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

INTERIM REPORT 2019 中期報告

Gearing Up for Growth

PLAN

GROWTH

GLOBAL NETWORK

ABOUT COSCO SHIPPING PORTS LIMITED

COSCO SHIPPING Ports Limited (Stock Code: 1199) is a leading ports operator in the world and its terminals portfolio covers the five main port regions in Mainland China, Southeast Asia, Middle East, Europe, South America and the Mediterranean, etc. As at 30 June 2019, COSCO SHIPPING Ports operated and managed 288 berths at 37 ports worldwide, of which 197 were for containers, with a total designed annual handling capacity of approximately 110 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 enterprise 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".

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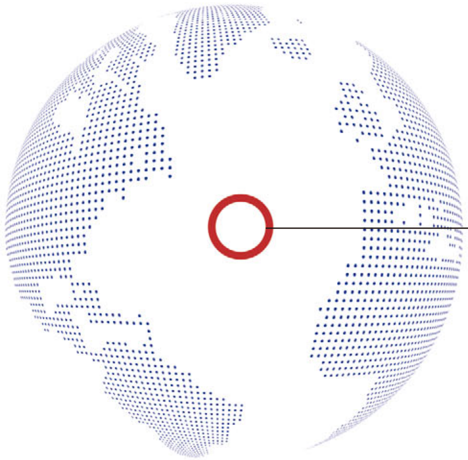
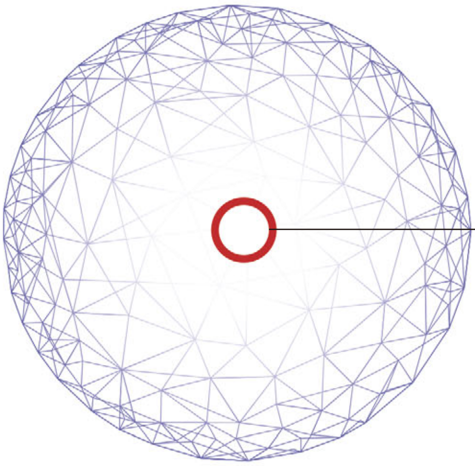


Globalisation

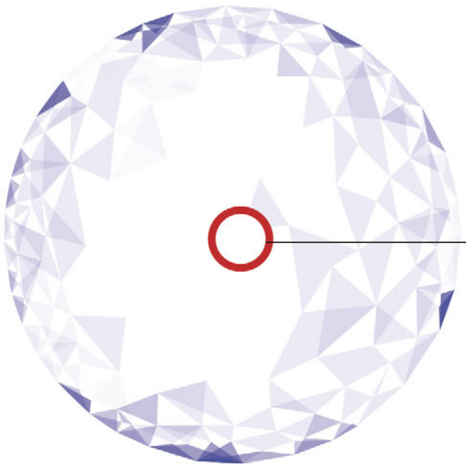
Building a global terminal network with controlling stake that offers linkage effects on costs, services and synergies



Synergy

Leveraging the synergies with COSCO SHIPPING and the OCEAN Alliance to strengthen its service capability to serve shipping alliances

Establishing close partnerships and maintaining good relationships with port authority groups, terminal operators and international liner companies to maximise synergies and value



Control

Strengthening control and management of the ports and terminals business – further integrating our existing terminals portfolio and increasing the value of these investments through building controlling stakes; increasing our influence in entire ports through equity investments in port groups; and adopting unified management and operating system to integrate terminal operations

Financial Highlights

US$ (million)

	1H2019	1H2018	Change (%)
Revenue	**517.9**	495.5	+4.5
Cost of sales	**364.5**	338.0	+7.9
Gross profit	**153.4**	157.5	–2.6
Share of profits from joint ventures and associates	**144.6**	151.9	–4.8
Profit attributable to equity holders of the Company	**147.8**	169.0	–12.5
Earnings per share – Basic (US cents)	**4.75**	5.53	–14.1
Adjusted net profit attributable to equity holders of the Company [Note 1]	**170.3**	169.0	+0.8
Adjusted net profit attributable to equity holders of the Company [Note 2]	**176.4**	169.0	+4.4
Adjusted earnings per share – Basic (US cents) [Note 2]	**5.66**	5.53	+2.4
Dividend per share (US cents)	**1.900**	2.212	–14.1
Payout ratio	**40%**	40%	–

Note 1: Excluding one-off dilution effect on equity interests in QPI. On 21 January 2019, QPI completed its A share offering and listed on the Shanghai Stock Exchange. As a result, the Group's 18.41% equity interests in QPI was diluted to 17.12%. As the share of contribution from the A share offer is less than the cost of deemed disposal, the Group recognised a loss of US$22,553,000 on deemed disposal of partial interest in QPI.

Note 2: Excluding one-off dilution effect on equity interests in QPI of US$22,553,000 and financial impact of US$6,011,000 from Hong Kong Financial Reporting Standards ("HKFRS") 16 "Leases" which is effective from 1 January 2019 (the "New Lease Standard").

Global Terminal Network

Total throughput

59,764,100 TEU

Overseas Total Throughput

13,748,770 TEU

	Throughput (TEU)
Piraeus Terminal	2,569,936
CSP Zeebrugge Terminal	184,724
CSP Spain Group	1,911,893
CSP Abu Dhabi Terminal [1]	68,746
COSCO-PSA Terminal	2,450,384
Vado Reefer Terminal	28,670
Euromax Terminal	1,519,998
Kumport Terminal	615,398
Suez Canal Terminal	1,408,502
Antwerp Terminal	1,075,911
Seattle Terminal	80,028
Busan Terminal	1,834,580

Notes:

1. Throughput of CSP Abu Dhabi Terminal was included since 1 April 2019.

Global Terminal Network

Greater China Total Throughput

46,015,330 TEU

Bohai Rim

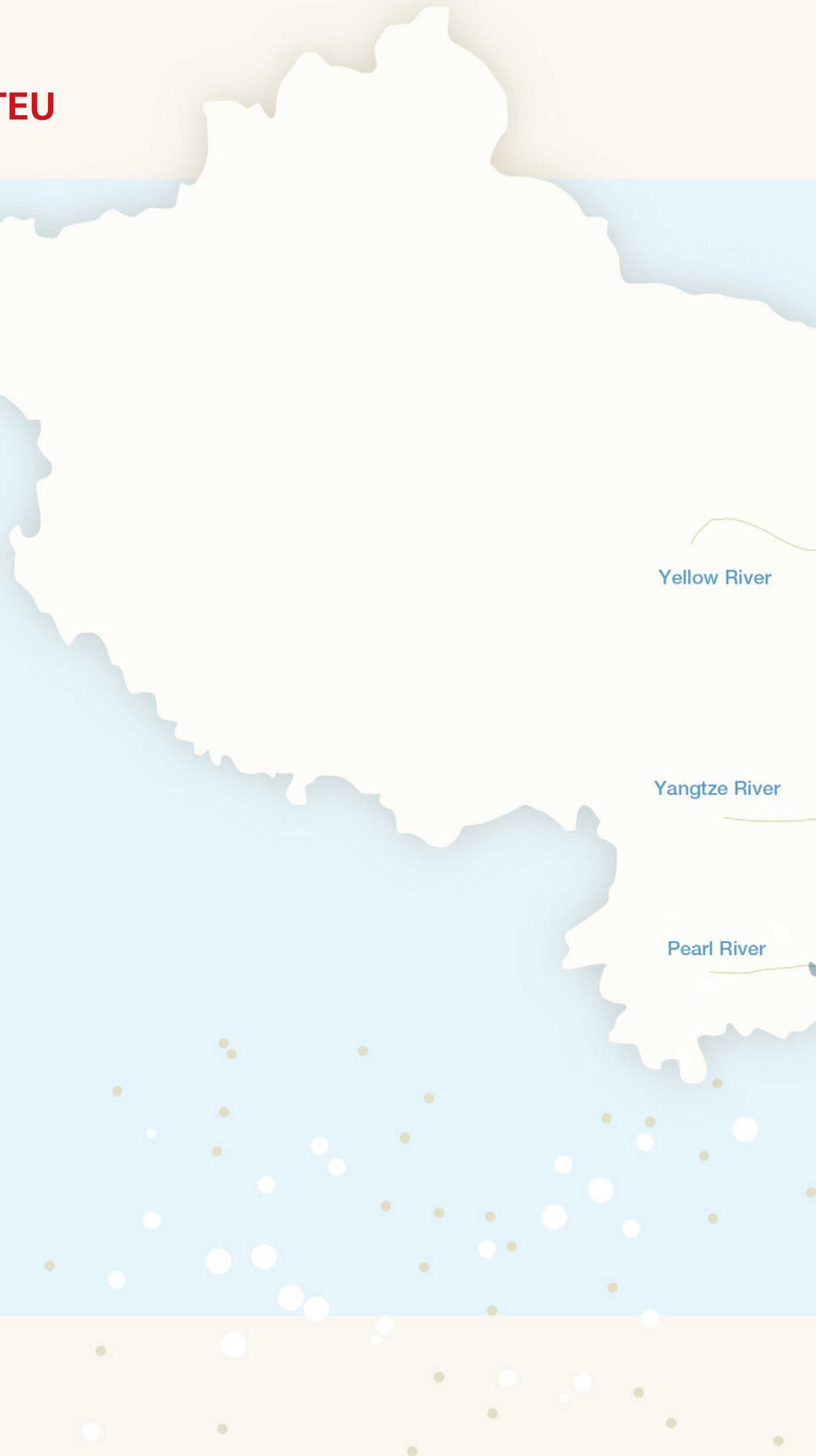
19,298,356 TEU

	Throughput (TEU)
QPI	10,300,000
Dalian Container Terminal	4,235,312
Dalian Dagang Terminal	8,188
Tianjin Euroasia Terminal	1,387,389
Tianjin Five Continents Terminal	1,377,513
Yingkou Terminals [2]	1,315,184
Jinzhou New Age Terminal	363,409
Qinhuangdao New Harbour Terminal	311,361

Yangtze River Delta

9,989,132 TEU

	Throughput (TEU)
Shanghai Pudong Terminal	1,229,987
Shanghai Mingdong Terminal	2,953,154
Ningbo Yuan Dong Terminal	1,574,126
Lianyungang New Oriental Terminal	1,473,007
Zhangjiagang Terminal	336,297
Yangzhou Yuanyang Terminal	235,720
Nanjing Longtan Terminal	1,495,828
Taicang Terminal	213,059
Nantong Tonghai Terminal	477,954



Southeast Coast and others

2,890,372 TEU

	Throughput (TEU)
Xiamen Ocean Gate Terminal	1,041,699
Quan Zhou Pacific Terminal	761,580
Jinjiang Pacific Terminal	270,472
Kao Ming Terminal	816,621

Pearl River Delta

13,112,675 TEU

	Throughput (TEU)
Yantian Terminals	6,087,662
Guangzhou Terminals [3]	5,501,414
Hong Kong Terminals [4]	1,523,599

Southwest Coast

724,795 TEU

	Throughput (TEU)
Qinzhou International Terminal	724,795

Notes:

2. Throughput of Yingkou Terminals was the total throughput of Yingkou Container Terminal and Yingkou New Century Terminal.
3. Throughput of Guangzhou Terminals was the total throughput of Guangzhou Nansha Stevedoring Terminal and Guangzhou South China Oceangate Terminal.
4. Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminal and Asia Container Terminal.

