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

The Ports for ALL

Connecting
The World

Interim Report 2018 中期報告

ABOUT COSCO SHIPPING PORTS LIMITED

COSCO SHIPPING Ports Limited (Stock Code: 1199), is a leading ports operator in the world, its terminals portfolio covers the five main port regions in Mainland China, Southeast Asia, Middle East, Europe and the Mediterranean. As at 30 June 2018, COSCO SHIPPING Ports operated and managed 274 berths at 35 ports worldwide, of which 184 were for containers, with a total annual handling capacity of approximately 102 million TEU.

COSCO SHIPPING Ports' controlling shareholder is COSCO SHIPPING Holdings Co., Ltd. (Stock Code: 1919), whose parent company, China COSCO Shipping Corporation Limited, is the largest integrated shipping enterprises in the world.

CORPORATE VISION

COSCO SHIPPING Ports has adopted "The Ports for ALL" as its mission and is working towards building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergistic platform that offers mutual benefits to all in the shipping industry, connecting global routes and becoming truly "the ports for all people".

Contents

Cover Story

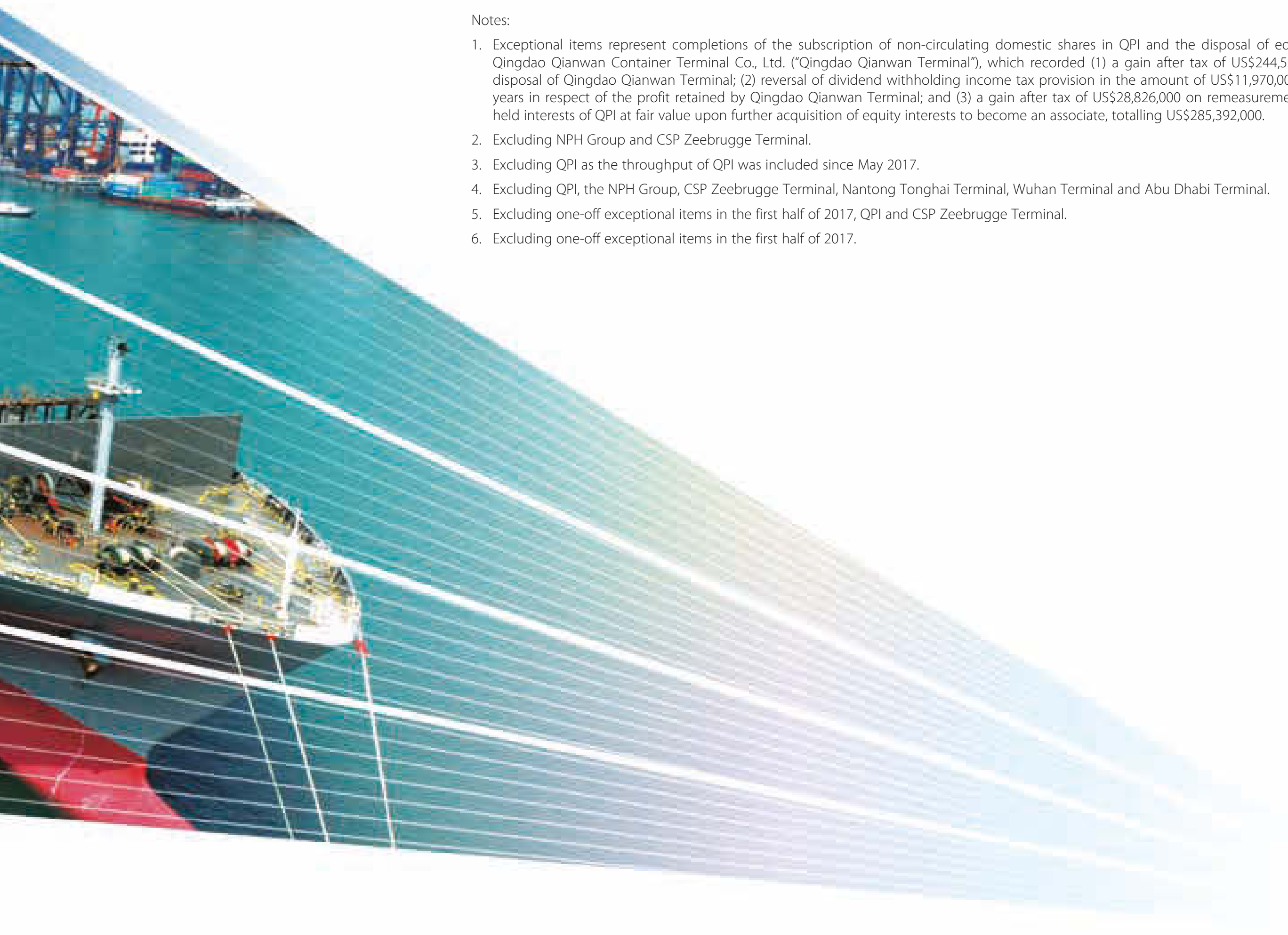
The triangular ends of the PRISMA are the three core strategies of the Group – Globalization, Synergy and Control, the light dispersing from the PRISMA is every success we have achieved by adhering firmly to the strategies, the light is guiding us towards our Five-Year Target.


Globalization
Synergy
Control

Financial Highlights

US$ (million)

	Reported			Like-for-like (Excluding new acquisitions, projects under construction, etc.)		
	1H2018	1H2017	Change (%)	1H2018	1H2017	Change (%)
Revenue	**495.5**	275.8	+79.7	**345.2** [2]	275.8	+25.2
Cost of sales	**338.0**	177.2	+90.7	**213.8** [2]	177.2	+20.6
Gross profit	**157.5**	98.5	+59.8	**131.4** [2]	98.5	+33.3
Share of profits from joint ventures and associates	**151.9**	97.5	+55.8	**99.0** [3]	84.2 [3]	+17.6
Profit attributable to equity holders of the Company	**169.0**	384.7	-56.1	**119.5** [4]	87.1 [5]	+37.3
Earnings per share – Basic (US cents)	**5.53**	12.76	-56.7			
Adjusted net profit attributable to equity holders of the Company	**169.0**	99.3 [6]	+70.1			
Adjusted earnings per share – Basic (US cents)	**5.53**	3.29 [6]	+68.1			
Dividend per share (US cents)	**2.212**	1.316	+68.1			
Payout ratio	**40%**	40% [6]	-			



Notes:

1. Exceptional items represent completions of the subscription of non-circulating domestic shares in QPI and the disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal"), which recorded (1) a gain after tax of US$244,596,000 from the disposal of Qingdao Qianwan Terminal; (2) reversal of dividend withholding income tax provision in the amount of US$11,970,000 made in prior years in respect of the profit retained by Qingdao Qianwan Terminal; and (3) a gain after tax of US$28,826,000 on remeasurement of previously held interests of QPI at fair value upon further acquisition of equity interests to become an associate, totalling US$285,392,000.
2. Excluding NPH Group and CSP Zeebrugge Terminal.
3. Excluding QPI as the throughput of QPI was included since May 2017.
4. Excluding QPI, the NPH Group, CSP Zeebrugge Terminal, Nantong Tonghai Terminal, Wuhan Terminal and Abu Dhabi Terminal.
5. Excluding one-off exceptional items in the first half of 2017, QPI and CSP Zeebrugge Terminal.
6. Excluding one-off exceptional items in the first half of 2017.

Worldwide Terminal Network

Total throughput

56,706,600 TEU

Global Terminal Network

- Terminal network in China and overseas:

  15 subsidiaries and 33 joint ventures and associates

- Operates and manages 274 berths of which 184 are for containers, with a total annual handling capacity of approximately 102 million TEU.

COSCO SHIPPING Ports is the largest container port operator

Market share of global container throughput on total basis

Note:
* Information from "Global Container Terminal Operators Annual Review and Forecast Annual Report 2018" by Drewry Shipping Consultants Ltd.

Overseas Total Throughput

12,149,338TEU

	Throughput (TEU '000)
Piraeus Terminal	2,076
CSP Zeebrugge Terminal	195
Noatum Terminal	1,763
COSCO-PSA Terminal	1,593
Vado Reefer Terminal	35
Euromax Terminal	1,457

	Throughput (TEU '000)
Kumport Terminal	652
Suez Canal Terminal	1,288
Antwerp Terminal	1,163
Seattle Terminal	91
Busan Terminal	1,836

Greater China Terminal Network

(Mainland China, Hong Kong and Taiwan)

Greater China Total Throughput

44,557,262TEU

Bohai Rim

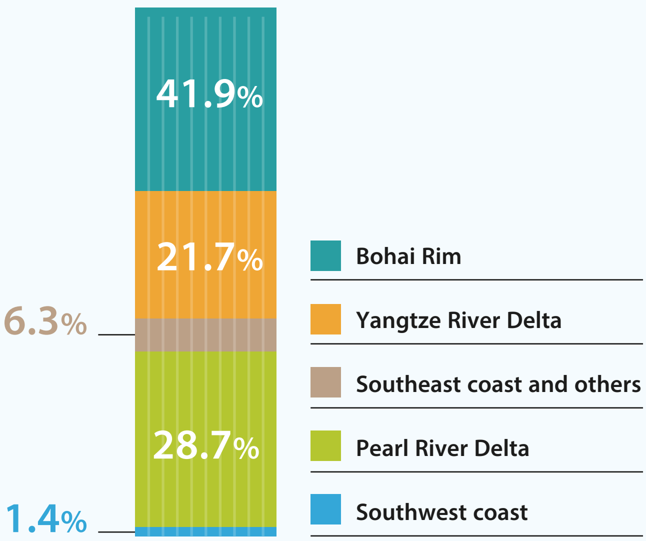
18,676,484 TEU

	Throughput (TEU '000)
QPI	9,380
Dalian Container Terminal	4,696
Tianjin Euroasia Terminal	1,321
Tianjin Five Continents Terminal	1,323
Yingkou Terminal	1,294
Jinzhou New Age Terminal	363
Qinhuangdao New Harbour Terminal	290

Yangtze River Delta

9,659,775 TEU

	Throughput (TEU '000)
Shanghai Pudong Terminal	1,280
Shanghai Mingdong Terminal	3,093
Ningbo Yuan Dong Terminal	1,519
Lianyungang New Oriental Terminal	1,450
Zhangjiagang Terminal	375
Yangzhou Yuanyang Terminal	240
Nanjing Longtan Terminal	1,437
Taicang Terminal	266



Southeast Coast and others

2,812,496 TEU

	Throughput (TEU '000)
Xiamen Ocean Gate Terminal	1,027
Quan Zhou Pacific Terminal	753
Jinjiang Pacific Terminal	210
Kao Ming Terminal	823

Pearl River Delta

12,764,908 TEU

	Throughput (TEU '000)
Yantian Terminals	5,811
Guangzhou Terminals	5,316
Hong Kong Terminals	1,638

Southwest Coast

643,599 TEU

	Throughput (TEU '000)
Qinzhou International Terminal	644

Overseas

12,149,338 TEU

+36.8%

Piraeus Terminal	2,075,548	+18.4%
CSP Zeebrugge Terminal	194,624	+30.3%
NPH Group [1]	1,762,631	N/A
COSCO-PSA Terminal	1,592,926	+63.3%
Vado Reefer Terminal [2]	35,496	+158.0%
Euromax Terminal	1,457,423	+8.0%
Kumport Terminal	652,163	+57.8%
Suez Canal Terminal	1,288,467	-5.1%
Antwerp Terminal	1,163,381	+12.4%
SSA Terminals	91,130	+3.4%
Busan Terminal	1,835,549	+5.2%

Bohai Rim

18,676,484 TEU

+74.9%

QPI [3]	9,380,000	+207.5%
Dalian Container Terminal [4]	4,696,182	+49.7%
Tianjin Euroasia Terminal	1,321,198	+10.1%
Tianjin Five Continents Terminal	1,323,200	+6.5%
Yingkou Terminal [5]	1,293,530	-13.2%
Jinzhou New Age Terminal	362,867	+33.2%
Qinhuangdao New Harbour Terminal	290,106	+5.4%

Yangtze River Delta

9,659,775 TEU

–1.0%

Shanghai Pudong Terminal	1,280,358	-2.1%
Shanghai Mingdong Terminal	3,092,734	-4.2%
Ningbo Yuan Dong Terminal	1,519,113	+0.3%
Lianyungang New Oriental Terminal	1,449,875	-0.1%
Zhangjiagang Terminal	374,812	+7.0%
Yangzhou Yuanyang Terminal	240,229	-0.4%
Nanjing Longtan Terminal	1,436,865	+0.9%
Taicang Terminal	265,789	+9.0%

