2016. During the period, the Group's share of profit of Shanghai Mingdong Terminal decreased to US$9,386,000 (corresponding period of 2015: US$12,870,000), a 27.1% decrease compared with the corresponding period of last year. With the throughput of COSCO-HIT Terminal decreasing by 17.4% compared with the corresponding period of last year, combined with increased depreciation during the period, COSCO-HIT Terminal recorded the Group's share of profit of US$6,012,000 (corresponding period of 2015: US$9,060,000), a 33.6% decrease compared with the corresponding period of last year. Similarly, as Suez Canal Terminal recorded a 20.8% decrease in its throughput compared with the corresponding period of last year, the Group's share of profit of Suez Canal Terminal for the period was US$2,445,000 (corresponding period of 2015: US$5,475,000), a 55.3% decrease compared with the corresponding period of last year. Ningbo Yuan Dong Terminal recorded the Group's share of profit of US$4,134,000 (corresponding period of 2015: US$5,836,000), a 29.2% decrease compared with the corresponding period of last year, which was attributable to a 33.4% decline in its throughput compared with the corresponding period of last year as a result of a decrease in the number of berths from 5 to 3 in the corresponding period of last year.

Income tax expenses

During the period, income tax expenses amounted to US$27,836,000 (corresponding period of 2015: US$23,080,000), a 20.6% increase compared with the corresponding period of last year. This included a provision of approximately US$9,725,000 (corresponding period of 2015: US$8,155,000) for withholding income tax in respect of the profit distribution made by certain investment of the Group.

Financial Position

Cash flow

Cash inflow of the Group remained steady in the first half of 2016. During the period, net cash generated from operating activities amounted to US$167,844,000 (corresponding period of 2015: US$250,719,000). In the first half of 2016, the Group borrowed bank loans of US$1,129,325,000 (corresponding period of 2015: US$140,199,000) and repaid loans of US$938,937,000 (corresponding period of 2015: US$217,881,000) during the period.

During the period, an amount of US$350,774,000 (corresponding period of 2015: US$200,916,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment, of which US$277,447,000 (corresponding period of 2015: US$160,357,000) was for the purchase of containers. In addition, the Company completed its acquisition of all the issued shares in CSPD and the consideration of US$1,161,963,000 was paid in the first half of 2016. Meanwhile, in the first half of 2016, the Company also completed the disposal of all the issued shares in FCHL and received a disposal consideration of US$1,508,725,000 during the period, including the consideration for the assignment of the FCHL shareholder's loans in the aggregate sum of US$285,000,000.

Financing and credit facilities

As at 30 June 2016, the Group's total outstanding borrowings amounted to US$1,483,706,000 (31 December 2015: US$2,087,004,000) and cash balance amounted to US$894,630,000 (31 December 2015: US$924,191,000). Banking facilities available but unused amounted to US$305,285,000 (31 December 2015: US$927,288,000).

Assets and liabilities

As at 30 June 2016, the Group's total assets and total liabilities was US$6,904,031,000 (31 December 2015: US$8,860,645,000) and US$2,065,823,000 (31 December 2015: US$2,593,569,000) respectively. Net assets were US$4,838,208,000, representing a 22.8% decrease as compared with that of US$6,267,076,000 as at 31 December 2015. The decrease was mainly arising from the disposal of the net assets of FCHL. Net current assets at 30 June 2016 amounted to US$439,521,000 (31 December 2015: US$557,996,000). As at 30 June 2016, the net asset value per share of the Company was US$1.63 (31 December 2015: US$2.11).

As at 30 June 2016, the net debt-to-total-equity ratio was 12.2% (31 December 2015: 18.6%), and the interest coverage was 6.7 times (corresponding period of 2015: 7.1 times).

As at 30 June 2016, certain other property, plant and equipment of the Group with an aggregate net book value of US$111,963,000 (31 December 2015: US$115,071,000) and the Company's interest in a subsidiary were pledged as securities against bank borrowings and loans from the CS Finance with an aggregate amount of US$326,632,000 (31 December 2015: US$290,191,000).