Management Discussion and Analysis

Operational Review

In the first half of 2019, the global capital market was overshadowed by the potential concern over economic prospects amidst global macroeconomic uncertainties such as the China-US trade frictions. The International Monetary Fund (IMF) announced its latest projections of global economic growth in July 2019 when it lowered the expected global economic growth rate for 2019 to 3.2% YoY, 0.1 percentage point lower than its projection in April 2019. The first half of 2019 saw a momentum of steady growth in Chinese foreign trade. According to the statistics from General Administration of Customs of the PRC, China recorded RMB14.67 trillion in total import and export value of foreign trade for the first half of 2019, which represented a 3.9% increase compared with the corresponding period last year and a marked slowdown from the 7.9% increase recorded in the first half of 2018. In particular, exports and imports amounted to RMB7.95 trillion and RMB6.72 trillion, representing an increase of 6.1% and 1.4%, respectively.

Backed by the increased calls from the shipping alliances at the Group's container terminals and the contributions from newly acquired terminals, total throughput of the Group increased by 5.4% to 59,764,100 TEU (1H2018: 56,708,750 TEU) for the six months ended 30 June 2019. In particular, the total throughput from terminal companies in which the Group has controlling stake increased by 14.6% to 12,445,333 TEU (1H2018: 10,863,570 TEU), accounting for 20.8% of the Group's total; and the total throughput from non-controlling terminals rose by 3.2% to 47,318,767 TEU (1H2018: 45,845,180 TEU), accounting for 79.2% of the Group's total.

The Group's total equity throughput rose by 7.7% to 19,347,303 TEU in the first half of 2019 (1H2018: 17,967,186 TEU). In particular, equity throughput from terminal companies in which the Group has controlling stake increased by 14.9% to 7,896,912 TEU (1H2018: 6,874,879 TEU), accounting for 40.8% of the Group's total equity throughput. Equity throughput from the Group's non-controlling terminals increased by 3.2% to 11,450,391 TEU (1H2018: 11,092,307 TEU), accounting for 59.2% of the Group's total equity throughput.

	1H2019 (TEU)	1H2018 (TEU)	Change (%)
Total Throughput	**59,764,100**	**56,708,750**	**+5.4**
Total Throughput (Organic Growth*)	**59,217,400**	**56,708,750**	**+4.4**
Throughput from terminal companies in which the Group has controlling stake	12,445,333	10,863,570	+14.6
Throughput from the Group's non-controlling terminals	47,318,767	45,845,180	+3.2
Equity Throughput	**19,347,303**	**17,967,186**	**+7.7**
Equity Throughput (Organic Growth*)	**19,041,674**	**17,967,186**	**+6.0**
Equity throughput from terminal companies in which the Group has controlling stake	7,896,912	6,874,879	+14.9
Equity throughput from the Group's non-controlling terminals	11,450,391	11,092,307	+3.2

* Organic growth excludes Nantong Tonghai Terminal and CSP Abu Dhabi Terminal.

Greater China

For the six months ended 30 June 2019, total throughput of the Greater China region increased by 3.3% to 46,015,330 TEU (1H2018: 44,558,562 TEU) and accounted for 77.0% of the Group's total. Throughput of Mainland China (excluding Hong Kong and Taiwan) increased by 3.7% to 43,675,110 TEU (1H2018: 42,097,856 TEU) and accounted for 73.1% of the Group's total.

Bohai Rim

Total throughput of the Bohai Rim region increased by 3.3% to 19,298,356 TEU (1H2018: 18,677,784 TEU) and accounted for 32.3% of the Group's total. In particular, throughput of QPI grew by 9.8% to 10,300,000 TEU (1H2018: 9,381,300 TEU). During the period, repositioning of several ports by Liaoning Port Group upon its consolidation has resulted in the business diversion of domestic trade of Dalian Container Terminal and a decrease in business volume. As such, throughput of Dalian Container Terminal declined by 9.8% to 4,235,312 TEU in the first half of 2019 (1H2018: 4,696,182 TEU).

Yangtze River Delta

Total throughput of the Yangtze River Delta region increased by 3.4% to 9,989,132 TEU for the first half of 2019 (1H2018: 9,659,775 TEU) and accounted for 16.7% of the Group's total. Shanghai Pudong Terminal and Shanghai Mingdong Terminal recorded a decrease of 3.9% and 4.5% in throughput to 1,229,987 TEU and 2,953,154 TEU, respectively (1H2018: 1,280,358 TEU and 3,092,734 TEU). Throughput of Nantong Tonghai Terminal reached 477,954 TEU in the first half of 2019.

Southeast Coast and Others

Total throughput of the Southeast Coast region increased by 2.8% to 2,890,372 TEU (1H2018: 2,812,495 TEU) and accounted for 4.8% of the Group's total. Throughput of Xiamen Ocean Gate Terminal increased by 1.4% to 1,041,699 TEU (1H2018: 1,027,423 TEU) in the first half of 2019. Benefiting from the growing volume contributed by the synergies of shipping routes, throughput of Jinjiang Pacific Terminal soared by 29.0% to 270,472 TEU (1H2018: 209,652 TEU).

Pearl River Delta

Total throughput of the Pearl River Delta region increased by 2.7% to 13,112,675 TEU (1H2018: 12,764,909 TEU) and accounted for 22.0% of the Group's total. Throughput of Yantian Terminals increased by 4.8% to 6,087,662 TEU (1H2018: 5,811,268 TEU). Benefiting from the support from shipping alliances, throughput of Guangzhou South China Oceangate Terminal increased by 14.2% to 2,840,338 TEU (1H2018: 2,486,470 TEU).

Southwest Coast

Throughput of the Southwest Coast region increased by 12.6% to 724,795 TEU (1H2018: 643,599 TEU) and accounted for 1.2% of the Group's total. Located at the gateway to the southbound channel, Qinzhou International Terminal has a superior geographical advantage.

Overseas

Overseas terminals posed strong performance for the six months ended 30 June 2019, as the total throughput of our overseas portfolio grew by 13.2% to 13,748,770 TEU (1H2018: 12,150,188 TEU) and accounted for 23.0% of the Group's total. Supported by increased calls by the OCEAN Alliance and THE Alliance, throughput of Piraeus Terminal increased by 23.8% to 2,569,936 TEU (1H2018: 2,075,548 TEU). Throughput of CSP Spain Group rose by 8.5% to 1,911,893 TEU (1H2018: 1,762,631 TEU). With two new berths added in January 2019 in response to increasing regional demand, throughput of COSCO-PSA Terminal in Singapore surged by 53.8% to 2,450,384 TEU (1H2018: 1,592,926 TEU).

Prospects

Looking ahead, despite the fact that challenges do remain in the second half of 2019 with various uncertainties, global economic growth is supported to an extent by the market expectation that the low interest rate policy will be sustained. As one of the world's largest ports operators, COSCO SHIPPING Ports will continue to leverage on the synergies with the OCEAN Alliance and our parent company, seize opportunities to cooperate with major shipping companies and ports companies to keep boosting throughput. Given the uncertainties of macro-economy, it is difficult to forecast the outlook of global throughput growth. COSCO SHIPPING Ports is cautiously optimistic for the whole year. We expected that the equity throughput for 2019 would record high single-digit growth. The Company will remain committed to building its global terminal network and searching for opportunities to acquire overseas terminals in line with the Board's established plan, so as to provide more efficient and comprehensive services to meet the needs of the shipping alliances. Meanwhile, the Group will further ramp up its profitability and actively optimise shareholder return.

As a global leading ports operator, COSCO SHIPPING Ports will provide better services to clients and continue to enhance operational efficiency. The Navis N4 system, which has been deployed in CSP Zeebrugge Terminal, will be gradually applied in other terminals to further enhance their operational efficiency and lower costs.

On 10 May 2019, the acquisition of Chancay Terminal project was officially completed. Port of Chancay is the Company's first greenfield terminal company in which the Group has controlling stakes in South America, as COSCO SHIPPING Ports works to develop the port into an important gateway port in South America. Peru is one of the fastest growing economies in Latin America and the Caribbean, where Port of Chancay boasts a favourable geographical location and the potential to become a logistics center. COSCO SHIPPING Ports will use terminals as the leverage by dedicating its resources and advantages to introduce shipping companies and the logistics industry chain to Port of Chancay, so that it can grow into a key gateway port in Latin America and the most important logistics center along the Pacific Coast.

COSCO SHIPPING Ports will continue to step up the development of its terminal extended business. On 3 April 2019, the Group signed an investment agreement with Guangzhou Nansha Economic and Technology Development Zone Commercial Bureau to invest in the supply chain base project of COSCO SHIPPING Ports in Nansha District, Guangzhou, with a view to building a port supply chain platform, develop high-end warehousing business and extend to upstream and downstream industries. Looking ahead, the Company will develop its terminal extended business to other terminals so as to further improve profitability.

Financial Review

Actively taking advantage of the favourable opportunities in both the domestic and overseas arenas, COSCO SHIPPING Ports has been deploying its port assets along the route of the Belt and Road initiative. In recent years, at the overseas front, COSCO SHIPPING Ports has acquired 51% of equity interests in CSP Spain Group, it also acquired additional equity interests in CSP Zeebrugge Terminal, which became a subsidiary of the Company; at the domestic front, it has acquired Nantong Tonghai Terminal and CSP Wuhan Terminal as subsidiaries. In addition, the subscription for non-circulating domestic shares in QPI and the integration of Dalian Container Terminal were completed in 2017. During the first half of 2019, COSCO SHIPPING Ports completed the acquisition of 60% equity interest in Chancay Terminal, Chancay Terminal will become an important gateway port in South America, further extending the terminal network of COSCO SHIPPING Ports.

However, profit of COSCO SHIPPING Ports for the period was affected by the one-off dilution effect on equity interests in QPI and the New Lease Standard. During the first half of 2019, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US$147,794,000 (1H2018: US$168,988,000), a 12.5% decrease compared with the corresponding period last year. Excluding effects of the one-off dilution effect on equity interests in QPI and the New Lease Standard during the period, COSCO SHIPPING Ports recorded a profit attributable to equity holders of the Company of US$176,358,000 (1H2018: US$168,988,000) for the first half of 2019, a 4.4% increase compared with the corresponding period last year.

During the first half of 2019, profit from terminal companies in which the Group has controlling stakes amounted to US$36,965,000 (1H2018: US$41,813,000), a 11.6% decrease compared with the corresponding period last year; excluding the one-off dilution effect on equity interests in QPI, profit from non-controlling terminals was US$166,489,000 (1H2018: US$153,547,000), an increase of 8.4% compared with the corresponding period last year. Excluding effects of the one-off dilution effect on equity interests in QPI and the New Lease Standard during the period, profit from the terminals business recorded during the first half of 2019 was US$209,443,000 (1H2018: US$195,360,000), a 7.2% increase compared with the corresponding period last year. Of this, profit from terminal companies in which the Group has controlling stakes was US$40,330,000 (1H2018: US$41,813,000), a 3.5% decrease compared with the corresponding period last year; profit from non-controlling terminals was US$169,113,000 (1H2018: US$153,547,000), a 10.1% increase compared with the corresponding period last year.

Profit from terminal companies in which the Group has controlling stakes was mainly attributable to Piraeus Terminal, the CSP Spain Group, Guangzhou South China Oceangate Terminal and Xiamen Ocean Gate Terminal. For the first half of 2019, throughput of Piraeus Terminal increased by 23.8% compared with the corresponding period last year, however, profit was partially offset by effect of the New Lease Standard; profit recorded by Piraeus Terminal from January to June 2019 increased to US$15,239,000 (1H2018: US$13,640,000), representing a 11.7% increase compared with the corresponding period last year. Excluding effect of the New Lease Standard, profit recorded by Piraeus Terminal from January to June 2019 increased to US$16,787,000 (1H2018: US$13,640,000), representing a 23.1% increase compared with the corresponding period last year. Profit recorded by the CSP Spain Group for the first half of 2019 was US$1,136,000 (1H2018: US$2,707,000), a 58.0% decrease compared with the corresponding period last year. Excluding effect of the New Lease Standard, profit recorded by the CSP Spain Group for the first half of 2019 was US$2,432,000 (1H2018: US$2,707,000), a 10.2% decrease compared with the corresponding period last year. Throughput of Guangzhou South China Oceangate Terminal for the first half of 2019 increased by 14.2% compared with the corresponding period last year, while its profit for the period increased to US$7,989,000 (1H2018: US$7,019,000), a 13.8% increase compared with the corresponding period last year.