Pearl River Delta

12,764,908 TEU

+1.5%

Yantian Terminals	5,811,268	+1.8%
Guangzhou Terminals [6]	5,315,713	+2.9%
Hong Kong Terminals [7]	1,637,927	-3.3%

Southeast Coast and others
2,812,496 TEU
+20.8%

Xiamen Ocean Gate Terminal	**1,027,423**	**+61.7%**
Quan Zhou Pacific Terminal	**752,641**	**+17.0%**
Jinjiang Pacific Terminal	**209,652**	**-6.5%**
Kao Ming Terminal	**822,780**	**-0.4%**

Greater China
Total Throughput
44,557,262 TEU[3]
+23.9%

Overseas
Total Throughput
12,149,338 TEU
+36.8%

Southwest Coast
643,599 TEU
+5.3%

Qinzhou International Terminal	**643,599**	**+5.3%**

Notes:

1. Throughput of the NPH Group was included since 1 November 2017.
2. Throughput of Vado Reefer Terminal was included since 1 April 2017.
3. Throughput of QPI was included since 1 May 2017.
4. The merger of Dalian Container Terminal, Dalian Port Container Terminal Co., Ltd. ("DPCT") and Dalian International Container Terminal Co., Ltd. ("DICT") was completed in October 2017. The figure of Dalian Container Terminal for the six months ended 30 June 2017 included throughput of DPCT and DICT; while the figure for the six months ended 30 June 2018 was throughput of Dalian Container Terminal after the merger.
5. Yingkou Container Terminal and Yingkou New Century Terminal began their operations under same management since May 2017. Therefore, throughput of the two terminals was combined within throughput of Yingkou Terminal.
6. The integration of operation of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal was commenced in August 2017. Therefore, throughput of the two terminals was combined within throughput of Guangzhou Terminal.
7. The co-management and operation of COSCO-HIT Terminal, Asia Container Terminal and Hongkong International Terminals Limited was commenced on 1 January 2017. Therefore, throughput of COSCO-HIT Terminal and Asia Container Terminal was combined within throughput of Hong Kong Terminal.
8. Total throughput of bulk cargo for the six months ended 30 June 2018 was 180,799,360 tons (1H2017: 87,072,519 tons), an increase of 107.6%. Total throughput of automobile was 341,997 vehicles (1H2017: 388,528 vehicles), representing a decrease of 12.0%. Throughput of reefer cargo of Vado Reefer Terminal was 240,511 pallets.

Management Discussion and Analysis

Operational Review

2018 is a year full of challenges. Sino-US trade frictions, the rise of trade protectionism, geopolitical uncertainties and the upward trend of interest rates have the potential to place serious pressure on the development of global trade. Despite all these uncertainties, the growth momentum of global economy in 2017 continued in the first half of 2018. Leading indicators including the U.S. Institute of Supply Management Manufacturing Index and the Eurozone Manufacturing PMI all conveyed growth in the first half of 2018 and provide positive tailwinds for the continuous growth in the second half. The International Monetary Fund remained its projections of global economy growth at 3.9% for 2018 and 2019. China, the world's largest exporter, has registered strong growth in imports and exports in the first half of the year. According to China Customs Statistics, China's imports and exports increased by 11.5% and 4.9% respectively for the first six months in 2018.

Driven by sustained economic growth, increase in trade volume and increased calls from the OCEAN Alliance, fueled by its acquisitions and least impact by the Sino-US trade frictions, the Group has delivered strong results for the six months ended 30 June 2018 and total throughput increased by 26.5% to 56,706,600 TEU (1H2017: 44,830,867 TEU). Throughput of QPI has been included since May 2017; excluding QPI, throughput increased by 13.3% to 47,326,600 TEU on a comparable basis. Throughput from the Group's subsidiaries increased by 35.0% to 10,863,569 TEU (1H2017: 8,046,468 TEU), accounting for 19.2% of the Group's total throughput. Throughput from the Group's non-controlling terminals rose by 24.6% to 45,843,031 TEU (1H2017: 36,784,399 TEU).

Total equity throughput rose by 22.3% to 17,966,616 TEU (1H2017: 14,695,101 TEU) in the first half of 2018. Excluding QPI, equity throughput increased by 14.9% to 16,239,758 TEU. Equity throughput from the Group's subsidiaries increased by 34.2% to 6,874,879 TEU (1H2017: 5,122,437 TEU), accounting for 38.3% of total equity throughput. Equity throughput from the Group's non-controlling terminals increased by 15.9% to 11,091,737 TEU (1H2017: 9,572,664 TEU).

Subsidiaries Continued to Outperform Non-controlling terminals

Equity Throughput [1]

+34.2%

Terminal Profits [1]

+55.3%

Note: 1. On a like-for-like basis (Subsidiaries exclude Nantong Tonghai Terminal, Wuhan Terminal and Abu Dhabi Terminal)

	1H2018 (TEU)	1H2017 (TEU)	Change (%)
Total Throughput	**56,706,600**	**44,830,867**	**+26.5**
Total Throughput (Organic Growth[2])	**45,563,969**	**41,780,867**	**+9.1**
Throughput from the Group's subsidiaries	10,863,569	8,046,468	+35.0
Throughput from the Group's non-controlling terminals	45,843,031	36,784,399	+24.6
Equity Throughput	**17,966,616**	**14,695,101**	**+22.3**
Equity Throughput (Organic Growth[2])	**15,400,015**	**14,133,596**	**+9.0**
Equity throughput from the Group's subsidiaries	6,874,879	5,122,437	+34.2
Equity throughput from the Group's non-controlling terminals	11,091,737	9,572,664	+15.9

Note: 2. Organic growth excluding QPI and the NPH Group

Greater China

For the six months ended 30 June 2018, throughput generated from the Greater China region increased by 23.9% to 44,557,262 TEU (1H2017: 35,949,925 TEU) accounting for 78.6% of the Group's total. Throughput from the Mainland China (excluding Hong Kong and Taiwan) increased by 25.9% to 42,096,555 TEU (1H2017: 33,429,599 TEU), accounting for 74.2% of the Group's total.

Bohai Rim

Throughput of the Bohai Rim region soared by 74.9% to 18,676,484 TEU (1H2017: 10,679,840 TEU) for the six months ended 30 June 2018. Excluding QPI, throughput increased by 21.8% to 9,296,484 TEU (1H2017: 7,629,840 TEU) and accounted for 19.6% of the Group's total. Throughput of QPI totalled at 9,380,000 TEU. Total throughput of Dalian Container Terminal, DPCT and DICT increased by 49.4% to 4,705,583 TEU (1H2017: 3,149,059 TEU) mainly benefit from the merger held in 2017. Total throughput of Yingkou Container Terminal and Yingkou New Century Terminal dropped by 13.2% to 1,293,530 TEU (1H2017: 1,490,051 TEU) due to the restated throughput volume.

Yangtze River Delta

Throughput of the Yangtze River Delta region accounted for 17.0% of the Group's total and decreased by 1.0% to 9,659,775 TEU (1H2017: 9,759,389 TEU) for the first half of 2018. Impacted by prolonged foggy in the first quarter of the year, throughput of Shanghai Pudong Terminal and Shanghai Mingdong Terminal decreased by 2.1% and 4.2% respectively to 1,280,358 TEU and 3,092,734 TEU from the first half of last year. Throughput from Ningbo Yuan Dong Terminal increased by 0.3% to 1,519,113 TEU (1H2017: 1,514,177 TEU) in the first half of 2018.

Nantong Tonghai Terminal officially commenced operation on 30 June 2018. The terminal has three container berths and one bulk berth. The Group acquired 51% equity interests in Nantong Tonghai Terminal in 2017 for a total consideration of about RMB105 million. The annual handling capacity for container and bulk will be 1.47 million TEU and 5.37 million tons respectively; apart from the feeder services for export and import, the terminal has Japan and local direct routes. All the domestic and foreign trade companies will be migrated from Langshan Port to Nantong Port phase by phase started from August and will complete the migration from old port to the new one by the end of the month. Nantong Tonghai Terminal is expected to have throughput of approximately 250,000 TEU for 2018.

Currently, the Group is diversifying its business to terminal extended supply chain services to further enhance its profitability. The 5,412 Mu of land outside Nantong Tonghai Terminal, which was granted by the Nantong Municipal government, enables the Group to develop container freight station and logistic park, a new model of integrated development and operation of terminal parks. With all these resources, the Group will step up the development of the Nantong Tonghai logistic project to enhance the competitiveness of the terminal and increase its profitability.

Southeast Coast and Others

Throughput of the Southeast Coast region increased by 20.8% to 2,812,496 TEU for the six months (1H2017: 2,328,929 TEU) and accounted for 5.0% of the Group's total. Driven by the increased calls by the OCEAN Alliance, throughput of Xiamen Ocean Gate Terminal surged by 61.7% to 1,027,423 TEU (1H2017: 635,396 TEU) for the first half of 2018. With increased shipping capacity by shipping companies, throughput of Quan Zhou Pacific Terminal increased by 17.0% to 752,641 TEU (1H2017: 643,023 TEU).

Pearl River Delta

Throughput of the Pearl River Delta region increased by 1.5% to 12,764,908 TEU (1H2017: 12,570,422 TEU) for the six months ended 30 June 2018 and accounted for 22.5% of the Group's total. Throughput of Yantian Terminals increased marginally by 1.8% to 5,811,268 TEU (1H2017: 5,707,990 TEU). Benefiting from increased calls from the OCEAN Alliance and enhanced efficiency by putting under same management, throughput from Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal increased by 2.9% to 5,315,713 TEU (1H2017: 5,168,302 TEU).

Southwest Coast

Throughput of the Southwest Coast region increased by 5.3% to 643,599 TEU (1H2017: 611,345 TEU) and accounted for 1.1% of the Group's total, mainly driven by the increased shipping routes and volume. At present, the China government is working on the development of southbound channel. Located at the gateway to the Southbound channel, Qinzhou International Terminal has superior geographical advantage and should benefit from the increase of volume from the sea-rail transportation.

Overseas

Fueled by increased calls by the OCEAN Alliance and shipping alliances, overseas terminals portfolio delivered strong growth with total throughput increased by 36.8% to 12,149,338 TEU for the six months ended 30 June 2018 (1H2017: 8,880,942 TEU) and accounted for 21.5% of the Group's total. Throughput of NPH Group in Spain was 1,762,631 TEU in the first half of 2018; throughput of Piraeus Terminal in Greece increased by 18.4% to 2,075,548 TEU (1H2017: 1,753,692 TEU). With a new berth added in January 2018, throughput of COSCO-PSA Terminal in Singapore surged 63.3% to 1,592,926 TEU (1H2017: 975,675 TEU).

In May 2018, the Group strategically allied with Port of Zeebrugge, the Port authority of Zeebrugge which will acquire 5% equity interests in CSP Zeebrugge Terminal, and plan not only to develop the terminal into a strategic hub port but also an ultra-logistics platform to serve continental Europe and the British Isles. The Group completed the acquisition of the remaining 76% equity interest in CSP Zeebrugge Terminal in November 2017 and made it a wholly-owned subsidiary. The Group is dedicated to the strategic development of CSP Zeebrugge Terminal by enhancing its management and services, and forming strategic partnerships for its long-term development.

The Port's Supply Chain Service

In order to make full use of the existing terminal resources to meet the needs of customers, COSCO SHIPPING Ports actively developed extended terminal services. In May 2018, the Group formed strategic alliance with GLP China Holdings Limited ("GLP") and Eshipping Global Supply Chain Management (Shenzhen) Company Limited by signing a cooperation memorandum of understanding. By partnering with GLP and with its experiences in logistic development and operation, COSCO SHIPPING Ports can better utilise its existing terminals and lands outside the terminals to provide warehousing services to clients, and thus create a new business model and value beyond the limits of traditional seaborne logistics. Cooperation of the three parties will begin in China at COSCO SHIPPING Ports' terminals and gradually expand into its global network.