Debt analysis

	As at 30 June 2016 US$	(%)	As at 31 December 2015 US$	(%)
By repayment term				
Within the first year	**254,432,000**	**17.1**	287,739,000	13.8
Within the second year	**101,910,000**	**6.9**	307,570,000	14.7
Within the third year	**40,194,000**	**2.7**	241,538,000	11.6
Within the fourth year	**47,597,000**	**3.2**	174,796,000	8.4
Within the fifth year and after	**1,039,573,000**	**70.1**	1,075,361,000	51.5
	1,483,706,000*	**100.0**	2,087,004,000*	100.0
By category				
Secured borrowings	**326,632,000**	**22.0**	290,191,000	13.9
Unsecured borrowings	**1,157,074,000**	**78.0**	1,796,813,000	86.1
	1,483,706,000*	**100.0**	2,087,004,000*	100.0
By denominated currency				
US dollar borrowings	**749,557,000**	**50.5**	1,388,455,000	66.5
RMB borrowings	**445,519,000**	**30.0**	448,783,000	21.5
Euro borrowings	**288,630,000**	**19.5**	249,766,000	12.0
	1,483,706,000*	**100.0**	2,087,004,000*	100.0

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

Financial guarantee contracts

As at 30 June 2016, China Shipping Terminal Development Co., Ltd., a wholly-owned subsidiary of the Group, provided guarantees on loan facilities granted to a joint venture of US$12,486,000 (31 December 2015: US$2,464,000).

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. The functional currency of the terminals business is either the Euro or Renminbi, which are the same currencies as its borrowings, revenue and expenses, so as to provide a natural hedge against the foreign exchange volatility. Borrowings for the container leasing business are mainly denominated in US dollars, 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 2016, 33.0% (31 December 2015: 22.9%) of the Group's total borrowings were at fixed rates. In light of market conditions, the Group continues to monitor and regulate its fixed and floating rate debt portfolio from time to time, with a view to minimising its potential interest rate exposure.

Operational Review

In the first half of 2016, the global market was volatile and the recovery of the global economy remained sluggish. China's economic growth continued to slow down, with the economy growing by merely 6.7% in the first half of the year over the corresponding period of last year, which was 0.3 percentage points lower than that of the corresponding period of 2015. The environment for foreign trade was not encouraging. China's foreign trade in the first half of the year decreased by 3.3% compared with the corresponding period of last year, while its import and export decreased by 4.7% and 2.1% respectively. According to the statistics released by China Container Industry Association, as of June 2016, the container throughput of China increased to 105,326,100 TEU, a 2.5% increase compared with the corresponding period of last year, which was 3.6 percentage points lower than that of the corresponding period of 2015 at 6.1%. The gloomy global economy and trade have constituted pressure to the Group's container terminals business.

As at 30 June 2016, there were 149 berths under the Group's operating container terminals and the total annual handling capacity was 89,870,000 TEU. There were 20 bulk cargo berths in operation, with a total annual handling capacity of 49,950,000 tons.

During the period, the total container throughput of the Group's terminals grew by 3.5% compared with the corresponding period of last year to 46,027,405 TEU (corresponding period of 2015: 44,468,891 TEU). The total equity throughput rose by 4.3% compared with the corresponding period of last year to 14,347,074 TEU (corresponding period of 2015: 13,760,603 TEU). The growth was mainly attributable to the continued outstanding performance of Piraeus Terminal. The acquired Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş. ("Kumport Terminal") in Turkey and CJ Korea Express Busan Container Terminal Corp. ("Busan KBCT Terminal") in Korea accounted for an aggregate equity throughput of 281,434 TEU (corresponding period of 2015: not applicable). Excluding the contribution from these two terminals, the growth of the equity throughput of the Group's container terminals in the first half of this year was 2.2%.

Operation Status by Region

Throughput of the Greater China region accounted for 86.2% of the Group's total throughput, rising by 0.5% to 39,675,802 TEU (corresponding period of 2015: 39,479,198 TEU). The throughput in Mainland China (excluding Hong Kong and Taiwan) accounted for 81.8% of the Group's total throughput, rising by 0.9% to 37,655,316 TEU (corresponding period of 2015: 37,315,117 TEU).

Bohai Rim

The Bohai Rim region accounted for 35.0% of the Group's total throughput, reaching 16,101,111 TEU (corresponding period of 2015: 15,442,784 TEU), a 4.3% increase compared with the corresponding period of last year. Of this, Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") recorded a steady growth, with a 3.6% increase in its throughput compared with the corresponding period of last year to 8,669,195 TEU (corresponding period of 2015: 8,369,569 TEU).