Throughput of Xiamen Ocean Gate Terminal for the first half of 2019 increased by 1.4% compared with the corresponding period last year, its bulk cargo throughput also increased by 8.7% compared with the corresponding period last year. However, due to higher depreciation and interest expenses for the period resulting from the completion of No. 14 berth and automatic equipment and transferred from construction in progress to fixed asset at the end of 2018, profit recorded by Xiamen Ocean Gate Terminal from January to June 2019 decreased to US$6,533,000 (1H2018: US$10,148,000), a 35.6% decrease compared with the corresponding period last year.

In respect of non-controlling terminals, excluding the dilution effect of QPI, profit from non-controlling terminals for the first half of 2019 was US$166,489,000 (1H2018: US$153,547,000), a 8.4% increase compared with the corresponding period last year. Excluding the dilution effect of QPI and effect of the New Lease Standard, profit from non-controlling terminals for the first half of 2019 was US$169,113,000 (1H2018: US$153,547,000), a 10.1% increase compared with the corresponding period last year. COSCO SHIPPING Ports completed the acquisition of Beibu Gulf Port Co., Ltd. ("Beibu Gulf Port") in December 2018. For the first half of 2019, Beibu Gulf Port recorded fair value gain of US$20,495,000 (1H2018: N/A). On the other hand, however, following the issuance of additional domestic shares by QPI, equity interests in QPI held by the Company were diluted from 18.41% as at December 2018 to 17.12% as at January 2019. As at 30 June 2019, the Company held 17.94% equity interests in QPI. COSCO SHIPPING Ports' share of profit of QPI from January to June decreased correspondingly to US$50,298,000 (1H2018: US$52,947,000), a 5.0% decrease compared with the corresponding period last year. In addition, share of profit of Shanghai Mingdong Terminal from January to June for the period was US$5,692,000 (1H2018: US$10,421,000), a 45.4% decrease compared with the corresponding period last year, which was mainly attributable to a decrease in throughput, effect of the New Lease Standard and lower government subsidies.

Financial Analysis

Revenues

Revenues of the Group from January to June 2019 amounted to US$517,915,000 (1H2018: US$495,457,000), a 4.5% increase compared with the corresponding period last year. Piraeus Terminal saw an increase in its throughput as compared with the corresponding period last year, recording revenue of US$127,949,000 (1H2018: US$111,452,000) for the first half of 2019, a 14.8% increase compared with the corresponding period last year. For the first half of 2019, Guangzhou South China Oceangate Terminal saw an increase in its throughput as compared with the corresponding period last year, recording revenue of US$81,507,000 (1H2018: US$77,261,000) for the period, a 5.5% increase compared with the corresponding period last year. Furthermore, the CSP Spain Group saw an increase in its throughput for the period as compare with the corresponding period last year, recording revenue of US$145,459,000 (1H2018: US$141,199,000) for the first half of 2019, a 3.0% increase compared with the corresponding period last year. On the other hand, Nantong Tonghai Terminal recorded revenue for the first half of 2019, where Nantong Tonghai Terminal had not yet commenced operation in the corresponding period last year.

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 2019 was US$364,536,000 (1H2018: US$337,963,000), a 7.9% increase compared with the corresponding period last year. The increase was mainly attributable to higher cost of sales of Piraeus Terminal and Xiamen Ocean Gate Terminal, as well as the cost of sales incurred by Nantong Tonghai Terminal, which officially commenced operation in the first half of 2019. Piraeus Terminal recorded an increase in its throughput as compared with the corresponding period last year, while higher labour costs and increased depreciation charge for the period due to the completion of construction of the western part of Pier 3 caused an increase in cost of sales of Piraeus Terminal. Cost of sales of Piraeus Terminal for the first half of 2019 increased to US$97,332,000 (1H2018: US$85,271,000), a 14.1% increase compared with the corresponding period last year. Growths in container and bulk cargo throughputs, together with higher depreciation charge for No. 14 berth and automatic equipment, also drove cost of sales of Xiamen Ocean Gate Terminal increased to US$27,658,000 (1H2018: US$23,254,000), a 18.9% increase compared with the corresponding period last year. In addition, cost of sales of the CSP Spain Group for the first half of 2019 amounted to US$122,063,000 (1H2018: US$116,469,000), a 4.8% increase compared with the corresponding period last year.

Administrative expenses

Administrative expenses in the first half of 2019 were US$58,050,000 (1H2018: US$60,458,000), a 4.0% decrease compared with the corresponding period last year, which was mainly attributable to cost control measures and the depreciation of Renminbi and Euro.

Other operating income/(expenses), net

Net other operating income in the first half of 2019 was US$6,179,000 (1H2018: US$13,995,000), which included government subsidies for the period of US$3,296,000 (1H2018: US$7,774,000), exchange loss of US$198,000 (1H2018: exchange gain of US$1,698,000), one-off dilution effect on equity interests in QPI of US$22,553,000 (1H2018: N/A), and fair value gain of Beibu Gulf Port of US$20,495,000 (1H2018: N/A).

Finance costs

The Group's finance costs in the first half of 2019 amounted to US$48,426,000 (1H2018: US$38,899,000), a 24.5% increase compared with the corresponding period last year. The average balance of bank loans for the period increased to US$2,509,067,000 (1H2018: US$2,341,478,000), representing a 7.2% increase compared with the corresponding period last year. The increase in finance costs was mainly attributable to interest expense of operating lease liabilities incurred as a result of the New Lease Standard, which amounted to US$6,730,000 during the period (1H2018: N/A). Taking into account the capitalised interest, the average cost of bank borrowings in the first half of 2019 (including the amortisation of transaction costs over bank loans and notes) was 3.53% (1H2018: 3.41%).

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 2019 totalled US$144,624,000 (1H2018: US$151,934,000), a 4.8% decrease compared with the corresponding period last year. Taking into account effect of the New Lease Standard for the period, the Group's share of profits less losses of joint ventures and associates fell by US$2,624,000. In addition, following the issuance of additional domestic shares by QPI, equity interests held by the Company were diluted from 18.41% as at December 2018 to 17.12% as at January 2019. As at 30 June 2019, the Company held 17.94% of equity interests in QPI. Share of QPI's profit recorded during the first half of 2019 amounted to US$50,298,000 (1H2018: US$52,947,000), a 5.0% decrease compared with the corresponding period last year. Moreover, share of profit of Shanghai Mingdong Terminal for the period was US$5,692,000 (1H2018: US$10,421,000), a 45.4% decrease compared with the corresponding period last year, which was mainly attributable to the decrease in its throughput, effect of the New Lease Standard and lower government subsidies.

Income tax expenses

Income tax expenses for the period amounted to US$30,927,000 (1H2018: US$33,833,000), an 8.6% decrease compared with the corresponding period last year, which was mainly attributable to a decrease in profit from terminal companies in which the Group has controlling stakes as compared with the corresponding period last year, as well as the depreciation of Renminbi and Euro.

Financial Position

Cash flow

In the first half of 2019, the Group continued to receive steady cash flow income, its net cash generated from operating activities amounted to US$105,007,000 (1H2018: US$84,747,000) in the period. In the first half of 2019, the Group borrowed bank loans of US$86,251,000 (1H2018: US$426,217,000) and repaid loans of US$48,834,000 (1H2018: US$420,212,000).

During the period, an amount of US$98,049,000 (1H2018: US$85,025,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment. In addition, an amount of HK$283,729,500 (equivalent to approximately US$36,189,000) was used to purchase circulating foreign shares in QPI with 0.82% equity interest during the period. An amount of US$20,140,000 was paid to subscribe for the preference shares of COSCO-PSA Terminal during the first half of 2018.

In addition, an amount of US$56,250,000 was also paid to acquire 60% equity interest in Chancay Terminal, a subsidiary of the Company, during the first half of 2019.

Financing and credit facilities

As at 30 June 2019, the Group's total outstanding borrowings amounted to US$2,509,915,000 (31 December 2018: US$2,479,903,000) and cash balance amounted to US$630,510,000 (31 December 2018: US$606,689,000). Banking facilities available but unused amounted to US$933,005,000 (31 December 2018: US$764,138,000).

Assets and liabilities

As at 30 June 2019, the Group's total assets and total liabilities were US$10,029,680,000 (31 December 2018: US$9,045,452,000) and US$4,303,128,000 (31 December 2018: US$3,225,802,000), respectively. Net assets were US$5,726,552,000 (31 December 2018: US$5,819,650,000). Net current assets as at 30 June 2019 amounted to US$91,188,000 (31 December 2018: US$75,552,000). As at 30 June 2019, net asset value per share of the Company was US$1.84 (31 December 2018: US$1.87).

As at 30 June 2019, the net debt-to-total-equity ratio (excluding lease liabilities) was 32.8% (31 December 2018: 32.2%) and the interest coverage was 5.2 times (1H2018: 6.9 times).

As at 30 June 2019, certain non-current assets of the Group with an aggregate net book value of US$238,018,000 (31 December 2018: US$167,178,000) and interest in subsidiaries were pledged to secure bank loans and a loan from COSCO SHIPPING Finance totalling US$1,059,513,000 (31 December 2018: US$1,017,631,000).

Debt analysis

	As at 30 June 2019		As at 31 December 2018	
	US$	**(%)**	US$	(%)
By repayment term				
Within the first year	**183,784,000**	**7.3**	196,374,000	7.9
Within the second year	**258,770,000**	**10.3**	233,126,000	9.4
Within the third year	**449,725,000**	**17.9**	258,830,000	10.5
Within the fourth year	**815,657,000**	**32.5**	379,635,000	15.3
Within the fifth year and after	**801,979,000**	**32.0**	1,411,938,000	56.9
	2,509,915,000*	**100.0**	2,479,903,000*	100.0
By category				
Secured borrowings	**1,059,513,000**	**42.2**	1,017,631,000	41.0
Unsecured borrowings	**1,450,402,000**	**57.8**	1,462,272,000	59.0
	2,509,915,000*	**100.0**	2,479,903,000*	100.0
By denominated currency				
US dollar borrowings	**783,449,000**	**31.2**	721,698,000	29.1
RMB borrowings	**536,111,000**	**21.3**	560,147,000	22.6
Euro borrowings	**844,874,000**	**33.7**	853,360,000	34.4
HK dollar borrowings	**345,481,000**	**13.8**	344,698,000	13.9
	2,509,915,000*	**100.0**	2,479,903,000*	100.0

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

Financial guarantee contracts

As at 30 June 2019 and 31 December 2018, the Company did not have any guarantee contract.

Treasury policy

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

The financing activities of joint ventures and associates are 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 2019, 41.7% (31 December 2018: 41.1%) of the Group's borrowings were at fixed rates. In light of market conditions, the Group will continue to monitor and regulate its fixed and floating-rate debt portfolio, with a view to minimising its potential interest rate exposure.

Event after balance sheet date

Please refer to the explanatory note 23 "EVENT AFTER BALANCE SHEET DATE" on page 63 of this report.

Interim Dividend

The directors have declared an interim dividend of HK14.8 cents (1H2018: HK17.3 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 25 October 2019 to shareholders whose names appear on the register of members of the Company at the close of business on 19 September 2019. 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 25 October 2019.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about 30 September 2019.