Prospects

Looking ahead, challenges remain in the second half of 2018 with various uncertainties; Sino-US trade frictions, particularly, may negatively impact economic growth. However, with a solid foundation laid, COSCO SHIPPING Ports remains cautiously positive about the prospect. As one of the world's leading ports operator, COSCO SHIPPING Ports will continue to grow its capacity with the ongoing support from the OCEAN Alliance and the synergies with its parent company, which is its unique competitive advantage. Though expected to be least impact by the Sino-US trade frictions, COSCO SHIPPING Ports will continue to optimise the cost structure and enhance operational efficiency against the backdrop of uncertainties casting shadow over the macro environment.

At present, various trainings on Navis N4 system were held to train staff for a better preparation of deploying the terminal operating system to the terminals of its subsidiaries, so as to enhance terminal operating efficiency. COSCO SHIPPING Ports remains steadfastly committed to building well-balanced terminal network with extended services to meet the needs of shipping alliances; the Group will continue to prudently seize development opportunity to strengthen its global network of terminals – the investment in one of the local port authorities in China and the projects in Latin America, Africa and Southeast Asia, to provide more efficient and comprehensive services to meet the needs of the shipping alliances.

Abu Dhabi Terminal will start trial operation by the end of this year and will officially commence operation in the first quarter of 2019, with annual designed capacity of 2.5 million TEU. The terminal is the first overseas greenfield subsidiary of COSCO SHIPPING Ports, which is of great significance for the Group to build strategic ports. With the support from parent company and the OCEAN Alliance, Abu Dhabi Terminal is set to be a new gateway for the parent company and the OCEAN Alliance in the Middle East.

Financial Review

After the reorganisation in March 2016, COSCO SHIPPING Ports has been focusing on the development of its terminals business. Following the acquisition of 51% equity interests in the NPH Group in Spain, the acquisition of additional equity interests in CSP Zeebrugge Terminal in Belgium, which became a wholly-owned subsidiary of the Company and the subscription for the non-circulating domestic shares in QPI in 2017, COSCO SHIPPING Ports has seen significant growth in throughput and revenue from its terminals business. Meanwhile, through various efforts, the OCEAN Alliance and THE Alliance have also been calling at certain terminals of the Company since April 2017, resulting in increased terminals operations and further improvement in profit from the terminals business. Excluding the profit from one-off exceptional items for the same period last year (see note 1 below), COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US$168,988,000 during the first half of 2018 (1H2017: US$99,320,000), representing a significant increase of 70.1% compared with the corresponding period last year; or 56.1% lower taking into account the profit from one-off exceptional items for the same period last year.

During the first half of 2018, COSCO SHIPPING Ports achieved a total container throughput of 56,706,600 TEU (1H2017: 44,830,867 TEU), an increase of 26.5% compared with the corresponding period last year; its equity throughput of containers amounted to 17,966,616 TEU (1H2017: 14,695,101 TEU), an increase of 22.3% compared with the corresponding period last year. Throughput of bulk cargo for the first half of 2018 amounted to 180,799,360 tons (1H2017: 87,072,519 tons), increasing by 107.6% compared with the corresponding period last year. Excluding the profit from one-off exceptional items for the same period last year, the Group recorded a profit from the terminals business of US$195,360,000 during the first half of 2018 (1H2017: US$126,539,000), an increase of 54.4% compared with the corresponding period last year. Of this, profit from terminal companies in which the Group has controlling stakes amounted to US$41,813,000 (1H2017: US$28,428,000), an increase of 47.1% compared with the corresponding period last year; profit from non-controlling terminals was US$153,547,000 (1H2017: US$98,111,000), an increase of 56.5% compared with the corresponding period last year.

Profit from terminal companies in which the Group has controlling stakes was mainly attributable to Piraeus Terminal in Greece, Xiamen Ocean Gate Terminal and Guangzhou South China Oceangate Terminal. In the first half of 2018, the container throughput of Piraeus Terminal amounted to 2,075,548 TEU (1H2017: 1,753,692 TEU), increased by 18.4% compared with the corresponding period last year. In addition, due to the appreciation of the Euro, profit recorded by Piraeus Terminal from January to June 2018 increased to US$13,640,000 (1H2017: US$10,845,000), representing a 25.8% increase compared with the corresponding period last year. Since the OCEAN Alliance started calling at Xiamen Ocean Gate Terminal in April 2017, the container throughput of Xiamen Ocean Gate Terminal from January to June 2018 rose significantly to 1,027,423 TEU (1H2017: 635,396 TEU), an increase of 61.7% compared with the corresponding period last year, while its bulk cargo throughput also grew to 1,468,421 tons (1H2017: 1,309,706 tons), an increase of 12.1% compared with the corresponding period last year. Xiamen Ocean Gate Terminal recorded a profit of US$10,148,000 for the first half of 2018 (1H2017: US$1,028,000). Container throughput of Guangzhou South China Oceangate Terminal for the first half of 2018 amounted to 2,486,470 TEU (1H2017: 2,475,334 TEU), a mild growth of 0.4% compared with the corresponding period last year. However, as the 50% corporate income tax exemption for Guangzhou South China Oceangate Terminal expired at the end of 2017, its corporate income tax has been increased to 25% from 2018 onwards (1H2017: 12.5%). As a result, its profit for the period dropped to US$7,019,000 (1H2017: US$7,729,000), 9.2% lower compared with the corresponding period last year. During the period, the NPH Group in Spain and CSP Zeebrugge Terminal in Belgium (both acquired in the fourth quarter last year) recorded a profit of US$2,707,000 and a loss of US$3,841,000, respectively.

Note 1: Exceptional items represent completions of the subscription of non-circulating domestic shares in QPI and the disposal of equity interests in Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal"), which recorded (1) a gain after tax of US$244,596,000 from the disposal of Qingdao Qianwan Terminal; (2) reversal of dividend withholding income tax provision in the amount of US$11,970,000 made in prior years in respect of the profit retained by Qingdao Qianwan Terminal; and (3) a gain after tax of US$28,826,000 on remeasurement of previously held interests of QPI at fair value upon further acquisition of equity interests to become an associate, totalling US$285,392,000.

In respect of non-controlling terminals, profit from non-controlling terminals for the first half of 2018 was US$153,547,000 (1H2017: US$98,111,000), a 56.5% increase compared with last year. In May 2017, COSCO SHIPPING Ports completed the subscription for shares in QPI and started to account for its share of profit of QPI using the equity method. During the first half of 2018, COSCO SHIPPING Ports' share of profit of QPI from January to June amounted to US$52,947,000, while it only shared QPI's profit from May to June for the same period last year, which amounted to US$13,341,000. Excluding that of QPI, profit from non-controlling terminal business for the first half of 2018 was US$100,600,000 (1H2017: US$84,770,000), an increase of 18.7% compared with the corresponding period last year. The increase was mainly attributable to Kumport Terminal in Turkey, whose container throughput for the first half of 2018 recorded a significant growth of 57.8% to 652,163 TEU (1H2017: 413,288 TEU), as the new shipping lines started to call there. Meanwhile, in accordance with the investment incentive policy newly introduced in Turkey, Kumport Terminal successfully applied for income tax exemption thereunder in February 2018, further increasing the share of profit of Kumport Terminal during the period. The share of profit of Kumport Terminal for the first half of 2018 amounted to US$10,880,000 (1H2017: US$4,285,000), approximately 1.5 times higher compared with the corresponding period last year.

Financial Analysis

Revenues

Revenues of the Group from January to June 2018 amounted to US$495,457,000 (1H2017: US$275,776,000), a 79.7% increase compared with the corresponding period last year. In the fourth quarter of last year, the Group completed the acquisition of the NPH Group and increased its equity interests in CSP Zeebrugge Terminal, profits of the NPH Group and CSP Zeebrugge Terminal have been consolidated into the Group's revenues since November and December 2017, respectively. In the first half of 2018, the NPH Group recorded revenue of US$141,199,000, while the revenue of CSP Zeebrugge Terminal amounted to US$9,056,000. On the other hand, Piraeus Terminal also saw an increase in its throughput by 18.4% as compared with the corresponding period last year. As a result, Piraeus Terminal recorded revenue of US$111,452,000 during the period (1H2017: US$85,107,000), a 31.0% increase compared with the corresponding period last year. Benefiting from the calling of the OCEAN Alliance, Xiamen Ocean Gate Terminal recorded strong performance in the period, with a significant growth of 61.7% in throughput and a 12.1% increase in bulk cargo throughput, its revenue increased by 84.5% to US$47,753,000 compared with the corresponding period last year (1H2017: US$25,887,000).

Cost of sales

Cost of sales mainly comprised operating expenses of terminal companies in which the Group has controlling stakes. Cost of sales for the first half of 2018 was US$337,963,000 (1H2017: US$177,248,000), a 90.7% increase compared with the corresponding period last year. The increase was mainly attributable to the cost of sales of the NPH Group and CSP Zeebrugge Terminal newly added in the period, which amounted to US$116,469,000 and US$7,663,000 respectively, as well as that from Piraeus Terminal and Xiamen Ocean Gate Terminal. Due to higher overall operational costs at Piraeus Terminal, which resulted from a 18.4% increase in throughput, raised concession rates in October 2017, as well as higher fuel prices and labour costs, the cost of sales of Piraeus Terminal for the period increased to US$85,271,000 (1H2017: US$63,305,000), a 34.7% increase compared with the corresponding period last year. Growths in container and bulk cargo throughputs also drove the increase in the cost of sales of Xiamen Ocean Gate Terminal to US$23,254,000 (1H2017: US$18,098,000), a 28.5% increase compared with the corresponding period last year.

Administrative expenses

Administrative expenses in the first half of 2018 were US$60,458,000 (1H2017: US$38,342,000), a 57.7% increase compared with the corresponding period last year. The completion of the acquisition of the NPH Group, the increase in equity interests in CSP Zeebrugge Terminal, the establishment of Abu Dhabi Terminal, and the acquisition of the equity interests in Nantong Tonghai Terminal and Wuhan Terminal contributed to higher administrative expenses of newly added terminal companies during the period.

Other operating income/(expenses), net

Net other operating income in the first half of 2018 was US$13,995,000 (1H2017: US$2,981,000), which included government subsidies for the period of US$7,774,000 (1H2017: US$790,000). Moreover, an exchange gain of US$1,698,000 was recorded during the period (1H2017: exchange loss of US$92,000).

Finance costs

The Group's finance costs in the first half of 2018 amounted to US$38,899,000 (1H2017: US$23,767,000), a 63.7% increase compared with the corresponding period last year. The average balance of bank loans for the period increased to US$2,341,478,000 (1H2017: US$1,412,264,000), representing a 65.8% increase compared with the corresponding period last year. The increase in finance costs was mainly attributable to bank loan interests of the terminals newly added by the Group since the second half of 2017. Taking into account the capitalised interest, the average cost of bank borrowings in the first half of 2018 (including the amortisation of transaction costs over bank loans and notes) was 3.41% (1H2017: 3.24%).

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 2018 totalled US$151,934,000 (1H2017: US$97,545,000), a 55.8% increase compared with the corresponding period last year. This included the share of QPI's profit from January to June 2018 of US$52,947,000, while the Group only shared QPI's profit from May to June of US$13,341,000 during the corresponding period last year. Excluding the profit of QPI, the Group's share of profits less losses of joint ventures and associates for the first half of 2018 amounted to an aggregate of US$98,987,000 (1H2017: US$84,204,000), a 17.6% increase compared with the corresponding period last year. During the period, Kumport Terminal in Turkey delivered satisfactory performance, with a significant increase of 57.8% in its container throughput during the first half of 2018, as the new shipping lines started to call there. Meanwhile, Kumport Terminal successfully applied for income tax exemption under the investment incentive policy in February 2018, further increasing the share of profit of Kumport Terminal during the period. The share of profit of Kumport Terminal for the first half of 2018 amounted to US$10,880,000 (1H2017: US$4,285,000), approximately 1.5 times higher compared with the corresponding period last year. Euromax Terminal in Rotterdam, the Netherlands delivered steady operational development during the period. For the first half of 2018, throughput of Euromax Terminal grew by 8.0% compared with the corresponding period last year to 1,457,423 TEU (1H2017: 1,349,893 TEU), and the Group's share of profit of Euromax Terminal increased to US$3,225,000 (1H2017: US$457,000). Yantian Terminal reported a decent performance during the period, in addition to an increase of 11.1% in the share of profit for the first half of 2018 to US$23,324,000 (1H2017: US$20,995,000), it also delivered throughput of 5,811,268 TEU (1H2017: 5,707,990 TEU), representing a 1.8% growth compared with the corresponding period last year. Further, Yantian Terminal Phase III also lowered its income tax expenses as it successfully applied for tax exemption as a national high-tech enterprise at the end of 2017.