Yangtze River Delta

The Yangtze River Delta region accounted for 20.1% of the Group's total throughput, reaching 9,306,485 TEU (corresponding period of 2015: 9,729,740 TEU), a 4.4% decrease compared with the corresponding period of last year. The decrease in the throughput of the region was mainly attributable to a decrease in the number of berths operated by Ningbo Yuan Dong Terminal, which resulted in a sharp decrease of 33.4% in the throughput of the terminal compared with the corresponding period of last year to 1,249,861 TEU (corresponding period of 2015: 1,878,009 TEU). However, in terms of average throughput per berth, the average throughput of each berth of Ningbo Yuan Dong Terminal reached 416,620 TEU (corresponding period of 2015: 375,601 TEU) in the first half of this year, a 10.9% increase compared with the corresponding period of last year. The throughput of Shanghai Mingdong Terminal was 2,861,909 TEU (corresponding period of 2015: 2,775,706 TEU), a 3.1% increase compared with the corresponding period of last year, while the throughput of Shanghai Pudong International Container Terminals Limited was 1,188,349 TEU (corresponding period of 2015: 1,226,218 TEU), a 3.1% decrease compared with the corresponding period of last year. Separately, benefiting from the introduction of new shipping routes by China COSCO Shipping Corporation Limited ("COSCO SHIPPING"), the throughput of Lianyungang New Oriental Terminal increased by 6.3% compared with the corresponding period of last year to 1,871,864 TEU (corresponding period of 2015: 1,760,510 TEU).

Southeast Coast and others

The Southeast Coast and other regions accounted for 4.6% of the Group's total throughput, reaching 2,114,601 TEU (corresponding period of 2015: 1,956,226 TEU), representing an increase of 8.1%. With a new shipping route to US and Canada calling, Xiamen Ocean Gate Container Terminal Co., Ltd. recorded a 12.9% increase in its throughput compared with the corresponding period of last year to 526,717 TEU (corresponding period of 2015: 466,368 TEU). Separately, mainly benefiting from a steady cargo supply and the gradual addition of terminal equipment which led to increased handling capacity, Kao Ming Container Terminal Corp. recorded an 11.3% increase in its throughput compared with the corresponding period of last year to 834,143 TEU (corresponding period of 2015: 749,187 TEU).

Pearl River Delta

The Pearl River Delta region accounted for 25.3% of the Group's total throughput, reaching 11,622,980 TEU (corresponding period of 2015: 11,964,651 TEU), representing a 2.9% decrease compared with the corresponding period of last year. According to the statistics released by the Hong Kong Maritime and Port Board, the number of containers handled in Hong Kong decreased by 10.5% in the first half of this year as compared with the corresponding period of last year. The throughput of COSCO-HIT Terminal and Asia Container Terminals Limited decreased by 17.4% and 14.5% compared with the corresponding period of last year to 673,000 TEU (corresponding period of 2015: 814,667 TEU) and 513,343 TEU (corresponding period of 2015: 600,227 TEU) respectively. As a result of a decline in the volume of transhipment handled by Yantian International Container Terminals Co., Ltd., its throughput also decreased slightly by 1.1% to 5,466,102 TEU (corresponding period of 2015: 5,529,239 TEU).

Southwest Coast

Following the reorganisation, the network of the Group in China has expanded to cover five main port clusters including Southwest Coast. Currently, the Group operates Qinzhou International Container Terminal Co., Ltd. in this region. During the period, the Southwestern coastal region accounted for 1.2% of the Group's total throughput, reaching 530,625 TEU (corresponding period of 2015: 385,797 TEU), a 37.5% increase compared with the corresponding period of last year, mainly driven by improved domestic trade in the region.

Overseas

In respect of overseas operation, Kumport Terminal and Busan KBCT Terminal began to contribute to the Group's throughput since January this year and added an aggregate of 1,297,072 TEU to the Group's total throughput, driving up the throughput of the Group's overseas terminals by 27.3% compared with the corresponding period of last year to 6,351,603 TEU (corresponding period of 2015: 4,989,693 TEU), accounting for 13.8% of the Group's total throughput. Excluding the throughput of Kumport Terminal and Busan KBCT Terminal, the Group's overseas terminals would record a 1.3% growth in the throughput to 5,054,531 TEU in the first half of the year. During the period, Piraeus Terminal posted satisfactory performance with its throughput increasing by 14.0% compared with the corresponding period of last year to 1,688,892 TEU (corresponding period of 2015: 1,481,718 TEU). The throughput of Suez Canal Terminal declined by 20.8% compared with the corresponding period of last year to 1,245,296 TEU (corresponding period of 2015: 1,572,463 TEU), which was mainly a result of the weakness in the shipping market and the adjustments to policies by the local port.