Closure of Register of Members

The register of members of the Company will be closed from 16 September 2019 to 19 September 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 13 September 2019.

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 2019	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period	Outstanding at 30 June 2019	% of total number of issued Shares	Exercisable period	Notes
Directors										
Mr. ZHANG Wei (張為)	7.27	1,500,000	–	–	–	–	1,500,000	0.05%	19.6.2020-18.6.2023	(1), (2)
Mr. DENG Huangjun	7.27	1,200,000	–	–	–	–	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
Dr. WONG Tin Yau, Kelvin	7.27	1,200,000	–	–	–	–	1,200,000	0.04%	19.6.2020-18.6.2023	(1), (2)
Former Director										
Mr. FANG Meng	7.27	1,500,000	–	–	(1,500,000)	–	–	–	19.6.2020-18.6.2023	(1)
		5,400,000	–	–	(1,500,000)	–	3,900,000			
Continuous contract employees	7.27	46,015,948	–	–	–	(962,603)	45,053,345	1.45%	19.6.2020-18.6.2023	(1), (3)
	8.02	851,966	–	–	–	–	851,966	0.03%	29.11.2020-28.11.2023	(4)
	8.48	–	848,931	–	–	–	848,931	0.03%	29.3.2021-28.3.2024	(5)
	7.27	–	666,151	–	–	–	666,151	0.02%	23.5.2021-22.5.2024	(6)
	7.57	–	1,273,506	–	–	–	1,273,506	0.04%	17.6.2021-16.6.2024	(7)
Others	7.27	–	–	–	1,500,000	–	1,500,000	0.05%	19.6.2020-18.6.2023	(1)
		46,867,914	2,788,588	–	1,500,000	(962,603)	50,193,899			
		52,267,914	2,788,588	–	–	(962,603)	54,093,899			

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 (the "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.

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

(3) The 962,603 share options lapsed due to resignation of the relevant employees.

(4) The share options were granted on 29 November 2018 under the Share Option Scheme at an exercise price of HK$8.02 per Share and were also subject to 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 29 November 2020; (b) 33.3% of the share options will be vested on 29 November 2021; and (c) 33.4% of the share options will be vested on 29 November 2022.

(5) The share options were granted on 29 March 2019 under the Share Option Scheme at an exercise price of HK$8.48 per Share and were also subject to 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) not more than 33.3% of their respective Share Options will be vested on 29 March 2021; (b) not more than 33.3% of their respective Share Options will be vested on 29 March 2022; and (c) not more than 33.4% of their respective Share Options will be vested on 29 March 2023.

(6) The share options were granted on 23 May 2019 under the Share Option Scheme at an exercise price of HK$7.27 per Share and were also subject to 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) not more than 33.3% of their respective Share Options will be vested on 23 May 2021; (b) not more than 33.3% of their respective Share Options will be vested on 23 May 2022; and (c) not more than 33.4% of their respective Share Options will be vested on 23 May 2023.

(7) The share options were granted on 17 June 2019 under the Share Option Scheme at an exercise price of HK$7.57 per Share and were also subject to 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) not more than 33.3% of their respective Share Options will be vested on 17 June 2021; (b) not more than 33.3% of their respective Share Options will be vested on 17 June 2022; and (c) not more than 33.4% of their respective Share Options will be vested on 17 June 2023.

(8) No share options were exercised or cancelled under the Share Option Scheme during the period. According to the provisions of Share Option Scheme, no share options could be granted under the Share Option Scheme since 19 June 2019 (i.e. one year from the date of the initial grant).

(9) The fair values of the share 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 29 March 2019 – 848,931 options (outstanding as at 30 June 2019)	1.395	8.48	8.48	30.18%	4 years	4.30%	1.44%
Granted on 23 May 2019 – 666,151 options (outstanding as at 30 June 2019)	1.154	7.16	7.27	29.94%	4 years	4.30%	1.68%
Granted on 17 June 2019 – 1,273,506 options (outstanding as at 30 June 2019)	1.187	7.45	7.57	29.84%	4 years	4.30%	1.60%

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 could materially affect the fair value estimation.

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

(10) The closing price of the Shares immediately before the date on which the share options were granted on 29 March 2019, 23 May 2019 and 17 June 2019 was HK$7.63, HK$7.25 and HK$7.55.

Directors' Interest in Shares, Underlying Shares and Debentures

As at 30 June 2019, 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 the Shares of the Company

Name of director	Capacity	Nature of interest	Number of Shares held	% of total number of issued Shares
Mr. ZHANG Wei (張為)	Beneficial owner	Personal	306,896	0.010%
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	582,557	0.019%

(b) Long positions in underlying Shares (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 shares held	% of total number of issued shares of the relevant class of the relevant associated corporation
COSCO SHIPPING Energy Transportation Co., Ltd.	Mr. Adrian David LI Man Kiu	Beneficial owner	Personal	508,000 H shares	0.04%
COSCO SHIPPING Development Co., Ltd.	Mr. DENG Huangjun	Interest of spouse	Family	38,000 A shares	0.0005%
	Mr. FENG Boming	Beneficial owner	Personal	29,100 A shares	0.0004%

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

Movements of the share options granted to the directors of the Company by associated corporations during the period are set out below:

					Number of share options					
Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price RMB	Outstanding at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2019	% of total number of issued shares of the relevant class of the relevant associated corporation
COSCO SHIPPING Holdings Co., Ltd.	Mr. FENG Boming	Interest of spouse	Family	4.10	N/A	530,000	–	–	530,000	0.01%

Note: The share options were granted by COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings", an associated corporation of the Company listed on the Stock Exchange and the Shanghai Stock Exchange) on 3 June 2019 pursuant to the A-shares share option incentive scheme of COSCO SHIPPING Holdings adopted on 30 May 2019. Each share option entitles to acquire one A share of COSCO SHIPPING Holdings at an exercise price of RMB4.10. Subject to the vesting period provision and satisfaction of the conditions of exercise, (a) 33% of the share options can be exercised during the first trading day after 24 months (the second anniversary) from the date of grant (i.e. 3 June 2019)(the "Grant Date") to the last trading day within 36 months from the Grant Date; (b) 33% of the share options can be exercised during the first trading day after 36 months (the third anniversary) from the Grant Date to the last trading day within 48 months from the Grant Date; and (c) 34% of the share options can be exercised during the first trading day after 48 months (the fourth anniversary) from the Grant Date to the last trading day within 84 months from the Grant Date. For details, please refer to the circular of COSCO SHIPPING Holdings issued on 18 March 2019.

Save as disclosed above, as at 30 June 2019, 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 2019, the interest of shareholders in the Shares 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 Shares/Percentage of total number of issued Shares as at 30 June 2019				
Name	**Capacity**	**Nature of interests**	**Long positions**	**%**	**Short positions**	**%**	**Notes**
COSCO Investments Limited	Beneficial owner	Beneficial interest	213,989,277	6.87	–	–	(1), (2)
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,437,683,072	46.18	–	–	(1), (2)
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	Corporate interest	1,437,683,072	46.18	–	–	(1), (2)
China Ocean Shipping Co., Ltd.	Interest of controlled corporation	Corporate interest	1,437,683,072	46.18	–	–	(1), (2)
China COSCO Shipping Corporation Limited	Interest of controlled corporation	Corporate interest	1,437,683,072	46.18	–	–	(1), (2)
Silchester International Investors LLP	Investment manager	Other interest	277,420,809	8.91	–	–	(1), (3)
Hermes Investment Management Ltd	Beneficial owner	Beneficial interest	153,232,292	4.92	–	–	(1), (4)

Notes:

(1) The percentage was compiled based on the total number of issued Shares as at 30 June 2019 (i.e. 3,113,125,479 Shares).

(2) The 1,437,683,072 Shares relate to the same batch of Shares. 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 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 and it itself held 1,223,693,795 Shares beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,437,683,072 Shares is also recorded as COSCO SHIPPING Holdings' interest in the Company. China Ocean Shipping Co., Ltd. ("COSCO Group") held 45.47% equity interest in COSCO SHIPPING Holdings as at 30 June 2019, and accordingly, COSCO Group is deemed to have the interest of 1,437,683,072 Shares held by China COSCO (HK). COSCO Group is a wholly owned subsidiary of China COSCO Shipping Corporation Limited ("COSCO SHIPPING"). Accordingly, COSCO Group's interest in relation to the 1,437,683,072 Shares is also recorded as COSCO SHIPPING's interest in the Company.

As informed by China COSCO (HK), it was interested in a total of 1,492,451,652 Shares (representing 47.94% of the total number of issued Shares) as at 30 June 2019, of which 218,908,243 Shares (representing 7.03% of the total number of issued Shares) were held by COSCO Investments.

(3) As reported in the Corporate Substantial Shareholder Notice ("Form 2") filed by Silchester International Investors LLP ("Silchester") on 15 December 2017, being the latest Form 2 filed before 30 June 2019, Silchester held 277,420,809 Shares, being 9.08% of the total number of issued Shares as at the date of filing of the Form 2.

(4) As reported in the Form 2 filed by Hermes Investment Management Ltd ("Hermes") on 21 June 2018, being the latest Form 2 filed before 30 June 2019, Hermes held 153,232,292 Shares, being 5.01% of the total number of issued Shares as at the date of filing of the Form 2.

Save as disclosed above, as at 30 June 2019, 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 2018 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 change
Mr. ZHANG Wei (張為)	• Re-designated from the Vice Chairman to the Chairman of the Company • Appointed as an Executive Vice President and Party Committee member of COSCO SHIPPING
Mr. FENG Boming	• Resigned as a non-executive director of COSCO SHIPPING Holdings
Mr. ZHANG Wei (張煒)	• Resigned as a non-executive director of COSCO SHIPPING Holdings
Mr. CHEN Dong	• Resigned as a non-executive director of COSCO SHIPPING Holdings
Mr. WANG Haimin	• Resigned as an employee director of COSCO SHIPPING
Mr. Adrian David LI Man Kiu	• Appointed as co-chief executive of The Bank of East Asia, Limited, a company listed on the Stock Exchange • Appointed as the chairman of The Chinese Banks' Association • Appointed as a member of executive committee of The Community Chest of Hong Kong • Ceased to be a member of the international advisory board (dissolved) of Abertis Infraestructuras, S.A., a company listed in Spain

Subsequent to the date of this report and prior to bulk print, the Company was notified of the following changes in biographical details by directors:

Name of director	Details of change
Mr. ZHANG Wei (張為)	• Resigned as an executive director and a deputy general manager of COSCO SHIPPING Holdings
Mr. WANG Haimin	• Elected as the vice chairman of COSCO SHIPPING Holdings • Resigned as the general manager of COSCO SHIPPING Holdings

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

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30 June 2019 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US$'000
Non-current assets	2,206,418
Current assets	327,319
Current liabilities	(426,813)
Non-current liabilities	(1,676,042)
Net assets	410,882
Share capital	21,607
Reserves	347,326
Non-controlling interest	41,949
Capital and reserves	410,882

As at 30 June 2019, the Group's attributable interests in these affiliated companies amounted to US$421,621,000.

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 complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2019, except the following deviation: Mr. ZHANG Wei (張為) has been re-designated from the Vice Chairman of the Board to the Chairman of the Board on 25 April 2019. As he continues to be the Managing Director of the Company (i.e. Chief Executive of the Company), there is deviation from the requirement under code provision A.2.1 (the roles of chairman and chief executive should be separated and should not be performed by the same individual).

The Company is of the view that the same individual performing the roles of chairman and managing director can enhance the Company's efficiency in decision-making and execution, effectively response to the ever-changing market environment and capture business opportunities. Since all major decisions of the Company are made by the management and reported to the Board Committees and the Board to obtain the requisite approvals, and the Company has an effective internal control system, the Company believes that there is adequate check-and-balance for such arrangements.