Income tax expenses

Income tax expenses for the period amounted to US$33,833,000 (1H2017: US$62,361,000), a 45.7% decrease compared with the corresponding period last year. Of this, income tax expenses for the corresponding period last year included taxation related to exceptional items, including withholding income tax provision of US$39,365,000 in respect of the disposal of Qingdao Qianwan Terminal, deferred income tax of US$9,608,000 arising from the remeasurement gain of previously held interests of QPI at fair value upon further acquisition of equity interests to become an associate, as well as the reversal of dividend withholding income tax provision in the amount of US$11,970,000 made in prior years in respect of the profit retained by Qingdao

Qianwan Terminal. Net taxation related to exceptional items totalled US$37,003,000 during the corresponding period last year. Excluding taxation related to exceptional items, income tax expenses for the first half of 2018 amounted to US$33,833,000 (1H2017: US$25,358,000), a 33.4% increase compared with the corresponding period last year. The increase was mainly because the 50% corporate income tax exemption for both Xiamen Ocean Gate Terminal and Guangzhou South China Oceangate Terminal expired at the end of 2017, and their corporate income tax has been increased to 25% from 2018 onwards (1H2017: 12.5%).

Financial Position

Cash flow

In the first half of 2018, the Group continued to receive steady cash flow income, its net cash generated from operating activities amounted to US$84,747,000 in the period (1H2017: US$70,129,000). In the first half of 2018, the Group borrowed bank loans of US$426,217,000 (1H2017: US$146,154,000) and repaid loans of US$420,212,000 (1H2017: US$276,705,000).

During the period, an amount of US$85,025,000 (1H2017: US$48,079,000) was paid in cash by the Group for the expansion of berths and the purchase of property, machines and equipment. In addition, an amount of US$20,140,000 was paid for the subscription for preference shares of COSCO-PSA Terminal. The subscription for 1,015,520,000 non-circulating domestic shares in QPI at a total consideration of RMB5,798,619,200 (equivalent to approximately US$843,858,000, being RMB5.71 per share) was completed in the first half of 2017, of which RMB3,198,650,840 (equivalent to approximately US$465,491,000) was settled by the transfer of 20% equity interests in Qingdao Qianwan Terminal to QPI, and the remaining RMB2,599,968,360 (equivalent to approximately US$378,367,000) was settled in cash. Furthermore, the acquisition of 40% equity interests in Vado Reefer Terminal was also completed in the first half of 2017, in connection with which an amount of US$7,465,000 was invested, and an additional shareholders' loan of US$26,191,000 was provided to Vado Reefer Terminal.

Financing and credit facilities

As at 30 June 2018, the Group's total outstanding borrowings amounted to US$2,306,768,000 (31 December 2017: US$2,334,349,000) and cash balance amounted to US$578,856,000 (31 December 2017: US$566,400,000). Banking facilities available but unused amounted to US$597,810,000 (31 December 2017: US$976,365,000).

Assets and liabilities

As at 30 June 2018, the Group's total assets and total liabilities were US$9,014,224,000 (31 December 2017: US$8,954,080,000) and US$3,133,616,000 (31 December 2017: US$3,108,706,000) respectively. Net assets were US$5,880,608,000 (31 December 2017: US$5,845,374,000). Net current assets as at 30 June 2018 amounted to US$159,728,000 (31 December 2017: net current liabilities of US$179,637,000). As at 30 June 2018, the net asset value per share of the Company was US$1.92 (31 December 2017: US$1.92).

As at 30 June 2018, the net debt-to-total-equity ratio was 29.4% (31 December 2017: 30.2%) and the interest coverage was 6.9 times (1H2017: 20.6 times).

As at 30 June 2018, total net book value of certain non-current assets of the Group amounted to US$209,357,000 (31 December 2017: US$157,298,000) and the Company's interest in subsidiaries were pledged as securities against bank loans and a loan from CS Finance with an aggregate amount of US$832,026,000 (31 December 2017: US$816,026,000).

Debt analysis

	As at 30 June 2018		As at 31 December 2017	
	US$	(%)	US$	(%)
By repayment term				
Within the first year	**117,878,000**	**5.1**	510,579,000	21.9
Within the second year	**87,232,000**	**3.8**	76,324,000	3.3
Within the third year	**228,177,000**	**9.9**	215,863,000	9.2
Within the fourth year	**285,354,000**	**12.4**	231,351,000	9.9
Within the fifth year and after	**1,588,127,000**	**68.8**	1,300,232,000	55.7
	2,306,768,000*	**100.0**	2,334,349,000*	100.0
By category				
Secured borrowings	**832,026,000**	**36.1**	816,026,000	35.0
Unsecured borrowings	**1,474,742,000**	**63.9**	1,518,323,000	65.0
	2,306,768,000*	**100.0**	2,334,349,000*	100.0
By denominated currency				
US dollar borrowings	**662,295,000**	**28.7**	1,011,840,000	43.4
RMB borrowings	**468,528,000**	**20.3**	449,093,000	19.2
Euro borrowings	**831,906,000**	**36.1**	873,416,000	37.4
HK dollar borrowings	**344,039,000**	**14.9**	–	–
	2,306,768,000*	**100.0**	2,334,349,000*	100.0

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

Financial guarantee contracts

As at 30 June 2018, China Shipping Terminal Development Co., Ltd., a wholly-owned subsidiary of the Company, released guarantees on loan facilities granted to a joint venture (31 December 2017: US$9,226,000).

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, revenues and expenses, so as to provide a natural hedge against the foreign exchange volatility.

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

Interest rate swap contracts with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure. As at 30 June 2018, 41.7% (31 December 2017: 29.2%) 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.

Event after balance sheet date

On 9 August 2018, China Shipping Ports Development Co., Limited ("CSPD", a wholly-owned subsidiary of the Company) completed disposals of 5% and 10% equity interests in CSP Zeebrugge Terminal, a wholly-owned subsidiary of CSPD, to Zeebrugge Investeringsmaatschappij NV and CMA Terminals SAS for considerations of EUR2,500,000 and EUR5,000,000 (equivalent to approximately US$3,005,000 and US$6,010,000) respectively.

Interim Dividend

The directors have declared an interim dividend of HK17.3 cents (1H2017: HK10.3 cents) per share 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 2018 to shareholders whose names appear on the register of members of the Company at the close of business on 17 September 2018. 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 2018.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 2 October 2018.

Closure of Register of Members

The register of members of the Company will be closed from 12 September 2018 to 17 September 2018, 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 Tuesday, 11 September 2018.

Share Options

At a special general meeting of the Company held on 8 June 2018, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme").

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

		Number of share options							
Category	Exercise price per share HK$	Outstanding at 1 January 2018	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period	Outstanding at 30 June 2018	Exercisable period	Note
Directors									
Mr. ZHANG Wei (張為)	7.27	N/A	1,500,000	–	–	–	1,500,000	19.6.2020-18.6.2023	(1), (2)
Mr. FANG Meng	7.27	N/A	1,500,000	–	–	–	1,500,000	19.6.2020-18.6.2023	(1), (2)
Mr. DENG Huangjun	7.27	N/A	1,200,000	–	–	–	1,200,000	19.6.2020-18.6.2023	(1), (2)
Dr. WONG Tin Yau, Kelvin	7.27	N/A	1,200,000	–	–	–	1,200,000	19.6.2020-18.6.2023	(1), (2)
		N/A	5,400,000	–	–	–	5,400,000		
Continuous contract employees	7.27	N/A	48,083,200	–	–	(725,080)	47,358,120	19.6.2020-18.6.2023	(1), (3)
		N/A	53,483,200	–	–	(725,080)	52,758,120		

Notes:

(1) The share options were granted on 19 June 2018 under the Share Option Scheme at an exercise price of HK$7.27 per share. According to the provisions of the Share Option Scheme, share options under each grant have a validity period of five years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly over a period of three years after the expiry of the Restriction Period, i.e. (a) 33.3% of the share options will be vested on 19 June 2020; (b) 33.3% of the share options will be vested on 19 June 2021; and (c) 33.4% of the share options will be vested on 19 June 2022. The vesting conditions for the share options are more particularly set out in section headed "11. Performance Target before the Options can be granted and vested – Performance Conditions for the vesting of Share Options" of the circular of the Company dated 18 May 2018. No consideration was paid by the grantees for the acceptance of share options.

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

(3) Certain employees had not accepted the share options and the relevant share options were lapsed.

(4) No share options were exercised or cancelled under the Share Option Scheme during the period.

(5) The fair values of the options granted during the period are estimated based on the Black-Scholes valuation model, and such fair values and significant inputs into the model are as follows:

	Fair value per option HK$	Share price at date of grant HK$	Exercise price HK$	Standard deviation of expected share price return	Expected life of options	Expected dividend paid out rate	Risk-free interest rate
Granted on 19 June 2018 – 52,758,120 options (outstanding as at 30 June 2018)	1.179	6.85	7.27	28.64%	4 years	2.88%	2.21%

The volatility measured at the standard deviation of expected share price return is based on the historical share price movement of the Company prior to the date of grant. Changes in the subjective input assumptions can materially affect the fair value estimates, the Black-Scholes valuation model does not necessarily provide a reliable measure of the fair value of the share options.

The closing price of the Company's shares immediately before the date on which the share options were granted on 19 June 2018 was HK$7.16.

(6) The Group recognises the fair value of share options as an expenses in the income statement over the vesting period. The fair value of the share options is measured at the date of grant.

Directors' Interest in Shares, Underlying Shares and Debentures

As at 30 June 2018, 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
Mr. ZHANG Wei (張為)	Beneficial owner	Personal	300,000	0.010%
Mr. FANG Meng	Beneficial owner	Personal	150,000	0.005%
Mr. DENG Huangjun	Beneficial owner	Personal	50,000	0.002%
Mr. ZHANG Wei (張煒)	Beneficial owner	Personal	30,000	0.001%
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	569,467	0.019%

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

Share options were granted by the Company to certain directors of the Company pursuant to the 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
COSCO SHIPPING Holdings Co., Ltd.	Dr. FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000	0.04%

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of A shares held	% of total number of issued A shares of the relevant associated corporation
COSCO SHIPPING Development Co., Ltd.	Mr. DENG Huangjun	Interest of spouse	Family	38,000	0.0005%
	Mr. FENG Boming	Beneficial owner	Personal	29,100	0.0004%

Save as disclosed above, as at 30 June 2018, 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 2018, 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 or the Stock Exchange were as follows:

			Number of ordinary shares/Percentage of total number of issued shares as at 30 June 2018				
Name	Capacity	Nature of interests	Long positions	%	Short positions	%	Note
COSCO Investments Limited	Beneficial owner	Beneficial interest	213,989,277	7.00	–	–	(1), (2)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,366,459,469	44.70	–	–	(1), (2)
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	Corporate interest	1,366,459,469	44.70	–	–	(1), (2)
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,366,459,469	44.70	–	–	(1), (2)
China COSCO Shipping Corporation Limited	Interest of controlled corporation	Corporate interest	1,366,459,469	44.70	–	–	(1), (2)
Silchester International Investors LLP	Investment manager	Other interest	277,420,809	9.07	–	–	(1)
Hermes Investment Management Ltd.	Beneficial owner	Beneficial interest	153,232,292	5.01	–	–	(1)

Notes:

(1) The percentage was compiled based on the total number of issued shares of the Company as at 30 June 2018 (i.e. 3,057,112,720 shares).

(2) 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 COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") 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 COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping (Group) Company ("COSCO") held 45.47% equity interest in COSCO SHIPPING Holdings as at 30 June 2018, 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 1,433,989,072 shares (representing 46.91% of the total number of issued shares of the Company) as at 30 June 2018 because of the allotment of 49,228,060 scrip shares and the acquisition of 18,301,543 shares of the Company.