Regional breakdown of total throughput

	1H 2016 (TEU)	y-o-y change (%)	Percentage of total (%)
Bohai Rim	16,101,111	+4.3	35.0
Yangtze River Delta	9,306,485	-4.4	20.1
Southeast Coast and others	2,114,601	+8.1	4.6
Pearl River Delta	11,622,980	-2.9	25.3
Southwest Coast	530,625	+37.5	1.2
Overseas	6,351,603	+27.3	13.8
Total	**46,027,405**	**+3.5**	**100.0**

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

	1H 2016 (TEU)	y-o-y change (%)	Percentage of total (%)
Bohai Rim	3,863,262	+5.8	26.9
Yangtze River Delta	2,812,123	-3.6	19.6
Southeast Coast and others	1,152,858	+6.6	8.1
Pearl River Delta	3,407,036	-4.3	23.7
Southwest Coast	212,250	+37.5	1.5
Overseas	2,899,545	+21.1	20.2
Total	**14,347,074**	**+4.3**	**100.0**

For the six months ended 30 June 2016, throughput of the Group's operating terminals was set out below:

Throughput of terminal companies

Terminal Companies	**1H 2016 (TEU)**	1H 2015 (TEU)	Change (%)
Bohai Rim	**16,101,111**	15,442,784	+4.3
Qingdao Qianwan Container Terminal Co., Ltd. Note 1	**8,669,195**	8,369,569	+3.6
Dalian Port Container Terminal Co., Ltd.	**1,224,560**	1,260,408	-2.8
Dalian International Container Terminal Co., Ltd.	**1,660,940**	1,307,788	+27.0
Dalian Dagang China Shipping Container Terminal Co., Ltd.	**8,142**	5,093	+59.9
Tianjin Port Euroasia International Container Terminal Co., Ltd.	**1,126,353**	1,074,458	+4.8
Tianjin Five Continents International Container Terminal Co., Ltd.	**1,259,996**	1,308,011	-3.7
Yingkou Container Terminals Company Limited	**813,066**	748,066	+8.7
Yingkou New Century Container Terminal Co., Ltd.	**939,037**	993,032	-5.4
Jinzhou New Age Container Terminal Co., Ltd.	**161,893**	157,011	+3.1
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	**237,929**	219,348	+8.5
Yangtze River Delta	**9,306,485**	9,729,740	-4.4
Shanghai Pudong International Container Terminals Limited	**1,188,349**	1,226,218	-3.1
Shanghai Mingdong Container Terminals Limited	**2,861,909**	2,775,706	+3.1
Ningbo Yuan Dong Terminals Limited	**1,249,861**	1,878,009	-33.4
Lianyungang New Oriental International Terminals Co., Ltd.	**1,871,864**	1,760,510	+6.3
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**330,082**	337,268	-2.1
Yangzhou Yuanyang International Ports Co., Ltd.	**228,325**	228,585	-0.1
Nanjing Port Longtan Container Co., Ltd.	**1,339,896**	1,279,111	+4.8
Taicang International Container Terminal Co., Ltd.	**236,199**	244,333	-3.3
Southeast Coast and others	**2,114,601**	1,956,226	+8.1
Xiamen Ocean Gate Container Terminal Co., Ltd.	**526,717**	466,368	+12.9
Quan Zhou Pacific Container Terminal Co., Ltd.	**610,009**	557,445	+9.4
Jinjiang Pacific Ports Development Co., Ltd.	**143,732**	183,226	-21.6
Kao Ming Container Terminal Corp.	**834,143**	749,187	+11.3

Terminal Companies	1H 2016 (TEU)	1H 2015 (TEU)	Change (%)
Pearl River Delta	**11,622,980**	11,964,651	-2.9
Yantian International Container Terminals Co., Ltd.	**5,466,102**	5,529,239	-1.1
Nansha Stevedoring Corporation Limited of Port of Guangzhou	**2,651,687**	2,832,356	-6.4
Guangzhou South China Oceangate Container Terminal Company Limited	**2,318,848**	2,188,162	+6.0
COSCO-HIT Terminals (Hong Kong) Limited	**673,000**	814,667	-17.4
Asia Container Terminals Limited	**513,343**	600,227	-14.5
Southwest Coast	**530,625**	385,797	+37.5
Qinzhou International Container Terminal Co., Ltd.	**530,625**	385,797	+37.5
Overseas	**6,351,603**	4,989,693	+27.3
Piraeus Container Terminal S.A.	**1,688,892**	1,481,718	+14.0
Suez Canal Container Terminal S.A.E.	**1,245,296**	1,572,463	-20.8
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş. [Note 2]	**366,992**	N/A	N/A
Antwerp Gateway NV	**1,019,054**	1,009,620	+0.9
APM Terminals Zeebrugge NV	**177,016**	135,025	+31.1
COSCO-PSA Terminal Private Limited	**870,926**	725,476	+20.0
CJ Korea Express Busan Container Terminal Corp. [Note 2]	**930,080**	N/A	N/A
SSA Terminals (Seattle), LLC	**53,347**	65,391	-18.4
Total	**46,027,405**	44,468,891	+3.5

Note 1: Throughput at Qingdao Qianwan Terminal included the throughput at Qingdao Qianwan United Container Terminal Co., Ltd. and Qingdao Qianwan United Advance Container Terminal Co., Ltd. and these two terminals are joint ventures of Qingdao Qianwan Terminal. The throughput of the two terminals for the six months ended 30 June 2016 increased 6.9% to 2,599,095 TEU (corresponding period of 2015: 2,430,277 TEU) and decreased 13.6% to 677,920 TEU (corresponding period of 2015: 785,026 TEU) respectively.