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 2019.

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 https://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 2019.

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 2019.

Investor Relations

The Company has always attached great importance to communication with shareholders and investors, and considers investor relations as an important measure to enhance corporate governance. With an aim to promote transparency, the Company is committed to continuously strengthen the communications with shareholders, investors and analysts as well as the media. The Company constantly improves and enhances stakeholders' understanding of the strategies formulation and execution. The Company releases corporate information and business updates in a timely manner to fulfill more strict and transparent standards of disclosure.

As we are a leading ports operator in the world, the Company organises regular activities such as roadshow, investor presentation, investor meeting and results announcement conference call in order to let investors and analysts know the Company's business and development in a timely manner. COSCO SHIPPING Ports endeavors to let the market fully understand its financial performance, business strategies and growth prospect through its frequent communication with the capital market. Only if the market fully understands and recognises COSCO SHIPPING Ports' business model and development strategies can the Group's valuation truly reflect its intrinsic value. In the first half of 2019, the management and Investor Relations Department proactively communicated with investors and shareholders, comprehensively explained new business strategies and the impacts of market changes on the Group to the investors, in order to deepen investors' knowledge of the industry and the Group and to enhance their confidence in the Group.

In the first half of 2019, the Company proactively participated in investor conferences hosted by investment banks and is committed to expand the base and number of shareholders of the Company through conducting roadshows in the United States, the United Kingdom, Australia and Singapore. In May 2019, the Company held its first non-deal roadshow in Australia to arouse the Australian infrastructure funds' interest in the Company. From January to June 2019, the Company met with a total of 281 investors and analysts. The Company will continue to strengthen communication with investors.

In addition, in order to optimise the function of investor relations, the Company conducts shareholder analysis on a regular basis, and hires professional organisation to identify investors' shareholding and relevant changes. Investor Relations Department actively enhances communications with investors and answers investors' questions regarding the Company and the industry in a timely manner. In addition, Investor Relations Department actively approaches potential investors and identifies institutional investors who have interests in the Company, with an aim to broadening the shareholder base.

The Company is committed to build international reputation and enhance corporate image. In the first half of 2019, by virtue of high level of corporate governance, the Company was awarded "Best in ESG Awards – Middle Market Capitalization", "Best in Reporting Awards – Middle Market Capitalization" and "ESG Report of the Year Awards-Middle Market Capitalization" in BDO ESG Awards 2019; "Best Container Operator of the Year" and "Best Investor Relations Ports Company – Transportation" by Global Business Outlook; "Best Port Operator 2019" and "Best Investor Relations Company (Shipping Sector) 2019" by International Business magazine; "Best Investor Relations Company" and "Asia's Best CEO (Investor Relations)" by Corporate Governance Asia magazine; and "Most Innovative Port Operator" by International Finance magazine.

Corporate Sustainable Development

Sustainable development stands as the core value for COSCO SHIPPING Ports to become "The Ports for ALL". The Group drives business growth in five key areas of sustainable development, namely caring for people, customers first, green development, win-win cooperation and giving back to society with an aim to realise its corporate vision and create value for stakeholders, while undertaking to create a better society with shared value.

Caring for People

Employees are the cornerstone of business development. In the constant expansion of its terminal network and implementation of its global strategic layout, the Group fully relies on the dedication of every employee with their pragmatic and cautious attitude. To attract and retain talents, the Group puts our staff to appropriate positions to allow each and every one to fully tap into his/her strengths, coupled with a share option scheme to share its achievements with employees and an improved management system to foster team spirit.

In order to promote sustainable business development, the Group fully supports employees to attend professional trainings, with an aim to helping them perform duties and unleash potentials. Given that the Navis N4 system will be launched successively in our terminals, the Group has specially held a training on the extended development of the Navis N4 system, with guidance provided through lectures, demonstrations and practical application to help teams better prepare themselves and further enhance terminal operating efficiency.

Attentive to the physical and mental health of employees, the Group works to create a safe and healthy workplace through efficient systems and policies, with a view to minimising the occurrence of accidents. Our terminals have held various kinds of trainings and drills to enhance employees' safety awareness and improve their emergency response capabilities. Moreover, our terminals have also conducted various staff activities in order to facilitate work-life balance and strengthen their sense of belonging.

Customers First

It is the Group's top priority to provide quality and reliable service. In order to improve both customer experience and operating efficiency, the Group never ceases to pursue excellence while actively allocating resources to optimise terminal operations, catering to customer needs and creating long-term values.

During the first half of 2019, our terminals have continued business innovation and resource consolidation based on their own business conditions and customer needs, all in an effort to serve more shipping companies and cargo owners. While the Group is committed to innovation, it is keenly aware of the significance of maintaining the smooth operations of terminals and equipment. Our terminals have conducted comprehensive and detailed inspections on equipment so as to eliminate potential weaknesses and ensure operational safety. The Group will continue to improve terminal operations and provide better services to meet customer expectations.

Green Development

To ensure corporate and community sustainability, the Group is strictly committed to the concept of green development, proactively builds green ports and fully transforms itself towards low-carbon economy, to address the issues of climate change and increasingly serious environmental pollution.

Our domestic terminal companies in which the Group has controlling stake comply with the "Typhoon and Flood Control Management Regulations" of COSCO SHIPPING Ports, identify major problems or potential weaknesses based on their working experience, and take preventive measures and coordination work to reduce or even avoid the loss of personnel and property caused by typhoons and floods. Our terminals have also successively carried out flood and typhoon control drills, enhanced anti-typhoon container reinforcement and ensured the safety of terminal workers.

Undertaking the work plan for 2018, the terminal companies continue with environmental protection projects such as "diesel-to-electric" and move forward towards green and low carbon, which are expected to reduce energy consumption and reduce the complicated maintenance work caused by frequent failures of outmoded equipment.

Win-win Cooperation

Well-established supply chain management and optimised strategic ties can effectively facilitate the Group's business strategy to build a well-balanced global terminal network. Dedicated to its advanced procurement management, the Group carries out pre-assessment of the professional qualifications of potential suppliers in multiple aspects such as goodwill, compliance, quality control, delivery capability and service security responsibility, and selects outstanding suppliers to actively prevent procurement and supply risks. As for our current suppliers, the Group regularly and continuously conducts comprehensive quantitative review in a bid to facilitate constant service improvement of our suppliers and enhance value chain management.

In the first half of 2019, COSCO SHIPPING Ports was awarded the "Best Port Operator 2019" by the International Business magazine, recognising our effective efforts in upholding the mission of "The Ports for ALL" with an aim to building a user-friendly global terminal network and creating a win-win sharing platform that guarantee high efficiency and value to both the upstream and downstream players of the shipping industry.

Giving Back to Society

In the course of continuous business expansion, the Group has not forgotten to fulfil its corporate civic responsibilities by actively giving back to society through public welfare, in a bid to fulfil its commitment of caring for the community and realise common progress of both the Company and the society.

The Group encourages its headquarters staff and terminals to actively integrate themselves into society, with sponsorships, donations and volunteer services taking place to drive local community development. In early 2019, COSCO SHIPPING Ports was awarded the "Caring Company" logo by the Hong Kong Council of Social Service as a recognition of our commitment to caring for the community, employees and the environment. The Group will continue to deliver concrete action, fulfil social responsibilities, diversify its collaboration and work together to build a better future.

Members of the Board

As at the date of this report, the board of directors of the Company comprises Mr. ZHANG Wei (張為)[1] (Chairman & Managing Director), 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)
Chairman & Managing Director

Hong Kong, 29 August 2019

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 2019. 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 28 to 63 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 2019

	Note	**As at 30 June 2019 US$'000**	As at 31 December 2018 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**3,230,830**	3,057,069
Right-of-use assets		**934,532**	–
Investment properties		**17,847**	17,871
Land use rights		**–**	262,507
Intangible assets		**473,977**	423,811
Joint ventures		**1,283,877**	1,269,250
Loans to joint ventures		**23,793**	23,812
Associates		**2,544,361**	2,578,830
Loans to associates		**149,439**	150,269
Financial asset at fair value through profit or loss		**92,875**	72,771
Financial assets at fair value through other comprehensive income		**188,677**	183,263
Deferred income tax assets		**102,149**	94,648
Other non-current assets	7	**16,421**	54,991
		9,058,778	8,189,092
Current assets			
Inventories		**14,994**	13,837
Trade and other receivables	8	**323,929**	235,421
Current income tax recoverable		**1,469**	413
Restricted bank deposits	9	**72,640**	63,674
Cash and cash equivalents	9	**557,870**	543,015
		970,902	856,360
Total assets		**10,029,680**	9,045,452

Unaudited Condensed Consolidated Balance Sheet

As at 30 June 2019

	Note	**As at 30 June 2019 US$'000**	As at 31 December 2018 US$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	10	**39,971**	39,971
Reserves		**4,886,550**	5,125,241
		4,926,521	5,165,212
Non-controlling interests		**800,031**	654,438
Total equity		**5,726,552**	5,819,650
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**157,133**	107,672
Lease liabilities		**678,809**	–
Long term borrowings	11	**2,326,131**	2,283,529
Loan from a non-controlling shareholder of a subsidiary		**681**	685
Loans from a fellow subsidiary	12	**–**	8,870
Derivative financial instruments		**10,758**	7,358
Put option liability	14	**213,833**	–
Other long term liabilities		**36,069**	36,880
		3,423,414	2,444,994
Current liabilities			
Trade and other payables and contract liabilities	13	**641,972**	565,209
Current income tax liabilities		**30,010**	16,079
Current portion of lease liabilities		**20,820**	–
Current portion of long term borrowings	11	**85,598**	87,824
Short term borrowings	11	**98,186**	108,550
Derivative financial instruments		**3,128**	3,146
		879,714	780,808
Total liabilities		**4,303,128**	3,225,802
Total equity and liabilities		**10,029,680**	9,045,452

The accompanying notes on pages 34 to 63 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 US$'000	2018 US$'000
Revenues		**517,915**	495,457
Cost of sales		**(364,536)**	(337,963)
Gross profit		**153,379**	157,494
Administrative expenses		**(58,050)**	(60,458)
Other operating income		**33,412**	17,341
Other operating expenses		**(27,233)**	(3,346)
Operating profit	15	**101,508**	111,031
Finance income	16	**5,348**	5,681
Finance costs	16	**(48,426)**	(38,899)
Operating profit (after finance income and costs)		**58,430**	77,813
Share of profits less losses of			
– joint ventures		**49,617**	46,831
– associates		**95,007**	105,103
Profit before income tax		**203,054**	229,747
Income tax expenses	17	**(30,927)**	(33,833)
Profit for the period		**172,127**	195,914
Profit attributable to:			
Equity holders of the Company		**147,794**	168,988
Non-controlling interests		**24,333**	26,926
		172,127	195,914
Earnings per share for profit attributable to equity holders of the Company			
Basic	18	**US4.75 cents**	US5.53 cents
Diluted	18	**US4.75 cents**	US5.53 cents

The accompanying notes on pages 34 to 63 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 2019

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Profit for the period	**172,127**	195,914
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss		
Share of other comprehensive income of an associate		
– other reserves	**1,963**	(4,161)
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	**3,793**	(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	**(12,527)**	(86,140)
Release of reserve upon deemed disposal of an associate	**(24)**	–
Cash flow hedges, net of tax		
– fair value loss	**(2,139)**	(324)
Share of other comprehensive income of joint ventures and associates		
– exchange reserve	**(725)**	1,906
– other reserves	**59**	780
Other comprehensive loss for the period, net of tax	**(9,600)**	(101,063)
Total comprehensive income for the period	**162,527**	94,851
Total comprehensive income attributable to:		
Equity holders of the Company	**141,851**	75,773
Non-controlling interests	**20,676**	19,078
	162,527	94,851