Save as disclosed above, as at 30 June 2018, the Company has not been notified of any other interest or short positions in the shares and underlying shares of the Company which had to be 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 2017 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 an executive director and chief executive officer of Orient Overseas (International) Limited, a company listed on the Stock Exchange
Mr. ZHANG Wei (張為)	• Appointed as an executive director of Orient Overseas (International) Limited, a company listed on the Stock Exchange
Mr. DENG Huangjun	• Resigned as the Chief Financial Officer of COSCO SHIPPING Holdings Co., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange and a controlling shareholder of the Company
Mr. WANG Haimin	• Appointed as an executive director of Orient Overseas (International) Limited, a company listed on the Stock Exchange

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 2018 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US$'000
Non-current assets	1,333,123
Current assets	343,665
Current liabilities	(218,941)
Non-current liabilities	(911,661)
Net assets	546,186
Share capital	21,974
Reserves	481,701
Non-controlling interest	42,511
Capital and reserves	546,186

As at 30 June 2018, the Group's attributable interests in these affiliated companies amounted to US$488,133,000.

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 the code provisions of Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018.

Board Committees

Audit Committee

The Audit Committee of the Company comprises three independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2018.

Remuneration Committee

The Remuneration Committee of the Company comprises five members, a majority of whom are independent non-executive directors. The Committee formulates the remuneration policy of directors and senior management of the Group, reviews their remuneration packages and makes recommendations to the Board regarding the directors' fee and annual salary of executive directors and senior management.

Nomination Committee

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

Other Board Committees

In addition to the above committees, the Board has also established various committees which include the Executive Committee, the 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 2018.

Purchase, Sale or Redemption of Listed Shares

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the six months ended 30 June 2018.

Investor Relations

COSCO SHIPPING Ports attaches great importance to communication with its shareholders and investors, and investor relations is an integral part of the corporate governance framework of the Company. With an aim to ensure better transparency and protection of shareholders' interest in general, COSCO SHIPPING Ports is committed to continuously improving the level of corporate information disclosure, strengthening communication with shareholders, investors and analysts as well as financial media.

The Company held 97 meetings with investors in the first half of 2018 through actively participating in the investor conferences organised by investment banks and having meetings with shareholders and investors in the United States, the United Kingdom and Germany. A total of 253 investors and analysts were met through analyst seminars, one-on-one and group meetings.

Revamp of the corporate website of the Company has just been completed by June; it not only better reflects the corporate image by presenting the latest developments of the Company, mechanism of corporate information disclosure was also further enhanced. The website offers timely access to the Company's financial information, announcements, circulars and information on the Company's corporate governance structure and practices. The Company distributed press releases with business updates to shareholders, investors, analysts and financial media on a regular basis, and promptly responded to market enquiries to improve transparency. The Company planned to hold a reverse roadshow in September 2018 and invited shareholders, investors and analysts to visit the terminals for a better understanding of the terminal operations.

In the first half of 2018, with its high level of corporate governance, the Company has won the "Outstanding China Enterprise Award" from Capital magazine for the seventh consecutive year and the "Best Investor Relations Company" from Corporate Governance Asia magazine for the seventh consecutive year. The Company was awarded "Most Innovative Port Operator" by International Finance for the first time and "Outstanding ESG Award" by Economic Digest magazine.

Corporate Sustainable Development

COSCO SHIPPING Ports pursues sustainable development in five key areas, namely caring for our people, customers first, green development, win-win cooperation and investing in communities. Adopting "The Ports for ALL" as its mission, the Group strictly comply with relevant laws and regulations at the communities where it operates, with an aim to actively realise the strategic development vision of COSCO SHIPPING Ports. The Group is committed to bringing positive impacts to the environment and the society and meanwhile creating long-term value for the stakeholders.

Caring for Our People

The Group regards employees as its most valuable asset, it consistently enhances employee incentive schedule to attract and retain high calibre talents for building a team of professionals who pursue excellence, and will grow and develop together with the Group. In promoting a long term and stable development of COSCO SHIPPING Ports, and let the employees share the business success, the Group granted share option incentive scheme to the management and key personnel in June 2018, by aligning the interests of employees with that of the Group, the scheme aims to motivate employees, attract and incentivise talents.

One of the key initiatives to improve operational management and enhance corporate competitiveness is investing in talent training and development. Headquarters of the Group introduced a number of new training programmes during the first half of 2018, featuring themes such as update on the ports industry, corporate governance, summary of container terminals' operations and honest practices. In addition, the Group also plans to host other training programmes in the second half of the year, so as to support employees' continuous learning and promote sustainable development of the Group.

The Group is committed to maintaining a healthy and safe work environment and upholding the principle of "safety comes first, precaution is crucial". To continuously improve its safety management system, COSCO SHIPPING Ports established relevant systems during the first half of 2018, including "Implementation Measures for Safety Supervisors" and "Implementation Details of Incentives for Safety Supervisors", which further promoted the standardisation of safety-related works at the Group's subsidiaries. Meanwhile, the Group also focused on reducing production safety accidents by constantly improving its mechanism for work safety accountability, strengthening safety supervision and management on port-area work sites and traffic safety at yards, as well as enhancing safety hazard identification and elimination. In addition to promoting software development and management of the "Information Platform for Safety Education and Training", the Group also rolled out a number of other activities, including the 2018 "Safety Production Month", with an aim to build a healthy and safety culture.

Customers First

As one of the world's leading ports operators, COSCO SHIPPING Ports spares no effort in building a terminal network with controlling stake that offers linkage effects on costs, services and synergies, a synergetic platform that offers mutual benefits to all in the shipping industry, connecting global routes.

The Group has introduced the Port of Zeebrugge as a strategic investor of CSP Zeebrugge Terminal in May 2018, with a view to further deepening their cooperation in shipping and logistics operations. In February, the Group also entered into agreement with Navis in relation to the implementation of the Navis N4 terminal operating and information system, with which the Group aims to further optimise its terminal operations, so as to provide customers with services of greater quality that meet or even exceed their expectations.

Green Development

While COSCO SHIPPING Ports expands its scale and advances the globalisation of its operations, it also upholds its long-standing commitment to green development. Dedicated to building "green ports", COSCO SHIPPING Ports actively fulfils its social responsibility to protect the environment. In the first half of 2018, its environmental efforts focused on the prevention and control of environmental pollution, as well as energy saving and carbon emission reduction, with an aim to minimise the environmental impact of the terminal operations.

COSCO SHIPPING Ports has formulated and implemented the "Work Plan for Identification and Elimination of Environmental Risks of COSCO SHIPPING Ports" for its controlling terminals in Greater China. Furthermore, it has established a long-term mechanism for the prevention and control of environmental risks by forming designated steering committees and working groups at the Company headquarters and its subsidiaries. In addition to identifying environmental risks in respect of air, water, solid waste and hazardous waste, these subsidiaries are also required to come up with feasible work plans for risk elimination. In addition, contingency drills and trainings are also conducted to enhance the efficiency of subsidiaries in managing abrupt environmental incidents.

Major energy consumption for terminal operations is fuel and electricity. In promoting green operations and development, energy saving and emission reduction are thus very important. The Group continues to promote the adoption of technologies for energy saving and emission reduction: through a wide range of projects, such as the "gas-to-electric" transition for terminal equipment, upgrading ports to automated operation and shoreside power upgrading, the Group actively uses clean energy, with a view to reducing fossil fuel reliance and greenhouse gas emissions. Meanwhile, the Group also effectively manages its energy saving efforts by enhancing the monitoring and control of energy consumption, optimising yard layout and promoting low-carbon office practices. In accordance with the "Regulations on Emissions Reduction" prepared by the Company, subsidiaries are required to regularly update the Energy Saving and Emission Reduction Office on their energy efficiency performance and the implementation of energy-saving measures. Based on the information on energy efficiency as of June 2018, subsidiaries have made satisfactory progress in achieving the Company's target for energy saving.

The Group will continue its efforts in the prevention and control of environmental pollution in the second half of the year, as well as energy saving and emission reduction, the annual performance of which will be fully disclosed in details in the 2018 Sustainability Report of the Company. Moreover, in order to further improve the overall level of information disclosure on sustainability, twenty controlling and non-controlling terminals have been required to provide quarterly update on environmental performance to the Group's headquarters from 2018 onwards. By standardising and streamlining information collection and analysis, as well as continuously building the Group's unified sustainability management system, the Group aims to better address the concerns of both internal and external stakeholders about the Group's environmental performance. The Group also actively encourages environmentally friendly behaviours among employees, suppliers and the public to promote environmental protection and sustainable economic development at communities where COSCO SHIPPING Ports operates.

Win-win Cooperation

Establishing solid strategic collaborations with supply chain partners can effectively help COSCO SHIPPING Ports expand its operations worldwide. In June 2018, the Group further improved its procurement management system in relation to basic procurement procedures, procurement for construction projects and terminal equipment procurement; in addition, the Group also strengthened management on qualified suppliers list and various procurement activities, including centralised procurement. The Group's headquarters and its subsidiaries follow a procurement principle on equality, mutual benefit and collaboration when engaging suppliers. Supplier selection is based on a wide range of sustainability criteria, including business reputation, company qualification, labour and human rights, safety and environmental performance, as well as social contributions. Dynamic management of suppliers is made possible as they are regularly evaluated based on a set of comprehensive and quantifiable performance indicators, through which the Group aims at promoting sustained industry growth while enhancing the positive impact of its value chain.

Investing in Communities

In addition to applying ethics to its business practices and ensuring operational compliance, COSCO SHIPPING Ports also realises that terminals and ports are an important bridge that connects local communities with the world. In order to foster a favourable environment that facilitates business success while driving social progress, it is necessary for the Group to build harmonious yet inclusive relationships with the communities where it operates.

The Group encourages its terminal companies to actively engage local communities, so as to build its reputation as a positive influencer who not only provides employee support, sponsorships and donations, but also drives local employment and development by leveraging its resources and technical advantages. As of 30 June 2018, the Group's total community investment amounted to approximately US$644,000, including donations made to COSCO SHIPPING Charity Foundation, as well as philanthropic spending such as monetary and in-kind donations. In an effort to care for local communities, subsidiaries of the Group regularly pay visit to and gift disabilities and seniors who live alone with daily necessities. Piraeus Terminal in Greece also hosted an in-kind donation during Easter to aid churches and some of the poverty-stricken families in the community where it operates, actively honouring the commitment of COSCO SHIPPING Ports as a "responsible corporate citizen".

Members of The Board

As at the date of this report, the Board comprises Mr. HUANG Xiaowen[2] (Chairman), Mr. ZHANG Wei (張為)[1] (Vice Chairman & Managing Director), Mr. FANG Meng[1], Mr. DENG Huangjun[1], Mr. FENG Boming[2], Mr. ZHANG Wei (張煒)[2], Mr. CHEN Dong[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. FAN Ergang[3], Mr. LAM Yiu Kin[3] and Prof. CHAN Ka Lok[3].

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

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

Hong Kong, 27 August 2018

Interim Results

The board of directors (the "Board") of COSCO SHIPPING Ports 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 2018. 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 33 to 67 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 2018

	Note	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,960,241**	2,980,498
Investment properties		**9,037**	8,410
Land use rights		**281,592**	278,706
Intangible assets		**434,708**	451,859
Joint ventures		**1,233,134**	1,196,648
Loans to joint ventures		**39,947**	1,672
Associates		**2,629,209**	2,579,493
Loans to associates		**153,538**	158,539
Financial assets at fair value through other comprehensive income		**257,595**	–
Available-for-sale financial assets		**–**	276,553
Deferred income tax assets		**105,981**	108,277
Other non-current assets	7	**59,112**	61,283
		8,164,094	8,101,938
Current assets			
Inventories		**10,640**	10,942
Trade and other receivables	8	**258,383**	271,430
Current income tax recoverable		**2,251**	3,370
Restricted bank deposits	9	**6,245**	6,333
Cash and cash equivalents	9	**572,611**	560,067
		850,130	852,142
Total assets		**9,014,224**	8,954,080

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2018

	Note	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	10	39,254	39,254
Reserves		5,173,779	5,149,313
		5,213,033	5,188,567
Non-controlling interests		667,575	656,807
Total equity		5,880,608	5,845,374
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		135,631	133,439
Long term borrowings	11	2,188,890	1,823,770
Loans from non-controlling shareholders of subsidiaries		58,776	53,012
Loans from a fellow subsidiary	12	14,879	20,293
Derivative financial instruments		6,744	6,527
Other long term liabilities		38,294	39,886
		2,443,214	2,076,927
Current liabilities			
Trade and other payables and contract liabilities	13	547,236	502,440
Current income tax liabilities		22,542	15,925
Current portion of long term borrowings	11	42,310	33,858
Short term borrowings	11	75,568	476,721
Derivative financial instruments		2,746	2,835
		690,402	1,031,779
Total liabilities		3,133,616	3,108,706
Total equity and liabilities		9,014,224	8,954,080