Note 2: The throughput of Kumport Terminal in Turkey and Busan KBCT Terminal in Korea were included in the Group's accounts from 1 January 2016.

Note 3: The total throughput of bulk cargo for the six months ended 30 June 2016 was 41,423,079 tons (corresponding period of 2015: 40,627,278 tons), an increase of 2.0%. The throughput of automobile was 263,751 vehicles (corresponding period of 2015: 227,136 vehicles), an increase of 16.1%.

Summary of Reorganisation

Change of company name to "COSCO SHIPPING Ports" highlighting the advantage brought by reorganisation

At the special general meeting on 1 February 2016, the shareholders approved a business reorganisation proposal by a vast majority of votes. In March, the Group officially completed the reorganisation and was transformed to a pure terminal operator, concentrating resources on the terminals business. The acquisition of CSPD enabled the Group to acquire a basket of terminals assets, thereby further increasing its global network and market share. The Group's terminal network in China has also been extended to the Southwestern coastal region and covers China's five main coastal port clusters, consolidating the Group's dominant position in Greater China region.

During the course of reorganisation, the Group's management team and talent team have been further enhanced. A new strategic framework has also been established. The innovation in both management and business model has been driven forward. In order to define strategic objectives more clearly and fully reflect the Group's focus on developing as a professional port and terminal operator, as proposed by the board of directors and supported by the shareholders with a vast majority of votes, the Company has changed its name to "COSCO SHIPPING Ports Limited" on 22 July 2016.

Seizing the opportunity of this business reorganisation, the Group will better leverage the unique strength of the massive fleet of its parent company. Following the establishment of COSCO SHIPPING on 18 February 2016, the size of the container shipping fleet further expanded to approximately 1,600,000 TEU, ranking fourth in the world. This will provide support to the Group both in terms of cargo volumes and shipping route network, enabling the Group to increase its competitive strength significantly in the global ports industry and be better positioned in expanding into overseas terminal market.

Accelerating globalisation and promoting balanced development

On 28 March 2016, the Group had entered into a cooperation agreement through its joint venture COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") with PSA Corporation Limited ("PSA") in Shanghai in relation to the joint investment in a major container terminal in Singapore. The cooperation will further enhance the cooperation between the Group and PSA. According to the agreement, COSCO-PSA Terminal will exchange two old berths which it currently operates at the port of Pasir Panjiang in Singapore for 3 to 4 new berths of Phase 3 to 4 of the port. The new berths will commence operation in 2017. Given their quay length and equipment, the new berths are able to cater for the trend towards mega-vessels. Operational efficiency of the berths will be further increased so as to enhance the service level and competitiveness.

On 11 May 2016, the Group announced the acquisition of 35% equity interest in Euromax Terminal Rotterdam B.V. ("Euromax") in Rotterdam for an aggregate consideration of Euro125,430,000. The completion is expected to take place in September. Euromax is principally engaged in the automatic container terminal business of Euromax Terminal Rotterdam, which is located at the area of Maasvlakte I of Port of Rotterdam in the Netherlands. The total area (including Phase 1 and Phase 2) is 1,210,000 square metres with a total quay length of 1,800 metres and a draft depth of 16.65 metres. The current operating capacity is around 2,550,000 TEU. In addition to being the largest port in Europe, the Port of Rotterdam has also long been the base port of COSCO SHIPPING in Northwestern Europe. Not only does the Company's investment in container terminals in the port of Rotterdam conform to its strategies to invest in overseas hub ports, it also ties in with the hub strategy of COSCO SHIPPING, creating positive synergy.

Since the second half of 2015, the Group has invested in four overseas projects successively, including the acquisition of Kumport Terminal in Turkey and Busan KBCT Terminal in South Korea, fully reflecting the determination and development strategy of the Group to build global container hubs. By establishing a diversified global terminal portfolio, the Group will be able to balance the operational risk among different regions more effectively and lay a strong foundation for the steady growth of its business in the long run.