The accompanying notes on pages 34 to 63 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 2019

	Capital and reserves attributable to the equity holders of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Total equity at 31 December 2018, as previously reported	**5,165,212**	**654,438**	**5,819,650**
Change in accounting policy	**(102,938)**	**(8,809)**	**(111,747)**
Total equity at 1 January 2019, as restated	**5,062,274**	**645,629**	**5,707,903**
Total comprehensive income for the period	**141,851**	**20,676**	**162,527**
Acquisition of a subsidiary	**–**	**142,640**	**142,640**
Share of reserve movement of an associate	**(1,898)**	**–**	**(1,898)**
Recognition of put option liability arising from acquisition of a subsidiary	**(213,833)**	**–**	**(213,833)**
Fair value of share options granted	**1,012**	**–**	**1,012**
Dividends paid to			
– equity holders of the Company	**(62,885)**	**–**	**(62,885)**
– non-controlling shareholders of subsidiaries	**–**	**(8,914)**	**(8,914)**
	(135,753)	**154,402**	**18,649**
Total equity at 30 June 2019	**4,926,521**	**800,031**	**5,726,552**
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

The accompanying notes on pages 34 to 63 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 2019

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Net cash generated from operating activities	**105,007**	84,747
Net cash used in investing activities	**(53,510)**	(30,467)
Net cash used in financing activities	**(31,669)**	(34,545)
Net increase in cash and cash equivalents	**19,828**	19,735
Cash and cash equivalents at 1 January	**543,015**	560,067
Exchange differences	**(4,973)**	(7,191)
Cash and cash equivalents at 30 June	**557,870**	572,611
Analysis of balances of cash and cash equivalents:		
Time deposits	**134,248**	244,391
Bank balances and cash	**292,451**	233,350
Balances placed with COSCO SHIPPING Finance Co., Ltd. ("COSCO SHIPPING Finance") (Note)	**131,171**	94,870
	557,870	572,611

Note:

On 23 October 2018, China Shipping Finance Co., Ltd. ("CS Finance") absorbed and merged with COSCO Finance Co., Ltd. ("COSCO Finance"). CS Finance continued as the finance service company and COSCO Finance ceased to exist as a legal entity. On 18 January 2019, the company name of CS Finance was changed to COSCO SHIPPING Finance Co., Ltd.

The accompanying notes on pages 34 to 63 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 Co., Ltd. ("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 2019 (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 29 August 2019.

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 2018 (the "2018 Annual Financial Statements"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

2.1 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 2018 Annual Financial Statements, except that the Group has adopted the following new standards, interpretation, amendments and improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA which are mandatory for the financial year beginning 1 January 2019:

New standards, interpretation and amendments

HKAS 19 Amendment	Plan Amendment, Curtailment or Settlement
HKAS 28 Amendment	Long-term Interests in Associates and Joint Ventures
HKFRS 9 Amendment	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Annual Improvements 2015–2017

HKAS 12 Amendment	Income Taxes
HKAS 23 Amendment	Borrowing Costs
HKFRS 3 Amendment	Business Combination
HKFRS 11 Amendment	Joint Arrangements

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.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in significant accounting policies

(a) Adoption of HKFRS 16

The Group has adopted HKFRS 16 from 1 January 2019. HKFRS 16 establishes new accounting requirements on leases which lead to the recognition of lease transactions in lessees' financial statements. HKFRS 16 focuses on whether an arrangement contains a lease or a service agreement and introduces a substantial change to lessee accounting. The previous distinction between operating and finance leases is eliminated for lessee. A right-of-use asset (representing the right to use the leased asset over the lease term) and a lease liability (representing the obligation to pay rentals) are recognised for all leases. The lessor accounting largely remains unchanged.

In accordance with the transition provisions of HKFRS 16, the Group has applied the modified retrospective approach to adopt HKFRS 16. The modified retrospective approach applies the requirements of the standard retrospectively with the cumulative effects of initial application recorded in opening equity on 1 January 2019, and with no restatement of the comparative period. The comparative information continues to be reported under the accounting policies prevailing prior to 1 January 2019.

The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the Group's lease liabilities on 1 January 2019 was 3.92%. For leases previously classified as finance leases under HKAS 17, the Group transferred the carrying amounts (immediately before transition) of the underlying assets and obligations, previously grouped for financial statements presentation purposes under property, plant and equipment, borrowings, and loans from a fellow subsidiary to right-of-use assets and lease liabilities on 1 January 2019. In addition, land use rights and prepaid operating lease payments included in other non-current assets are grouped as part of the right-of-use assets with effect from 1 January 2019.

In applying HKFRS 16 for the first time, the Group has applied the following practical expedients permitted by the standard:

- Grandfather the definition of a lease for existing contracts at the date of initial application;
- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Use of recognition exemption to leases with a remaining lease term of less than 12 months as at 1 January 2019;
- Use of recognition exemption to leases for which the underlying asset is of low value;
- Exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in significant accounting policies (Continued)

(a) Adoption of HKFRS 16 (Continued)

Set out below is a reconciliation of the operating lease commitments disclosed at 31 December 2018 to lease liabilities recognised on 1 January 2019:

	US$'000
Operating lease commitments disclosed as at 31 December 2018	1,245,640
Operating lease commitments regarding leases not yet commenced	(55,080)
Undiscounted operating lease commitments	**1,190,560**
Discounted using the lessee's incremental borrowing rate at the date of initial application	702,504
Finance lease liabilities recognised as at 31 December 2018	17,488
Short-term leases recognised on a straight-line basis as expense	(40)
Low-value leases recognised on a straight-line basis as expense	(11,828)
Adjustments relating to changes in the index or rate affecting variable payments	422
Lease liabilities recognised as at 1 January 2019	**708,546**

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 US$'000	As at 1 January 2019 US$'000
Concession	**629,246**	645,303
Buildings and land use rights	**270,823**	273,622
Plant and machinery	**34,463**	49,605
Total right-of-use assets	**934,532**	968,530

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in significant accounting policies (Continued)

(b) Effect on adoption of HKFRS 16

(i) Condensed consolidated balance sheet on 1 January 2019

As explained above, HKFRS 16 was adopted without restating comparative information. The resulting reclassifications and adjustments arising from the new accounting policies for leases are therefore not reflected in the comparative balances, but are recognised in the opening consolidated balance sheet on 1 January 2019. The following tables show the impact on each individual line item. Line items that were not affected by the changes have not been included.

	As at 31 December 2018 (As previously presented) US$'000	Impact on initial adoption of HKFRS 16 US$'000	**As at 1 January 2019 (Restated) US$'000**
Condensed consolidated balance sheet (extract)			
Assets			
Property, plant and equipment	3,057,069	(33,003)	**3,024,066**
Right-of-use assets	–	968,530	**968,530**
Land use rights	262,507	(262,507)	**–**
Associates	2,578,830	(49,122)	**2,529,708**
Other non-current assets	54,991	(42,060)	**12,931**
Trade and other receivables	235,421	(2,527)	**232,894**
Equity			
Reserves	5,125,241	(102,938)	**5,022,303**
Non-controlling interests	654,438	(8,809)	**645,629**
Liabilities			
Lease liabilities	–	708,546	**708,546**
Long term borrowings	2,371,353	(719)	**2,370,634**
Loans from a fellow subsidiary	8,870	(8,870)	**–**
Trade and other payables and contract liabilities	565,209	(7,899)	**557,310**

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in significant accounting policies (Continued)

(b) Effect on adoption of HKFRS 16 (Continued)

(ii) Condensed consolidated income statement for the six months ended 30 June 2019

	Before adoption of HKFRS 16 US$'000	Impact on adoption of HKFRS 16 US$'000	As reported US$'000
Condensed consolidated income statement			
Revenues	517,915	–	517,915
Cost of sales	(365,757)	1,221	(364,536)
Gross profit	152,158	1,221	153,379
Administrative expenses	(58,089)	39	(58,050)
Other operating income	33,412	–	33,412
Other operating expenses	(27,233)	–	(27,233)
Operating profit	100,248	1,260	101,508
Finance income	5,348	–	5,348
Finance costs	(41,696)	(6,730)	(48,426)
Operating profit (after finance income and costs)	63,900	(5,470)	58,430
Share of profits less losses of			
– joint ventures	49,783	(166)	49,617
– associates	97,465	(2,458)	95,007
Profit before income tax	211,148	(8,094)	203,054
Income tax expenses	(31,529)	602	(30,927)
Profit for the period	179,619	(7,492)	172,127
Profit attributable to:			
Equity holders of the Company	153,805	(6,011)	147,794
Non-controlling interests	25,814	(1,481)	24,333
	179,619	(7,492)	172,127

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in significant accounting policies (Continued)

(c) How the Group's leasing activities are accounted for

Until the 2018 financial year, leases were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to be paid to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT-equipment.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in significant accounting policies (Continued)

(c) How the Group's leasing activities are accounted for (Continued)

Some concession leases contain variable payment terms that are linked to revenue generated from a port. For individual ports, lease payments are on the basis of variable payment terms with a wide range of percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for port operations. Variable lease payments that depend on revenue are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to decide on whether to exercise an extension option (or not to exercise a termination option). Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17.

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 a subsidiary

The initial accounting on the acquisition of a subsidiary 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) 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.

(d) 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.

(e) Fair value of financial assets at fair value through other comprehensive income ("FVOCI")

If information on current or recent prices of financial assets at FVOCI is not available, the fair values of financial assets at FVOCI are determined using valuation techniques (market multiples derived from a set of comparable companies). 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 2018 Annual Financial Statements of the Group.

Compared to 31 December 2018, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for those in relation to lease liabilities.

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

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 2019 and 31 December 2018:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
As at 30 June 2019				
Financial asset at fair value through profit or loss ("FVPL")	**92,875**	**–**	**–**	**92,875**
Financial assets at FVOCI	**158,544**	**–**	**30,133**	**188,677**
Derivative financial instruments				
– interest rate swap	**–**	**13,886**	**–**	**13,886**
Put option liability	**–**	**–**	**213,833**	**213,833**
	251,419	**13,886**	**243,966**	**509,271**
As at 31 December 2018				
Financial asset at FVPL	72,771	–	–	72,771
Financial assets at FVOCI	153,077	–	30,186	183,263
Derivative financial instruments				
– interest rate swap	–	10,504	–	10,504
	225,848	10,504	30,186	266,538

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 or FVPL.

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 using valuation techniques which maximise the use of observable market data 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 2019 and 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.

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

As at 30 June 2019, the fair value of unlisted financial assets at FVOCI is determined by the valuation performed by management using valuation techniques (market multiples derived from a set of comparable companies). A discount rate of 20% is applied to compute the fair value on top of market price/book multiples. Whereas the fair value of the put option liability is determined based on discounted cash flow prepared by management. These financial assets at FVOCI and put option liability 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:

	Financial assets at FVOCI US$'000	**Put option liability US$'000**
At 1 January 2019	**30,186**	**–**
Addition	**–**	**212,555**
Change in fair value	**–**	**1,278**
Exchange differences	**(53)**	**–**
At 30 June 2019	**30,133**	**213,833**

	Financial assets at FVOCI US$'000
At 1 January 2018	31,019
Exchange differences	(388)
At 30 June 2018	30,631

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. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the six months ended 30 June 2019 and 2018.

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 2019 US$'000	As at 31 December 2018 US$'000
Bank loans, loans from COSCO SHIPPING Finance	**1,981,533**	1,926,938
Notes	**298,499**	298,284
	2,280,032	2,225,222

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

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

5 SEGMENT INFORMATION

5.1 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. Terminals and related businesses 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, right-of-use assets, 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, intangible assets and right-of-use assets.