The accompanying notes on pages 39 to 67 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 US$'000	2017 US$'000
Revenues		**495,457**	275,776
Cost of sales		**(337,963)**	(177,248)
Gross profit		**157,494**	98,528
Administrative expenses		**(60,458)**	(38,342)
Other operating income		**17,341**	5,017
Other operating expenses		**(3,346)**	(2,036)
Gain on remeasurement of previously held interest of an available-for-sale financial asset at fair value upon further acquisition to become an associate	14	**–**	38,434
Gain on disposal of a joint venture	14	**–**	283,961
Operating profit	15	**111,031**	385,562
Finance income	16	**5,681**	6,184
Finance costs	16	**(38,899)**	(23,767)
Operating profit (after finance income and costs)		**77,813**	367,979
Share of profits less losses of			
– joint ventures		**46,831**	40,095
– associates		**105,103**	57,450
Profit before income tax		**229,747**	465,524
Income tax expenses	17	**(33,833)**	(62,361)
Profit for the period		**195,914**	403,163
Profit attributable to:			
Equity holders of the Company		**168,988**	384,712
Non-controlling interests		**26,926**	18,451
		195,914	403,163
Earnings per share for profit attributable to equity holders of the Company			
– Basic	18	**US5.53 cents**	US12.76 cents
– Diluted	18	**US5.53 cents**	US12.76 cents

The accompanying notes on pages 39 to 67 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 2018

	Six months ended 30 June	
	2018 US$'000	2017 US$'000
Profit for the period	195,914	403,163
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss		
Share of other comprehensive income of an associate		
– other reserves	(4,161)	–
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	(13,124)	–
Items that may be reclassified subsequently to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	(86,140)	108,515
Fair value gain on available-for-sale financial assets, net of tax	–	216,871
Release of investment revaluation reserve of an available-for-sale financial asset at fair value upon further acquisition to become an associate	–	(38,434)
Release of reserve upon disposal of a joint venture	–	(11,495)
Cash flow hedges, net of tax		
– fair value loss	(324)	–
Share of other comprehensive income of joint ventures and associates		
– exchange reserve	1,906	5,935
– other reserves	780	839
Other comprehensive (loss)/income for the period, net of tax	(101,063)	282,231
Total comprehensive income for the period	94,851	685,394
Total comprehensive income attributable to:		
Equity holders of the Company	75,773	654,063
Non-controlling interests	19,078	31,331
	94,851	685,394

The accompanying notes on pages 39 to 67 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 2018

	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 2018	**5,188,567**	**656,807**	**5,845,374**
Total comprehensive income for the period	**75,773**	**19,078**	**94,851**
Fair value of share options granted	**175**	**–**	**175**
Dividends paid to			
– equity holders of the Company	**(51,482)**	**–**	**(51,482)**
– non-controlling shareholders of subsidiaries	**–**	**(8,310)**	**(8,310)**
	24,466	**10,768**	**35,234**
Total equity at 30 June 2018	**5,213,033**	**667,575**	**5,880,608**
Total equity at 1 January 2017	4,354,861	410,943	4,765,804
Total comprehensive income for the period	654,063	31,331	685,394
Transfer of an available-for-sale financial asset by the Company to National Social Security Fund	(198)	–	(198)
Capital contribution from a non-controlling shareholder of a subsidiary	–	4	4
Deemed disposal of interest in a subsidiary	–	(232)	(232)
Dividends paid to			
– equity holders of the Company	(30,160)	–	(30,160)
– non-controlling shareholders of subsidiaries	–	(6,512)	(6,512)
	623,705	24,591	648,296
Total equity at 30 June 2017	4,978,566	435,534	5,414,100

The accompanying notes on pages 39 to 67 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 2018

	Note	Six months ended 30 June 2018 US$'000	2017 US$'000
Net cash generated from operating activities		**84,747**	70,129
Net cash used in investing activities		**(30,467)**	(405,782)
Net cash used in financing activities		**(34,545)**	(164,857)
Net increase/(decrease) in cash and cash equivalents		**19,735**	(500,510)
Cash and cash equivalents at 1 January		**560,067**	834,232
Exchange differences		**(7,191)**	(922)
Cash and cash equivalents at 30 June	9	**572,611**	332,800
Analysis of balances of cash and cash equivalents:			
Time deposits		**244,391**	189,119
Bank balances and cash		**233,350**	67,361
Balances placed with COSCO Finance Co., Ltd. ("COSCO Finance")		**94,870**	76,320
	9	**572,611**	332,800

The accompanying notes on pages 39 to 67 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 (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the businesses of managing and operating terminals, and 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 COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings"), 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 immediate holding company and ultimate holding company of COSCO SHIPPING Holdings is China Ocean Shipping Company Limited ("COSCO") and China COSCO Shipping Corporation Limited ("COSCO SHIPPING"), state-owned enterprises established in the PRC, respectively.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2018 (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 27 August 2018.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2017 (the "2017 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 2017 Annual Financial Statements, except that the Group has adopted the following new standards, interpretations, amendments and improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA which are mandatory for the financial year beginning 1 January 2018:

New standards, interpretations and amendments	
HKAS 40 Amendment	Transfers of Investment Property
HKFRS 2 Amendment	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 Amendment	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 Amendment	Clarifications to HKFRS 15
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements 2014 – 2016	
HKAS 28 Amendment	Investments in Associates and Joint Ventures
HKFRS 1 Amendment	First time adoption of HKFRS

Except for the impact disclosed below, the adoption of the above new HKFRSs does not have a significant impact on the Group's accounting policies.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impact on the financial statements

As explained below, HKFRS 9 and HKFRS 15 were adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies are therefore not reflected in the comparative balances, but are recognised in the opening condensed consolidated balance sheet on 1 January 2018.

The following tables show the impact on each individual line item. Line items that were not affected by the changes have not been included. The impact is explained in more detail in notes (ii) and (iv) below.

Condensed consolidated balance sheet (extract)	As at 31 December 2017 (As originally presented)	Impact on initial adoption of		As at 1 January 2018 (Restated)
		HKFRS 9	HKFRS 15	
	US$'000	US$'000	US$'000	US$'000
Non-current assets				
Financial assets at fair value through other comprehensive income ("FVOCI")	–	276,553	–	276,553
Available-for-sale financial assets	276,553	(276,553)	–	–
Current assets				
Trade and other receivables	271,430	–	6,382	277,812
Current liabilities				
Trade and other payables and contract liabilities	502,440	–	6,382	508,822
– Contract liabilities	–	–	6,382	6,382

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out in note (iii) below. In accordance with the transitional provisions in HKFRS 9, the comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and differences in the carrying amounts resulting from the adoption of HKFRS 9 are recognised as adjustments to the opening condensed consolidated balance sheet on 1 January 2018.

The Group has elected to present in other comprehensive income for the changes in the fair value of all previously classified as available-for-sale financial assets which were reclassified to financial assets at FVOCI on 1 January 2018. As a result, fair value gains were reclassified from investment revaluation reserve to FVOCI reserve. Retained profits increase as there is no longer any reclassification of accumulated amounts from reserves to profit or loss on impairment of these financial assets.

The impact of this change on the Group's equity is as follows:

	Investment revaluation reserve US$'000	FVOCI reserve US$'000	Retained profits US$'000
Opening balance as at 1 January 2018 – HKAS 39	116,703	–	3,409,333
Reclassify from available-for-sale financial assets to financial assets at FVOCI	(116,703)	116,703	–
Reclassify impairment loss on an available-for-sale financial asset previously recognised in profit or loss to FVOCI reserve	–	(19,800)	19,800
Opening balance as at 1 January 2018 – HKFRS 9	–	96,903	3,429,133

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Equity investments and other financial assets

Classification and measurement

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Equity investments previously classified as available-for-sale

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The results of the revision have not resulted in any material change in impairment provision or any material input on the carrying amount of the Group's financial assets.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018. In accordance with the transition provisions in HKFRS 15, the comparative information for prior periods is not restated.

The effects of the adoption of HKFRS 15 are as follows:

Presentation of contract liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities relating to expected volume discounts were previously included in trade and other receivables.

(v) HKFRS 15 Revenue from Contracts with Customers – Accounting policies

Revenue for terminals and related services is recognised over time as the Group's performance provides all of the benefits received and consumed simultaneously by the customer. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The HKICPA has issued certain new standards, interpretations and amendments to existing standards which are not yet effective for the year ending 31 December 2018 and have not been early adopted by the Group. The Group will apply these standards, interpretations and amendments to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group 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, except for the below new standard:

HKFRS 16 Leases was issued in May 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$3,687,375,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

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) Impairment of terminal assets, investments in joint ventures and associates

Management determines whether terminal assets, 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.

(b) Acquisition of subsidiaries

The initial accounting on the acquisition of subsidiaries 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 or by reference to the valuation performed by independent professional valuer. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets and liabilities.

(c) Acquisition of associates

The initial accounting on the acquisition of associates 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 or by reference to the valuation performed by the independent professional valuer. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets and liabilities.

(d) Assessment of goodwill impairment

The Group tests annually whether goodwill have suffered any impairment and when there is indication that they may be impaired, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of assumptions. These calculations require the use of estimates.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) 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 17).

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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.

(f) Fair value of financial assets at FVOCI/available-for-sale financial assets

If information on current or recent prices of financial assets at FVOCI/available-for-sale financial assets is not available, the fair values of financial assets at FVOCI/available-for-sale financial assets are determined using valuation techniques (including price/book 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, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

The Unaudited Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2017 Annual Financial Statements of the Group.

Compared to 31 December 2017, 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2018 and 31 December 2017:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As at 30 June 2018				
Financial assets at FVOCI	**226,964**	**–**	**30,631**	**257,595**
Derivative financial instruments				
– interest swap	**–**	**9,490**	**–**	**9,490**
	226,964	**9,490**	**30,631**	**267,085**
As at 31 December 2017				
Available-for-sale financial assets	245,534	–	31,019	276,553
Derivative financial instruments				
– interest swap	–	9,362	–	9,362
	245,534	9,362	31,019	285,915

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 financial assets at FVOCI/available-for-sale financial assets.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (Continued)

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.

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

For the six months ended 30 June 2018, 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 2017, the Group reclassified an available-for-sale investment gain of US$38,434,000 from OCI into unaudited condensed consolidated income statement. As explained in note 2(iii) with HKFRS 9 applied from 1 January 2018, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of this nature of investment.

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

As at 30 June 2018, the fair value of unlisted financial assets at FVOCI is determined by the valuation performed by management using valuation techniques (including 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/book multiples. These financial assets at FVOCI are included in level 3.

The price/book multiples are estimated by making reference to the historical net asset value of companies with similar business nature and having their operating activities in the PRC. The higher the 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.

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

	Six months ended 30 June	
	2018 US$'000	2017 US$'000
At 1 January	**31,019**	101,093
Transferred to level 1	**–**	(71,997)
Currency translation differences	**(388)**	698
At 30 June	**30,631**	29,794

Notes to the Unaudited Condensed Consolidated Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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. During the six months ended 30 June 2017, the Group transferred an available-for-sale financial asset from level 3 to level 1 as the available-for-sale financial asset turned from unlisted to listed, and quoted prices from active market were observable.