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 2016	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period	Outstanding at 30 June 2016	% 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	11,050,000	–	–	(300,000)	(2,710,000)	8,040,000	0.271%	(refer to note 1)	(1)
Others	19.30	1,430,000	–	–	300,000	–	1,730,000	0.058%	(refer to note 1)	(1)
		12,480,000	–	–	–	(2,710,000)	9,770,000			
		12,980,000	–	–	–	(2,710,000)	10,270,000			

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 2016, 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 the 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	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 H shares held	% of total number of issued H shares of the relevant associated corporation
China Shipping Development Company Limited	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000	0.04%

(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 2016	Granted during the period	Exercised during the period	Outstanding at 30 June 2016	% of total number of issued H shares of the relevant associated corporation	Note
China COSCO Holdings Company Limited	Mr. ZHANG Wei	Beneficial owner	Personal	3.588	90,000	–	–	90,000	0.003%	(1)
				9.540	75,000	–	–	75,000	0.003%	(2)
	Mr. DENG Huangjun	Beneficial owner	Personal	3.588	280,000	–	–	280,000	0.011%	(1)
				9.540	260,000	–	–	260,000	0.010%	(2)
	Mr. FENG Bo	Beneficial owner	Personal	3.588	90,000	–	–	90,000	0.003%	(1)
				9.540	85,000	–	–	85,000	0.003%	(2)
	Mr. WANG Wei	Beneficial owner	Personal	3.588	65,000	–	–	65,000	0.003%	(1)
				9.540	60,000	–	–	60,000	0.002%	(2)
	Mr. WANG Haimin	Beneficial owner	Personal	3.588	90,000	–	–	90,000	0.003%	(1)
				9.540	75,000	–	–	75,000	0.003%	(2)
	Ex-director									
	Mr. TANG Runjiang	Beneficial owner	Personal	3.588	65,000	–	–	65,000	0.003%	(1), (4)

Notes:

(1) The share appreciation rights were granted by China COSCO Holdings Company Limited ("China COSCO"), an associated corporation of the Company and a company listed on the Stock Exchange and the Shanghai Stock Exchange, in units with each unit representing one H share of China COSCO on 5 October 2006 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$3.588 per unit at any time between 5 October 2008 and 4 October 2016.

(2) 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.

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

(4) Mr. TANG Runjiang resigned as an executive director of the Company on 7 July 2016.

Save as disclosed above, as at 30 June 2016, none of the directors or chief executive of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL INTEREST IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any directors or chief executive of the Company, as at 30 June 2016, 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 ordinary shares/Percentage of total number of issued shares as at 30 June 2016			
Name	**Capacity**	**Nature of interests**	**Long positions**	**%**	**Short positions**	**%**
COSCO Investments Limited (Note)	Beneficial owner	Beneficial interest	213,989,277	7.21	–	–
China COSCO (Hong Kong) Limited (Note)	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,366,459,469	46.06	–	–
China COSCO Holdings Company Limited (Note)	Interest of controlled corporation	Corporate interest	1,366,459,469	46.06	–	–
China Ocean Shipping (Group) Company (Note)	Interest of controlled corporation	Corporate interest	1,366,459,469	46.06	–	–
China COSCO Shipping Corporation Limited (Note)	Interest of controlled corporation	Corporate interest	1,366,459,469	46.06	–	–
Silchester International Investors LLP	Investment manager	Other interest	178,158,000	6.01	–	–

Note: The 1,366,459,469 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 1,152,470,192 shares of the Company beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,366,459,469 shares of the Company is also recorded as China COSCO's interest in the Company. COSCO held approximately 45.47% equity interest in China COSCO as at 30 June 2016, and accordingly, COSCO is deemed to have the interest of 1,366,459,469 shares of the Company held by China COSCO (HK). COSCO is a wholly owned subsidiary of China COSCO Shipping Corporation Limited ("COSCO SHIPPING"). Accordingly, COSCO's interest in relation to the 1,366,459,469 shares of the Company is also recorded as COSCO SHIPPING's interest in the Company.

As informed by China COSCO (HK), it was interested in a total of 1,371,745,469 shares (representing 46.24% of the total issued shares of the Company) as at 30 June 2016 because of the acquisition of 5,286,000 shares of the Company.