Segment assets

	Terminals and related businesses US$'000	Others US$'000	Elimination US$'000	Total US$'000
At 30 June 2019				
Segment assets	**9,617,207**	**968,825**	**(556,352)**	**10,029,680**
Segment assets include:				
Joint ventures	**1,283,877**	**–**	**–**	**1,283,877**
Associates	**2,544,361**	**–**	**–**	**2,544,361**
Financial asset at FVPL	**92,875**	**–**	**–**	**92,875**
Financial assets FVOCI	**188,677**	**–**	**–**	**188,677**
At 31 December 2018				
Segment assets	8,692,503	898,339	(545,390)	9,045,452
Segment assets include:				
Joint ventures	1,269,250	–	–	1,269,250
Associates	2,578,830	–	–	2,578,830
Financial asset at FVPL	72,771	–	–	72,771
Financial assets at FVOCI	183,263	–	–	183,263

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 2019				
Revenues – total sales	517,915	–	–	517,915
Segment profit/(loss) attributable to equity holders of the Company	180,901	(33,107)	–	147,794
Segment profit/(loss) attributable to equity holders of the Company includes:				
Finance income	1,660	17,169	(13,481)	5,348
Finance costs	(39,067)	(22,799)	13,440	(48,426)
Share of profits less losses of				
– joint ventures	49,617	–	–	49,617
– associates	95,007	–	–	95,007
Income tax expenses	(22,769)	(8,158)	–	(30,927)
Depreciation and amortisation	(91,049)	(1,746)	–	(92,795)
Other non-cash income	180	–	–	180
Additions to non-current assets	(135,543)	(37)	–	(135,580)

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 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)

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	
	2019	2018
	US$'000	US$'000
Terminals and related businesses		
– Mainland China (excluding Hong Kong)	**236,855**	233,749
– Europe	**281,060**	261,708
	517,915	495,457

(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, right-of-use assets, investment properties, intangible assets, joint ventures, associates and other non-current assets.

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

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, Peru, Turkey, the Netherlands, Italy, Egypt, Hong Kong, Singapore and Taiwan.

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Mainland China (excluding Hong Kong)	**5,289,792**	5,270,666
Europe	**1,541,479**	1,246,419
Others	**1,670,574**	1,147,244
	8,501,845	7,664,329

6 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of US$126,609,000 (2018: US$99,421,000). The Group also disposed of property, plant and equipment with net book value of US$857,000 (2018: US$4,954,000).

7 OTHER NON-CURRENT ASSETS

Other non-current assets of the Group in 2018 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. The relevant balances were reclassified to right-of-use assets upon adoption of HKFRS16 on 1 January 2019.

8 TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Trade receivables (note a)		
– third parties	**96,972**	86,941
– fellow subsidiaries (note b)	**32,622**	15,857
– non-controlling shareholders of subsidiaries (note b)	**9,246**	4,798
– joint ventures (note b)	**26**	10
– related companies (note b)	**7,465**	8,152
	146,331	115,758
Bills receivable (note a)	**8,793**	10,493
	155,124	126,251
Less: provision for impairment	**(1,218)**	(2,398)
	153,906	123,853
Deposits and prepayments	**19,641**	8,755
Other receivables	**55,977**	73,748
Loans to a joint venture (note c)	**796**	800
Amounts due from		
– fellow subsidiaries (note b)	**1,328**	3,979
– non-controlling shareholders of subsidiaries (note b)	**3,746**	3,783
– joint ventures (note d)	**8,763**	4,459
– associates (note d)	**79,772**	15,945
– related companies (note b)	**–**	99
	323,929	235,421

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 receivable (net of provision) based on invoice date and issuance date respectively is as follows:

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Within 30 days	**93,735**	71,226
31–60 days	**36,014**	36,528
61–90 days	**15,100**	6,317
Over 90 days	**9,057**	9,782
	153,906	123,853

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

(c) As at 30 June 2019, balance of US$796,000 (31 December 2018: US$800,000) is secured by the joint venture's bank balances and 50% of its issued share capital, bears interest at 5.5% per annum above 3 months Europe Interbank Offered Rate ("EURIBOR") and repayable within twelve months.

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

9 CASH AND CASH EQUIVALENTS

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Total time deposits, bank balances and cash (note i)	**630,510**	606,689
Restricted bank deposits included in current assets	**(72,640)**	(63,674)
	557,870	543,015
Representing:		
Time deposits	**134,248**	213,921
Bank balances and cash	**292,451**	216,402
Balances placed with COSCO SHIPPING Finance (note ii)	**131,171**	112,692
	557,870	543,015

Notes:

(i) As at 30 June 2019, the balances of US$108,539,000 (31 December 2018: US$118,440,000) 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 SHIPPING 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 of US$19,920,000 to a joint venture to be the investment costs in that joint venture without a change to its percentage of interests.

10 SHARE CAPITAL

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Issued and fully paid:		
3,113,125,479 (31 December 2018: 3,113,125,479) ordinary shares of HK$0.10 each	**39,971**	39,971

Note:

The Company granted 2,788,588 share options to employees during the period and 962,603 share options were lapsed during the period. Movements in the number of the outstanding share options during the period is set out on pages 18 under the heading "Share Options".

11 BORROWINGS

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Long term borrowings		
Secured		
– bank loans (note a)	**1,005,908**	967,800
– loan from COSCO SHIPPING Finance (note a)	**9,967**	10,491
	1,015,875	978,291
Unsecured		
– bank loans	**1,060,864**	1,057,406
– loans from COSCO SHIPPING Finance	**36,074**	36,207
– notes (note c)	**298,916**	298,730
	1,395,854	1,392,343
Finance lease obligations	**–**	719
	2,411,729	2,371,353
Amounts due within one year included under current liabilities	**(85,598)**	(87,824)
	2,326,131	2,283,529
Short term borrowings		
Secured		
– bank loan (note a)	**43,638**	39,340
Unsecured		
– bank loans	**54,548**	69,210
	98,186	108,550

11 BORROWINGS (CONTINUED)

Notes:

(a) As at 30 June 2019, certain of the Group's non-current assets with an aggregate net book value of US$238,018,000 (31 December 2018: US$167,178,000) and the Company's interest in subsidiaries were pledged as securities against bank loans of US$1,049,546,000 (31 December 2018: US$1,007,140,000) and a loan from COSCO SHIPPING Finance of US$9,967,000 (31 December 2018: US$10,491,000).

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

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Bank loans		
Within one year	**48,343**	50,864
Between one and two years	**257,025**	231,164
Between two and five years	**1,276,769**	1,041,751
Over five years	**484,635**	701,427
	2,066,772	2,025,206
Loans from COSCO SHIPPING Finance		
Within one year	**37,255**	36,714
Between one and two years	**1,745**	1,708
Between two and five years	**5,236**	5,245
Over five years	**1,805**	3,031
	46,041	46,698
Finance lease obligations		
Within one year	**–**	246
Between one and two years	**–**	254
Between two and five years	**–**	219
	–	719
Notes		
Between two and five years	**298,916**	298,730
	2,411,729	2,371,353

(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.

12 LOANS FROM A FELLOW SUBSIDIARY

As at 31 December 2018, balance of US$16,769,000 represented finance lease contracts the Group entered for leasing of terminal equipment from a fellow subsidiary. The average term of the finance lease contracts was 8 years, and bears interest ranging from 2% above to 11% below the RMB five-year benchmark lending rate. The carrying amount of assets acquired under the finance leases amounted to US$49,338,000 as at 31 December 2018. The carrying value of the loans were not materially different from its fair value. The relevant balances were reclassified to lease liabilities upon adoption of HKFRS 16 on 1 January 2019.

13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Trade payables (note a)		
– third parties	**44,421**	51,767
– fellow subsidiaries (note b)	**1,241**	6,326
– non-controlling shareholders of subsidiaries (note b)	**3,773**	2,184
– a joint venture (note b)	**302**	179
– an associate (note b)	**957**	470
– related companies (notes b)	**242**	1,878
	50,936	62,804
Accruals	**40,956**	49,210
Other payables	**195,082**	166,178
Contract liabilities	**12,219**	6,890
Dividend payable	**62,895**	10
Loans from a fellow subsidiary (note 12)	**–**	7,899
Loans from a joint venture (note c)	**32,729**	32,784
Loan from an associate (note c)	**14,546**	14,570
Loans from non-controlling shareholders of subsidiaries (note d)	**139,039**	139,185
Amounts due to (note b)		
– fellow subsidiaries	**8,606**	2,125
– non-controlling shareholders of subsidiaries	**84,683**	83,498
– joint ventures	**272**	45
– an associate	**9**	11
	641,972	565,209

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 2019 US$'000	As at 31 December 2018 US$'000
Within 30 days	**23,360**	41,202
31-60 days	**6,450**	8,285
61-90 days	**7,708**	3,780
Over 90 days	**13,418**	9,537
	50,936	62,804

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

(c) Loans 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$2,082,000 (31 December 2018: US$2,082,000) 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 2018: US$49,681,000) is interest free. Balances of US$43,638,000 and 43,638,000 (31 December 2018: US$43,711,000 and US$43,711,000) bear interest at 4.35% and 4.75% respectively (31 December 2018: 4.35% and 4.75% respectively) per annum.

14 PUT OPTION LIABILITY

During the period, the Group recognised a financial liability of US$212,555,000 in relation to the put option granted to the non-controlling shareholder of Chancay Terminal to sell 40% interests in Chancay Terminal to the Group. Such put option is exercisable any time during a 5-year period from the commercial operation date of phase one.

Such financial liability is initially recognised at their fair value, which is the present value of the estimated redemption amount. The put option liability is denominated in US dollar and is classified as a financial liability at FVPL under non-current liability.

15 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Crediting		
Dividends income from listed and unlisted financial assets at FVOCI	**1,537**	1,737
Fair value gain on financial asset at FVPL	**20,495**	–
Gain on disposal of property, plant and equipment	**26**	252
Rental income from investment properties	**439**	314
Charging		
Depreciation and amortisation		
– right-of-use assets	**15,505**	–
– others	**77,290**	76,864
Loss on disposal of property, plant and equipment	**932**	21
Loss on deemed disposal of an associate	**22,553**	–
Rental expenses under operating leases of		
– buildings leased from a fellow subsidiary	**–**	1,009
– land use rights leased from non-controlling shareholders of subsidiaries	**–**	1,297
– concession from a fellow subsidiary (note)	**30,082**	31,416
– concession from third parties (note)	**4,507**	6,078

Note: For the six months ended 30 June 2019, the amounts represent variable lease payments linked to revenues.