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 2018 US$'000	As at 31 December 2017 US$'000
Bank loans, loans from China Shipping Finance Co., Ltd ("CS Finance") and COSCO Finance	**1,828,545**	1,568,044
Finance lease obligations	**546**	679
Notes	**298,070**	297,855
	2,127,161	1,866,578

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 and contract liabilities
- Borrowings except for those disclosed above

Notes to the Unaudited Condensed Consolidated Interim Financial Information

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 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$'000	Others US$'000	Elimination US$'000	Total US$'000
At 30 June 2018				
Segment assets	**8,617,802**	**961,694**	**(565,272)**	**9,014,224**
Segment assets include:				
Joint ventures	**1,233,134**	**–**	**–**	**1,233,134**
Associates	**2,629,209**	**–**	**–**	**2,629,209**
Financial assets at FVOCI	**257,595**	**–**	**–**	**257,595**
At 31 December 2017				
Segment assets	8,545,420	1,002,062	(593,402)	8,954,080
Segment assets include:				
Joint ventures	1,196,648	–	–	1,196,648
Associates	2,579,493	–	–	2,579,493
Available-for-sale financial assets	276,553	–	–	276,553

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 SEGMENT INFORMATION (CONTINUED)

5.1 Operating segments (Continued)

Segment revenues, results and other information

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
Six months ended 30 June 2018				
Revenues – total sales	495,457	–	–	495,457
Segment profit/(loss) attributable to equity holders of the Company	195,360	(26,372)	–	168,988
Segment profit/(loss) attributable to equity holders of the Company includes:				
Finance income	1,056	16,024	(11,399)	5,681
Finance costs	(29,584)	(20,699)	11,384	(38,899)
Share of profits less losses of				
– joint ventures	46,831	–	–	46,831
– associates	105,103	–	–	105,103
Income tax expenses	(23,325)	(10,508)	–	(33,833)
Depreciation and amortisation	(76,041)	(823)	–	(76,864)
Other non-cash expenses	(1,189)	–	–	(1,189)
Additions to non-current assets	(110,550)	(595)	–	(111,145)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

5 SEGMENT INFORMATION (CONTINUED)

5.1 Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
Six months ended 30 June 2017				
Revenues – total sales	275,776	–	–	275,776
Segment profit/(loss) attributable to equity holders of the Company	399,961	(15,249)	–	384,712
Segment profit/(loss) attributable to equity holders of the Company includes:				
Finance income	460	14,220	(8,496)	6,184
Finance costs	(21,321)	(10,992)	8,546	(23,767)
Share of profits less losses of				
– joint ventures	40,095	–	–	40,095
– associates	57,450	–	–	57,450
Gain on disposal of a joint venture	283,961	–	–	283,961
Gain on remeasurement of previously held interest of an available-for-sale financial asset at fair value upon further acquisition to become an associate	38,434	–	–	38,434
Income tax expenses	(61,747)	(614)	–	(62,361)
Depreciation and amortisation	(49,586)	(701)	–	(50,287)
Other non-cash expenses	(442)	(1)	–	(443)
Additions to non-current assets	(50,617)	(1,579)	–	(52,196)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

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.

	Six months ended 30 June 2018 US$'000	Six months ended 30 June 2017 US$'000
Terminals and related businesses		
– Mainland China (excluding Hong Kong)	**233,749**	190,669
– Europe	**261,708**	85,107
	495,457	275,776

(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.

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

The activities of terminals and related businesses of the Group, its joint ventures and associates are predominantly carried out in Mainland China, Greece, Spain, Belgium, Abu Dhabi, Turkey, the Netherlands, Italy, Egypt, Hong Kong, Singapore and Taiwan.

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Mainland China (excluding Hong Kong)	**5,315,528**	5,280,695
Europe	**1,268,554**	1,291,505
Others	**1,022,951**	984,697
	7,607,033	7,556,897

Notes to the Unaudited Condensed Consolidated Interim Financial Information

6 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of US$99,421,000 (2017: US$50,569,000). The Group also disposed of property, plant and equipment with net book value of US$4,954,000 (2017: US$358,000).

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 2018 US$'000	As at 31 December 2017 US$'000
Trade receivables (note a)		
– third parties	**99,334**	72,503
– fellow subsidiaries (note b)	**24,959**	14,729
– non-controlling shareholders of subsidiaries (note b)	**5,992**	4,905
– a joint venture (note b)	**5**	21
– related companies (note b)	**10,080**	9,895
	140,370	102,053
Bills receivables (note a)	**10,256**	9,708
	150,626	111,761
Less: provision for impairment	**(4,144)**	(3,161)
	146,482	108,600
Deposits and prepayments	**9,422**	13,292
Other receivables	**63,900**	47,903
Loans to joint ventures (note c)	**809**	78,324
Amounts due from		
– fellow subsidiaries (note b)	**3,601**	3,361
– non-controlling shareholders of subsidiaries (note b)	**2,689**	2,597
– joint ventures (note d)	**13,613**	244
– associates (note d)	**17,585**	16,732
– related companies (note b)	**282**	377
	258,383	271,430

Notes to the Unaudited Condensed Consolidated Interim Financial Information

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 combined trade receivables and bills receivables (net of provision) based on invoice date and issuance date respectively is as follows:

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Within 30 days	**83,214**	63,635
31-60 days	**38,544**	26,184
61-90 days	**16,483**	10,646
Over 90 days	**8,241**	8,135
	146,482	108,600

(b) The amounts due from fellow subsidiaries, a joint venture, 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 2018, balance of US$809,000 (31 December 2017: US$836,000) is secured, bears interest at 5.5% per annum above 3 months Europe Interbank Offered Rate ("EURIBOR") and repayable within twelve months. As at 31 December 2017, balance of US$57,568,000 was unsecured and interest bearing at the rate of 5% above HIBOR per annual quoted in respect of one month, and wholly repayable on or before March 2018. As at 31 December 2017, balance of US$19,920,000 was unsecured, interest free and have no fixed terms of repayment.

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

9 CASH AND CASH EQUIVALENTS

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Total time deposits, bank balances and cash (note i)	**578,856**	566,400
Restricted bank deposits included in current assets	**(6,245)**	(6,333)
	572,611	560,067
Representing:		
Time deposits	**244,391**	298,828
Bank balances and cash	**233,350**	190,650
Balances placed with COSCO Finance (note ii)	**94,870**	70,589
	572,611	560,067

Notes to the Unaudited Condensed Consolidated Interim Financial Information

9 CASH AND CASH EQUIVALENTS (CONTINUED)

Notes:

(i) As at 30 June 2018, the balances of US$71,636,000 (31 December 2017: US$125,290,000) 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) Major non-cash transactions.

For the period ended 30 June 2018, the Group transferred a loan to a joint venture to be the investment costs in that joint venture without a change to its percentage of interests. The loan amounted to US$19,920,000 as at 31 December 2017 (note 8c).

For the period ended 30 June 2017, the Group subscribed for the non-circulating domestic shares in Qingdao Port International Co., Ltd. ("QPI") at a total consideration of RMB5,798,619,200 (equivalent to US$843,858,000). RMB3,198,650,840 (equivalent to US$465,491,000) of the subscription price was satisfied by the Group by transferring 20% equity interests in Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") to QPI. Further details of the subscription are set out in note 14 to the unaudited condensed consolidated interim financial information.

10 SHARE CAPITAL

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Issued and fully paid:		
3,057,112,720 (31 December 2017: 3,057,112,720) ordinary shares of HK$0.10 each	**39,254**	39,254

Note:

The Company granted 53,483,200 share options to directors and employees during the period and 725,080 share options were lapsed during the period. Movements in the number of the outstanding share options during the period is set out on pages 22 under the heading "Share Options".

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 BORROWINGS

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Long term borrowings		
Secured		
– bank loans (note a)	**821,144**	799,037
– loan from CS Finance (note a)	**10,882**	11,019
	832,026	810,056
Unsecured		
– bank loans	**1,062,164**	710,065
– loans from COSCO Finance	**37,633**	38,184
– notes	**298,528**	298,324
	1,398,325	1,046,573
Finance lease obligations	**849**	999
	2,231,200	1,857,628
Amounts due within one year included under current liabilities	**(42,310)**	(33,858)
	2,188,890	1,823,770
Short term borrowings		
Secured		
– bank loan (note a)	**–**	5,970
Unsecured		
– bank loan	**75,568**	447,795
– loans from COSCO Finance	**–**	22,956
	75,568	470,751
	75,568	476,721

Notes to the Unaudited Condensed Consolidated Interim Financial Information

11 BORROWINGS (CONTINUED)

Notes:

(a) As at 30 June 2018, certain of the Group's non-current assets with an aggregate net book value of US$209,357,000 (31 December 2017: US$157,298,000) and the Company's interest in subsidiaries were pledged as securities against bank loans of US$821,144,000 (31 December 2017: US$805,007,000) and a loan from CS Finance of US$10,882,000 (31 December 2017: US$11,019,000).

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

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Bank loans		
Within one year	**42,065**	33,610
Between one and two years	**47,593**	37,350
Between two and five years	**1,088,468**	831,962
Over five years	**705,182**	606,180
	1,883,308	1,509,102
Loans from COSCO Finance		
Between one and two years	**37,633**	38,184
Loan from CS Finance		
Between one and two years	**1,753**	533
Between two and five years	**5,441**	5,467
Over five years	**3,688**	5,019
	10,882	11,019
Finance lease obligations		
Within one year	**245**	248
Between one and two years	**253**	257
Between two and five years	**351**	494
	849	999
Notes		
Between two and five years	**298,528**	–
Over five years	**–**	298,324
	298,528	298,324
	2,231,200	1,857,628

(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% 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

12 LOANS FROM A FELLOW SUBSIDIARY

As at 30 June 2018, balance of US$25,192,000 (31 December 2017: US$30,608,000) represented finance lease contracts the Group entered for leasing of terminal equipment from a fellow subsidiary. The average term of the finance lease contracts is 8 years (2017: 8 years), and bears interest ranging from 2% above to 11% below the RMB five-year benchmark lending rate, or 5.98%. The carrying amount of assets acquired under the finance leases amounted to US$52,145,000 (31 December 2017: US$54,879,000) as at 30 June 2018. The carrying value of the loans is not materially different from its fair value.

13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Trade payables (note a)		
– third parties	**76,124**	104,173
– fellow subsidiaries (note b)	**1,392**	1,322
– non-controlling shareholders of subsidiaries (note b)	**3,269**	1,355
– joint ventures (note b)	**295**	318
– related companies (notes b)	**255**	2,210
	81,335	109,378
Accruals	**52,419**	54,079
Other payables	**136,203**	131,742
Contract liabilities	**5,518**	–
Dividend payable	**51,491**	10
Loans from a fellow subsidiary (note 12)	**10,313**	10,315
Loan from a joint venture (note c)	**42,091**	42,622
Loan from an associate (note c)	**15,114**	15,304
Loans from non-controlling shareholders of subsidiaries (note d)	**109,061**	111,103
Amounts due to (note b)		
– fellow subsidiaries	**15,254**	3,897
– non-controlling shareholders of subsidiaries	**27,402**	23,558
– joint ventures	**486**	421
– associates	**31**	11
– related companies	**518**	–
	547,236	502,440

Notes to the Unaudited Condensed Consolidated Interim Financial Information

13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

Notes:

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

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Within 30 days	**38,071**	79,169
31-60 days	**3,930**	7,283
61-90 days	**2,409**	11,751
Over 90 days	**36,925**	11,175
	81,335	109,378

(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 and an associate are unsecured, bear interest at 2.3% 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$4,971,000 (31 December 2017: US$6,328,000) bears interest at 0.3% above 1-year US dollar London Interbank Offered Rate ("LIBOR") per annum. Balance of US$49,681,000 (31 December 2017: US$49,681,000) is interest free. Balances of US$54,409,000 (31 December 2017: US$45,912,000 and US$9,182,000) bear interest at 4.4% (31 December 2017: 3.8% and 4.4% respectively) per annum.