Save as disclosed above, as at 30 June 2016, 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 2015 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. HUANG Xiaowen	• Appointed as the vice chairman and an executive director of China COSCO Holdings Company Limited, a company listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange and a controlling shareholder of the Company • Retired as the vice chairman and an executive director of China Shipping Container Lines Company Limited, a company listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange
Mr. ZHANG Wei	• Re-designated as an Executive Director of the Company and appointed as the Vice Chairman of the Board and Managing Director, the chairman of the Executive Committee, the Risk Management Committee and the Investment and Strategic Planning Committee, and a member of the Nomination Committee and the Remuneration Committee of the Company • Appointed as the vice president of China COSCO Holdings Company Limited
Mr. WANG Haimin	• Appointed as a director of China COSCO Shipping Corporation Limited, the ultimate controlling shareholder of the Company
Dr. WONG Tin Yau, Kelvin	• Retired as an independent non-executive director of AAG Energy Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited • Retired as an independent non-executive director of Xinjiang Goldwind Science & Technology Co., Ltd., a company listed on The Stock Exchange of Hong Kong Limited and the Shenzhen Stock Exchange • Retired as a convenor cum member of the Financial Reporting Review Panel
Dr. FAN HSU Lai Tai, Rita	• Appointed as an independent non-executive director of The Bank of East Asia, Limited, a company listed on The Stock Exchange of Hong Kong Limited
Mr. Adrian David LI Man Kiu	• Retired as a board member of The Community Chest of Hong Kong
Mr. IP Sing Chi	• Appointed as an independent non-executive director of Piraeus Port Authority S.A., a company listed on the Athens Stock Exchange
Mr. LAM Yiu Kin	• Retired as a member of the Finance Management Committee of the Hong Kong Management Association

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 2016 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US$'000
Non-current assets	960,720
Current assets	213,872
Current liabilities	(38,953)
Non-current liabilities	(663,991)
Net assets	471,648
Share capital	110,318
Reserves	316,885
Non-controlling interest	44,445
Capital and reserves	471,648

As at 30 June 2016, the Group's attributable interests in these affiliated companies amounted to US$363,669,000.

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 2016.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises three independent non-executive directors. 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 2016.

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 http://ports.coscoshipping.com.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2016. 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 2016.

INVESTOR RELATIONS

The Company 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 investor conferences organised by investment banks and conducted three roadshows. The Company met with a total of 117 investors, analysts and media representatives through one-on-one and group meetings.

During the period, with its high level of corporate governance, the Company has won the "Outstanding China Enterprise Award" from Capital magazine for the fifth consecutive year and the "Best Investor Relations Company" from Corporate Governance Asia Magazine for the fifth consecutive year.

CORPORATE SUSTAINABLE DEVELOPMENT

Environmental Protection

The Company has implemented measures and policies to protect and improve the environment. While developing its business, the Company has kept to this commitment and striven to minimise the environmental impact of its business operations.

The Company 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 Company has stepped up to substitute fuel-powered equipment with electricity-powered equipment, introduce LED lighting at its terminals, and launch projects such as fully-intelligent automated container terminal, pilot intelligent lighting control system for gantry cranes and new-type air hybrid power drop deck semi-trailer, all of which have significantly reduced carbon emissions at the terminals. In addition, the Company has been fulfilling its social responsibility in other energy saving and emissions reduction projects such as power supply for vessels at terminals.

Meanwhile, encouraged by the head office of the Company, all the terminals take an active part in technology and process innovation, saving energy based on the existing conditions by enhancing energy saving assessment, improving processes and flows, reducing the energy consumption of idle equipment and recovering mechanical potential energy. Benefited from the large-scale substitution of fuel-powered equipment with electricity-power equipment, the fuel consumption of each subsidiary terminal is expected to decrease by 1,200 tons in 2016.

Caring for the Community

With a view to achieving harmony between social benefit and economic benefit, the Group actively participates in charities and community services, exerting a positive influence on the local communities in which it operates. Piraeus Port in Greece and the Group's subsidiary terminals in Xiamen, Quanzhou, Jinjiang and Zhangjiagang in Mainland China have made efforts to explore sustainable development modes which suit their own circumstances and keep their economic responsibilities in line with their social responsibilities. In the first half of this year, they carried out charitable activities such as caring for and helping residents of local communities, making donations to local schools, visiting children of local primary schools and kindergartens and "Care and Fun Fundraising Run", so as to undertake their social responsibilities and create a harmonious and bright future through joint efforts.

Bearing in mind the long-term development of society, the Company makes great efforts to develop talents for the future and offers young people opportunities to pursue their ambition and bring into play their talent. During the period, the Company participated in the summer internship programme of the Hong Kong Institute of Chartered Secretaries. By offering internship positions, we helped the college students gain practical experience in and understanding of the compliance work of listed companies, preparing them to meet future challenges at work and make contribution to society.

Employee-oriented Philosophy

As at 30 June 2016, the Company had a total of 3,255 employees.