16 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Finance income		
Interest income on		
– bank balances and deposits	**2,417**	2,791
– deposits with COSCO SHIPPING Finance	**584**	306
– loans to joint ventures and associates	**2,347**	2,584
	5,348	5,681
Finance costs		
Interest expenses on		
– bank loans	**(34,011)**	(29,775)
– notes wholly repayable within five years	**(6,564)**	–
– notes not wholly repayable within five years	**–**	(6,564)
– loans from COSCO SHIPPING Finance	**(890)**	(783)
– loans from a fellow subsidiary	**–**	(668)
– loans from non-controlling shareholders of subsidiaries (note 13(d))	**(2,067)**	(2,394)
– loans from a joint venture (note 13(c))	**(384)**	(503)
– loan from an associate (note 13(c))	**(170)**	(180)
– finance lease obligations	**–**	(16)
– lease liabilities	**(7,084)**	–
Amortised amount of		
– discount on issue of notes	**(88)**	(97)
– transaction costs on bank loans and notes	**(1,173)**	(1,235)
	(52,431)	(42,215)
Less: amount capitalised in construction in progress	**5,551**	4,798
	(46,880)	(37,417)
Other incidental borrowing costs and charges	**(1,546)**	(1,482)
	(48,426)	(38,899)
Net finance costs	**(43,078)**	(33,218)

Notes to the Unaudited Condensed Consolidated Interim Financial Information

17 INCOME TAX EXPENSES

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Current income tax		
– Mainland China taxation	**20,566**	22,128
– Overseas taxation	**7,329**	6,968
– Under provision in prior years	**779**	93
	28,674	29,189
Deferred income tax charge	**2,253**	4,644
	30,927	33,833

Hong Kong profit tax was provided at a rate of 16.5% (1H2018: 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	
	2019	2018
Profit attributable to equity holders of the Company	**US$147,794,000**	US$168,988,000
Weighted average number of ordinary shares in issue	**3,113,125,479**	3,057,112,720
Basic earnings per share	**US4.75 cents**	US5.53 cents

(b) Diluted

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

For the six months ended 30 June 2019 and 2018, the outstanding share options granted by the Company did not have any dilutive effect on the earnings per share, and the diluted earnings per share is equal to the basic earnings per share.

19 INTERIM DIVIDEND

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Interim dividend, declared of US 1.900 cents (2018: US2.212 cents) per ordinary share	**60,069**	67,631

Notes:

(i) At a meeting held on 28 March 2019, the directors recommended the payment of a final dividend of HK15.8 cents (equivalent to US2.020 cent) per ordinary share with a scrip dividend alternative for the year ended 31 December 2018. The final dividend, which was approved at the annual general meeting of the Company held on 23 May 2019, was paid on 19 July 2019.

(ii) At a meeting held on 29 August 2019, the directors declared an interim dividend of HK14.8 cents (equivalent to US1.900 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 2019.

20 CAPITAL COMMITMENTS

The Group had the following significant capital commitments as at 30 June 2019:

	As at 30 June 2019	As at 31 December 2018
	US$'000	US$'000
Contracted but not provided for:		
– Investments (note)	**360,446**	385,859
– Other property, plant and equipment	**336,132**	400,960
	696,578	786,819

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

	As at 30 June 2019	As at 31 December 2018
	US$'000	US$'000
Contracted but not provided for	**14,658**	13,146

20 CAPITAL COMMITMENTS (CONTINUED)

Note:

The capital commitments in respect of investments of the Group as at 30 June 2019 are as follows:

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
Contracted but not provided for		
Investments in:		
– Antwerp Gateway NV	**50,742**	51,304
– Tianjin Port Euroasia International Terminal Co., Ltd.	**102,114**	102,285
– APMT Vado Holding B.V.	**13,781**	13,858
– Others	**130,949**	155,446
	297,586	322,893
Terminal projects in:		
– Shanghai Yangshan Port Phase II	**58,184**	58,282
– Others	**4,676**	4,684
	62,860	62,966
	360,446	385,859

21 RELATED PARTY TRANSACTIONS

The Group is controlled by COSCO SHIPPING Holdings which owns 47.94% of the Company's shares as at 30 June 2019. 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.

21 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Management fee and service fee income from (note i)		
– joint ventures	**2,194**	1,792
– associates	**380**	258
– an investee company	**149**	82
Terminal handling and storage income from (note ii, xiii)		
– fellow subsidiaries	**113,803**	90,800
– non-controlling shareholders of subsidiaries	**44,029**	47,236
Rental income received from a non-controlling shareholder of a subsidiary (note iii)	**987**	–
Container handling and logistics services fee to non-controlling shareholders of subsidiaries (note iv, xiii)	**(2,824)**	(3,574)
Electricity and fuel expenses to (note v, xiii)		
– fellow subsidiaries	**(1,650)**	(1,910)
– non-controlling shareholders of subsidiaries	**(4,730)**	(3,847)
Finance lease charges paid to a fellow subsidiary (note vi)	**–**	(668)
Handling, storage and maintenance expenses to (note vii, xiii)		
– fellow subsidiaries	**(1,388)**	(1,710)
– non-controlling shareholders of a subsidiary	**(2,107)**	(1,858)
Rental expenses paid to (note viii, xiii)		
– fellow subsidiaries	**–**	(6,387)
– non-controlling shareholders of subsidiaries	**–**	(1,796)
Purchase of materials from a fellow subsidiary (note ix, xiii)	**(140)**	(102)
Insurance expense paid to a fellow subsidiary (note x, xiii)	**(596)**	(340)
Concession fee to a fellow subsidiary (note xi, xiii)	**(30,082)**	(26,102)
Payments of lease liabilities to (note xiii)		
– fellow subsidiaries (note xii)	**(6,479)**	–
– non-controlling shareholders of subsidiaries (note xii)	**(2,665)**	–

(b) Key management compensation

	Six months ended 30 June	
	2019	2018
	US$'000	US$'000
Salaries, bonuses and other allowances	**2,379**	2,865
Contributions to retirement benefit schemes	**2**	4
Share-based payments	**165**	35
	2,546	2,904

Key management includes directors of the Company and four (2018: six) senior management members of the Group.

21 RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

(i) The Group provided advisory and management services to COSCO-HIT Terminals, a joint venture of the Group, during the year. Management fee was charged and agreed at HK$20,868,840 (equivalent to US$2,670,000) (2018: HK$20,000,000 (equivalent to US$2,552,000)) 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 Greece, Belgium and Spain were charged at rates as mutually agreed.

(iii) Rental income received from a non-controlling shareholder of a subsidiary were charged at rates as mutually agreed.

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

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

(vi) Finance lease charges paid to a fellow subsidiary were charged at rates as mutually agreed for the period ended 30 June 2018. Such payments are included under payment of lease liabilities for the period ended 30 June 2019.

(vii) Handling, storage and maintenance expenses paid to fellow subsidiaries and non-controlling shareholders of subsidiaries 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 for the period ended 30 June 2018. Such payments are included under payment of lease liabilities for the period ended 30 June 2019.

(ix) The purchase of materials from a fellow subsidiary were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.

(x) Insurance expense paid to a fellow subsidiary were charged at rates as mutually agreed.

(xi) For the period ended 30 June 2018, concession fee paid to a fellow subsidiary was charged and mutually agreed at two fixed annual fees, and a variable annual concession fee based on the aggregate revenue of Piraeus Container Terminal S.A.. For the period ended 30 June 2019, the fixed annual fees are included under payment of lease liabilities.

(xii) The payments of lease liabilities paid to fellow subsidiaries and non-controlling shareholders of a subsidiary were charged at rates as mutually agreed.

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

22 BUSINESS COMBINATION

Acquisition of a subsidiary

On 10 May 2019, the Group subscribed shares representing 60% equity interests in Chancay Terminal, which is currently engaged in the design, development and construction of terminal at Port of Chancay and will be engaged in its operation and management after the completion of construction, for a consideration of US$225,000,000. US$56,250,000 of the subscription consideration was settled in cash upon completion and US$168,750,000 will be settled within 12 months. Fair value of net assets and goodwill arising from the acquisition has been provisionally determined by management's assessment and is subject to changes.

Details of net assets acquired are as follows:

	US$'000
Purchase consideration	225,000
Fair value of net assets acquired shown as below	(213,960)
Goodwill	11,040

The assets and liabilities of the acquired terminal operation as at the date of acquisition were as follows:

	Fair value US$'000
Property, plant and equipment	135,678
Intangible assets	47,079
Long term receivables	2,495
Deferred tax assets	1,070
Prepayment and other receivables	168,771
Cash and cash equivalents	57,274
Deferred tax liabilities	(43,204)
Loan from a shareholder	(11,888)
Trade and other payables	(675)
Total identifiable net assets acquired	356,600
Less: non-controlling interests	(142,640)
	213,960
Purchase consideration settled in cash	(56,250)
Cash and cash equivalents in acquired terminal operation	57,274
Net cash inflow on acquisition	1,024

22 BUSINESS COMBINATION (CONTINUED)

Notes:

(i) The goodwill is attributable to the anticipated profitability of the acquired businesses. It will not be deductible for tax purposes.

(ii) Acquired receivables

There are no acquired trade receivables.

(iii) Non-controlling interests

The Group recognises the non-controlling interests in Chancay Terminal at its proportionate share of the acquired net identifiable assets.

(iv) Revenue and profit contribution

The acquired terminal operations contributed approximately net loss of approximately US$86,000 for the period ended 30 June 2019 since the date of acquisition. If the acquisitions had occurred on 1 January 2019, the Group's profits for the period ended 30 June 2019 would have been decreased by approximately US$112,000 respectively.

(v) Acquisition-related costs

Acquisition-related costs of US$905,000 that were not directly attributable to the issue of acquisitions are included in administrative expenses in the condensed consolidated income statement and in operating cash flows in the condensed consolidated cash flows statement.

23 EVENT AFTER BALANCE SHEET DATE

As announced by the Company on 23 August 2019, Shanghai China Shipping Terminal Development Co., Ltd. ("Shanghai Terminal"), a wholly-owned subsidiary of the Company, proposed to enter into a Consortium Agreement with COSCO SHIPPING (Tianjin) Company Limited, a wholly-owned subsidiary of COSCO SHIPPING (which is in turn the ultimate controlling shareholder of the Company) and independent third party investor(s) (the "Consortium Agreement"), pursuant to which the consortium to be formed thereunder (the "Consortium") would seek to acquire a maximum of 5,519,895,784 shares of CCCC Dredging (Group) Co., Ltd. ("CCCC Dredging") (representing approximately 40% of the enlarged issued share capital of CCCC Dredging) from China Communications Construction Company Limited ("CCCC") on an equity exchange in the PRC by way of participation in a public tender process (the "Joint Acquisition"). Under the Consortium Agreement, if the Consortium is successful in the tender process, amongst others, Shanghai Terminal will acquire 1,379,973,946 shares of CCCC Dredging (representing approximately 10% of the enlarged issued share capital of CCCC Dredging) (the "ST Acquisition"). The consideration for the ST Acquisition will not exceed RMB2.47 per share of CCCC Dredging, and accordingly the consideration payable by Shanghai Terminal will not exceed approximately RMB3,409,000,000.

As at the date of this report, no binding sale and purchase agreement has been entered into between members of the Consortium and CCCC in relation to the Joint Acquisition. Upon successful bidding by the Consortium in the tender process, members of the Consortium will enter into a formal sale and purchase agreement with CCCC to implement the Joint Acquisition.

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 28 to 63, which comprises the condensed consolidated balance sheet of COSCO SHIPPING Ports Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 August 2019

Abbreviations

Abbreviation	
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.	CSP 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
COSCO SHIPPING Ports (Spain) Holding, S.L. and its subsidiaries	CSP Spain Group
CSP Iberian Bilbao Terminal, S.L.	CSP Bilbao Terminal
CSP Iberian Rail Services, S.L.U.	CSP Rail Services Terminal
CSP Iberian Valencia Terminal, S.A.U.	CSP Valencia Terminal
CSP Iberian Zaragoza Rail Terminal, S.L.	CSP Zaragoza Rail 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.	Dalian Container Terminal
Euromax Terminal Rotterdam B.V.	Euromax Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jiangsu Yantze 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

Abbreviations

Abbreviation	
Terminal Company (Cont.)	
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
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
Terminales Portuarios Chancay S.A.	Chancay Terminal
Tianjin Five Continents International Container Terminal Co., Ltd.	Tianjin Five Continents Terminal
Tianjin Port Euroasia International Container Terminal Co., Ltd.	Tianjin Euroasia Terminal
Wuhan CSP Terminal Co., Ltd.	CSP Wuhan 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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