14 DISPOSAL OF A JOINT VENTURE AND FURTHER ACQUISITION ON AN AVAILABLE-FOR-SALE FINANCIAL ASSET TO BECOME AN ASSOCIATE

In May 2017, Shanghai China Shipping Terminal Development Co., Ltd., a wholly-owned subsidiary of the Company, completed the subscription for 1,015,520,000 non-circulating domestic shares in QPI at a total consideration of RMB5,798,619,200 (equivalent to US$843,858,000, being RMB5.71 per share), of which RMB3,198,650,840 (equivalent to US$465,491,000) was settled by the transfer of a 20% equity interest in Qingdao Qianwan Terminal to QPI and the remaining RMB2,599,968,360 (equivalent to US$378,367,000) was settled in cash. The disposal resulted in a gain of US$283,961,000 recognised in the unaudited condensed consolidated income statement for the six months ended 30 June 2017, while the subscription recognised a gain of US$38,434,000 as a result of remeasuring its 1.59% equity interest in QPI held and accounted for as an available-for-sale financial asset before the subscription in the unaudited condensed consolidated income statement for the six months ended 30 June 2017.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

15 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
Crediting		
Dividends income from listed financial assets at FVOCI	1,737	–
Dividends income from listed available-for sale financial assets	–	871
Gain on disposal of property, plant and equipment	252	14
Rental income from investment properties	314	217
Charging		
Depreciation and amortisation	76,864	50,287
Loss on disposal of property, plant and equipment	21	34
Rental expenses under operating leases of		
– buildings leased from a fellow subsidiary	1,009	911
– buildings leased from a joint venture	–	19
– land use rights leased from non-controlling shareholders of subsidiaries	1,297	1,073
– concession from a fellow subsidiary	31,416	21,737
– concession from third parties	6,078	–

Notes to the Unaudited Condensed Consolidated Interim Financial Information

16 FINANCE INCOME AND COSTS

	Six months ended 30 June 2018 US$'000	2017 US$'000
Finance income		
Interest income on		
– bank balances and deposits	**2,791**	2,278
– deposits with COSCO Finance	**305**	391
– deposits with CS Finance	**1**	1
– loans to joint ventures and associates	**2,584**	3,514
	5,681	6,184
Finance costs		
Interest expenses on		
– bank loans	**(29,775)**	(12,441)
– notes	**(6,564)**	(6,564)
– loans from COSCO Finance	**(534)**	(1,580)
– loan from CS Finance	**(249)**	(269)
– loans from and amount due to a fellow subsidiary	**(668)**	(843)
– loans from non-controlling shareholders of subsidiaries (note 13 (d))	**(2,394)**	(2,221)
– loan from a joint venture (note 13 (c))	**(503)**	(462)
– loan from an associate (note 13 (c))	**(180)**	–
– finance lease obligations	**(16)**	–
Amortised amount of		
– discount on issue of notes	**(97)**	(107)
– transaction costs on bank loans and notes	**(1,235)**	(269)
	(42,215)	(24,756)
Less: amount capitalised in construction in progress	**4,798**	2,652
	(37,417)	(22,104)
Other incidental borrowing costs and charges	**(1,482)**	(1,663)
	(38,899)	(23,767)
Net finance costs	**(33,218)**	(17,583)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

17 INCOME TAX EXPENSES

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
Current income tax		
– Hong Kong profits tax	–	50
– Mainland China taxation	22,128	51,515
– Overseas taxation	6,968	5,150
– Under/(over) provision in prior years	93	(83)
	29,189	56,632
Deferred income tax charge	4,644	5,729
	33,833	62,361

The Group's shares of income tax expenses of joint ventures and associates of US$11,965,000 (2017: US$11,270,000) and US$14,615,000 (2017: US$14,245,000) 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% (2017: 16.5%) on the estimated 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.

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	
	2018	2017
Profit attributable to equity holders of the Company	US$168,988,000	US$384,712,000
Weighted average number of ordinary shares in issue	3,057,112,720	3,016,018,628
Basic earnings per share	US5.53 cents	US12.76 cents

Notes to the Unaudited Condensed Consolidated Interim Financial Information

18 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

For newly granted share options during the period, as the exercise price of the share options outstanding on 30 June 2018 was greater than the average market price of the Company's share during the period since grant date, there was no dilutive effect on earnings per ordinary share for the six months ended 30 June 2018.

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 2017. All these share options were lapsed during 2017.

19 INTERIM DIVIDEND

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
Interim dividend, declared of US2.212 cents (2017: US1.316 cents) per ordinary share	67,631	39,888

Notes:

(i) At a meeting held on 26 March 2018, the directors recommended the payment of a final dividend of HK13.1 cents (equivalent to US1.684 cent) per ordinary share with a scrip dividend alternative for the year ended 31 December 2017. The final dividend, which was approved at the annual general meeting of the Company held on 17 May 2018, was paid on 18 July 2018.

(ii) At a meeting held on 27 August 2018, the directors declared an interim dividend of HK17.3 cents (equivalent to US2.212 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 2018.

20 FINANCIAL GUARANTEE CONTRACTS

	As at 30 June 2018	As at 31 December 2017
	US$'000	US$'000
Bank guarantees to a joint venture	–	9,226

As at 31 December 2017, 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 was not been recognized.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

21 CAPITAL COMMITMENTS

The Group had the following significant capital commitments as at 30 June 2018:

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Contracted but not provided for:		
– Investments (note)	435,390	442,895
– Other property, plant and equipment	534,745	576,376
	970,135	1,019,271

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

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Contracted but not provided for	18,441	6,154

Note:

The capital commitments in respect of investments of the Group as at 30 June 2018 are as follows:

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	50,331	51,970
– Tianjin Port Euroasia International Terminal Co., Ltd.	106,097	107,435
– APMT Vado Holding B.V.	14,016	14,472
– Others	199,634	202,883
	370,078	376,760
Terminal projects in:		
– Shanghai Yangshan Port Phase II	60,454	61,216
– Others	4,858	4,919
	65,312	66,135
	435,390	442,895

Notes to the Unaudited Condensed Consolidated Interim Financial Information

22 RELATED PARTY TRANSACTIONS

The Group is controlled by COSCO SHIPPING Holdings which owns 46.91% of the Company's shares as at 30 June 2018. The parent company of COSCO SHIPPING Holdings 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.

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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

22 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
Management fee and service fee income from (note i, x)		
– joint ventures	**1,792**	1,629
– associates	**258**	284
– an investee company	**82**	62
Terminal handling and storage income from (note ii, x)		
– fellow subsidiaries	**90,800**	45,044
– non-controlling shareholders of subsidiaries	**47,236**	22,930
Container handling and logistics services fee to non-controlling shareholders of subsidiaries (note iii, x)	**(3,574)**	(5,561)
Electricity and fuel expenses to (note iv, x)		
– fellow subsidiaries	**(1,910)**	(412)
– non-controlling shareholders of subsidiaries	**(3,847)**	(3,149)
Finance lease charges paid to a fellow subsidiary (note v)	**(668)**	(843)
Handling, storage and maintenance expenses to (note vi, x)		
– fellow subsidiaries	**(1,710)**	(1,479)
– non-controlling shareholders of subsidiaries	**(1,858)**	(505)
High-frequency communication fee to a non-controlling shareholder of a subsidiary (note vii, x)	**–**	(49)
Rental expenses paid to (note viii, x)		
– fellow subsidiaries	**(6,387)**	(5,535)
– non-controlling shareholders of subsidiaries	**(1,796)**	(2,601)
Concession fee to a fellow subsidiary (note ix, x)	**(26,102)**	(17,063)

(b) Key management compensation

	Six months ended 30 June	
	2018	2017
	US$'000	US$'000
Salaries, bonuses and other allowances	**2,865**	2,140
Contributions to retirement benefit schemes	**4**	5
Share-based payments	**35**	–
	2,904	2,145

Key management includes directors of the Company and six (2017: six) senior management members of the Group.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

22 RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

(i) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited, a joint venture of the Group, during the year. Management fee was charged and agreed at HK$20,000,000 (equivalent to US$2,552,000) (2017: HK$20,000,000 (equivalent to US$2,572,000)) 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.

(ii) 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 charged at rates 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 Ports, Zeebrugge and Spain were charged at rates as mutually agreed.

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

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

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

(vi) Handling, storage and maintenance expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

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

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

(ix) Concession fee paid to a fellow subsidiary was charged and mutually agreed at a variable annual concession fee based on the aggregate revenue of Piraeus Container Terminal S.A..

(x) The transactions represent continuing connected transactions which has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

23 EVENT AFTER THE BALANCE SHEET DATE

On 9 August 2018, China Shipping Ports Development Co., Limited ("CSPD", a wholly-owned subsidiary of the Company) completed disposals of 5% and 10% equity interests in CSP Zeebrugge Terminal NV, a wholly-owned subsidiary of CSPD, to Zeebrugge Investeringsmaatschappij NV and CMA Terminals SAS for considerations of EUR2,500,000 and EUR5,000,000 (equivalent to approximately US$3,005,000 and US$6,010,000) respectively.

Report on Review of Interim Financial Information

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 67, which comprises the condensed consolidated balance sheet of COSCO SHIPPING Ports Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of 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, 27 August 2018

Abbreviations

Abbreviations

Company Name	Abbreviation
China COSCO Shipping Corporation Limited	COSCO SHIPPING
China COSCO Shipping Corporation Limited and its subsidiaries	COSCO SHIPPING Group
COSCO SHIPPING Ports Limited	COSCO SHIPPING Ports or the Company
COSCO SHIPPING Ports Limited and its subsidiaries	the Group
COSCO SHIPPING Holdings Co., Ltd.	COSCO SHIPPING Holdings
COSCO SHIPPING Lines Co., Ltd.	COSCO SHIPPING Lines
Terminal Company	
CSP Abu Dhabi Terminal L.L.C.	Abu Dhabi Terminal
Antwerp Gateway NV	Antwerp Terminal
Asia Container Terminals Limited	Asia Container Terminal
Busan Port Terminal Co., Ltd.	Busan Terminal
Conte-Rail, S.A.	Conte-Rail Terminal
COSCO-HIT Terminals (Hong Kong) Limited	COSCO-HIT Terminal
COSCO-PSA Terminal Private Limited	COSCO-PSA Terminal
CSP Wuhan Company Limited	Wuhan Terminal
CSP Zeebrugge Terminal NV	CSP Zeebrugge Terminal
Dalian Automobile Terminal Co., Ltd.	Dalian Automobile Terminal
Dalian Dagang China Shipping Container Terminal Co., Ltd.	Dalian Dagang Terminal
Dalian Container Terminal Co., Ltd.[1]	Dalian Container Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jiangsu Yangtze Petrochemical Co., Ltd.	Jiangsu Petrochemical
Jinjiang Pacific Ports Development Co., Ltd.	Jinjiang Pacific Terminal
Jinzhou New Age Container Terminal Co., Ltd.	Jinzhou New Age Terminal
Kao Ming Container Terminal Corp.	Kao Ming Terminal
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	Kumport Terminal
Lianyungang New Oriental International Terminals Co., Ltd.	Lianyungang New Oriental Terminal
Nanjing Port Longtan Container Co., Ltd.	Nanjing Longtan Terminal
Nantong Tonghai Port Co., Ltd.	Nantong Tonghai Terminal
Nansha Stevedoring Corporation Limited of Port of Guangzhou	Guangzhou Nansha Stevedoring Terminal
Ningbo Meishan Bonded Port New Harbour Terminal Operating Co., Ltd.	Ningbo Meishan Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal

Note: 1. The merger of Dalian Container Terminal, Dalian Port Container Terminal Co. Ltd. and Dalian International Container Terminal Co., Ltd. was completed in October 2017. The Group holds 19% in Dalian Container Terminal, the surviving entity, after the completion.

Abbreviations

Abbreviations

Terminal Company	
Noatum Container Terminal Bilbao, S.L.	Bilbao Terminal
Noatum Container Terminal Valencia, S.A.U.	Valencia Terminal
Noatum Port Holdings, S.L. and its subsidiaries	NPH Group
Noatum Rail Terminal Zaragoza, S.L.	Zaragoza Rail Terminal
Piraeus Container Terminal S.A.	Piraeus Terminal
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore Terminal
Qingdao Port International Co., Ltd.	QPI
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	Qinhuangdao New Harbour Terminal
Qinzhou International Container Terminal Co., Ltd.	Qinzhou International Terminal
Quan Zhou Pacific Container Terminal Co., Ltd.	Quan Zhou Pacific Terminal
Reefer Terminal S.p.A.	Vado Reefer Terminal
Shanghai Mingdong Container Terminals Limited	Shanghai Mingdong Terminal
Shanghai Pudong International Container Terminals Limited	Shanghai Pudong Terminal
SSA Terminals (Seattle), LLC	Seattle Terminal
Suez Canal Container Terminal S.A.E.	Suez Canal Terminal
Taicang International Container Terminal Co., Ltd.	Taicang Terminal
Tianjin Five Continents International Container Terminal Co., Ltd.	Tianjin Five Continents Terminal
Tianjin Port Euroasia International Container Terminal Co., Ltd.	Tianjin Euroasia Terminal
Xiamen Ocean Gate Container Terminal Co., Ltd.	Xiamen Ocean Gate Terminal
Yangzhou Yuanyang International Ports Co., Ltd.	Yangzhou Yuanyang Terminal
Yantian International Container Terminals (Phase III) Limited	Yantian Terminal Phase III
Yantian International Container Terminals Co., Ltd.	Yantian Terminal Phases I & II
Yingkou Container Terminals Company Limited	Yingkou Container Terminal
Yingkou New Century Container Terminal Co., Ltd.	Yingkou New Century Terminal
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	Zhangjiagang Terminal
Others	
twenty-foot equivalent unit	TEU

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

(Incorporated in Bermuda with limited liability)
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