Employees are regarded as the Company's most valuable asset and our vision is to build a team of dedicated staff who pursue excellence. The expansion of the Group's businesses has provided valuable and sustainable career development opportunities for employees. The Group arranged a wide range of training programmes to enhance the management skills and professionalism of its staff. The Group also focused on improving its incentive mechanism, optimising the employee performance appraisal system and implementing an internal job rotation system, with the aim of strengthening talent nurture and further exerting the potential of employees.

The Company highly values the principle of “Safe production and steady development” and spares no effort in fulfilling responsibilities, improving the management system and refining workflows. Meanwhile, by ensuring the effective use of funding for safe production, the orderly implementation of each safety training and emergency drill, and the effective implementation of identification and control of potential safety hazards, the Company has carried out all safety tasks effectively and ensured safe production consistently, laying a solid foundation for safe production and sustainable development of the Company.

Enhancing the development of corporate culture is essential to the establishment of a world-class enterprise. When serving the “One Belt, One Road” initiative and the strategy to build China into a maritime power, the Group takes the development of corporate culture as an important strategic task and focuses on cultural integration and innovation, with a view to enhancing the quality of development and achieving the integration of corporate culture and corporate development strategy. The Group makes great efforts to establish uniform values, system, visual identity and code of conduct, so as to facilitate better communication and understanding among employees from different cultural backgrounds and enhance the sense of belonging among employees. The Group actively utilises various media to promote its corporate image, and capitalises on opportunities including corporate celebrations and major events to enhance brand public relations. Meanwhile, the Group facilitates the development of publicity platforms including corporate publication, website and corporate WeChat account and produces cultural products including corporate videos, with a view to achieving the integration of corporate culture and corporate branding, and increasing the awareness and reputation of the Group. In addition, the Group encourages its subsidiaries home and abroad to engage in charities actively and take Global Compact actions, so as to demonstrate the image of a highly responsible corporate brand and create a new image of an international brand.

PROSPECTS

According to the World Economic Outlook released by the International Monetary Fund in July 2016, the organisation has marked down its global growth forecasts in light of the British exit from European Union, forecasting the growth rates of global economy and global trade in 2016 to be 3.1% and 2.7% respectively, which are close to the growth rates in 2015. This reflects the complex conditions of global economy and foreign trade, weak growth momentum and negative outlook.

In April this year, COSCO SHIPPING announced that COSCO Container Lines Company Limited, in conjunction with CMA CGM S.A., Orient Overseas Container Line Limited and Evergreen Marine Corp. (Taiwan) Ltd., formed a brand new shipping alliance (“OCEAN Alliance”), which is expected to commence operation officially in April 2017. By that time, with an aggregate shipping capacity of 6,700,000 TEU, the alliance will become the second largest shipping alliance in the world, thereby increasing the share and influence of COSCO SHIPPING in the global shipping market.

Looking ahead, COSCO SHIPPING Ports will fully leverage the advantages created by the massive fleet of COSCO SHIPPING and OCEAN Alliance, as well as enhance the operational collaboration and strategic synergy with its parent company. While reinforcing its leading position in the Greater China region, the Group will focus on its internationalisation strategy and accelerate the development of a global portfolio for its terminals business. The Company will reinforce development along the routes of "One Belt, One Road" and expand its network of container hub ports worldwide, thereby enhancing its capability to serve shipping companies and shipping alliances. The Company will also seek opportunities to invest in terminals with controlling stakes, to expand their presence and strengthen its control, with a view to enhancing the operating capability and efficiency of its terminal portfolio in a more effective manner. Meanwhile, the Company will actively drive the integration of its existing terminal portfolio, thereby optimising its terminals assets and quality of governance.

COSCO SHIPPING Ports will capture the golden opportunity arising from its reorganisation, continue to reinforce the Group's leading position in the global container terminal industry and provide quality services to shipping companies worldwide by leveraging its extensive experience in terminal operation and its unique strengths, with a view to achieving sustainable development and creating value for shareholders in the long run.

MEMBERS OF THE BOARD

As at the date of this report, the Board comprises Mr. HUANG Xiaowen[2] (Chairman), Mr. ZHANG Wei[1] (Vice Chairman & Managing Director), Mr. FANG Meng[1], Mr. DENG Huangjun[1], Mr. FENG Bo[1], Mr. WANG Wei[2], Mr. WANG Haimin[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].

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

By Order of the Board
COSCO SHIPPING Ports Limited
ZHANG Wei
Vice Chairman & Managing Director

Hong Kong, 24 August 2016

COSCO SHIPPING Ports Limited
中遠海運港口有限公司
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

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