**COSCO SHIPPING Ports Limited**
**中遠海運港口有限公司**
*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 1199)**

# 2016 INTERIM RESULTS ANNOUNCEMENT

## RESULTS HIGHLIGHTS

- On 18 March 2016, the Company completed the acquisition of all the issued shares of China Shipping Ports Development Co., Limited ("CSPD"), which became a wholly owned subsidiary of the Company. The adoption of merger accounting has resulted in changes in certain relevant comparative figures, which have been restated to conform with the current year's presentation.

- On 24 March 2016, the Company completed the disposal of Florens Container Holdings Limited ("FCHL", representing the container leasing, management and sale, and related businesses of the Group), and FCHL ceased to be a subsidiary of the Company. The Group recognised a gain of approximately US$59,021,000 from the disposal of FCHL. For the three months ended 31 March 2016, FCHL contributed a profit attributable to the equity holders of the Company of US$7,073,000 (for the six months ended 30 June 2015: US$49,667,000).

- Global economic recovery remained sluggish and China reported negative growth in its foreign trade during the first half of 2016, both of which constituted pressure on the Group's container terminals business. The Group's revenue fell by 0.6% to US$274,983,000 (corresponding period of 2015: US$276,538,000). Amongst which, Piraeus Container Terminal S.A. ("Piraeus Terminal") and Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") reported relatively outstanding operational performance, with revenues rising by 13.2% to US$88,742,000 (corresponding period of 2015: US$78,393,000) and by 7.0% to US$76,966,000 (corresponding period of 2015: US$71,923,000) respectively. However, increases from the two terminals were offset by the decrease in revenues from some terminal companies in which the Group has controlling stakes in China.

- Despite a slight fall of 0.6% in the revenues, the operational performance of some terminals in which the Group has controlling stakes improved significantly, driving the Group's gross profit to increase by 4.1% to US$107,357,000 (corresponding period of 2015: US$103,102,000). Gross profit margin rose by 1.7 percentage points to 39.0% (corresponding period of 2015: 37.3%).

- Total share of profits less losses of joint ventures and associates dropped by 12.3% to US$98,095,000 (corresponding period of 2015: US$111,844,000).

- Equity throughput increased by 4.3% to 14,347,074 TEU (corresponding period of 2015: 13,760,603 TEU).

- Profit attributable to equity holders of the Company:

  - Profit attributable to equity holders of the Company dropped by 8.1% to US$171,948,000 (corresponding period of 2015: US$187,202,000).

  - Excluding the gain on disposal of all the issued shares of FCHL and profit for the period, profit attributable to equity holders of the Company dropped by 23.0% to US$105,854,000 (corresponding period of 2015: US$137,535,000).

- An interim dividend of HK18.0 cents per share (corresponding period of 2015: HK17.3 cents) has been declared. The dividend will be payable in cash and with a scrip dividend alternative, representing a payout ratio of 40.0%.

## RESULTS

The board of directors (the "Board") of COSCO SHIPPING Ports Limited (formerly known as "COSCO Pacific Limited")(the "Company" or "COSCO SHIPPING Ports") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016.

The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards. The Group's unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income and explanatory notes 1 to 11 as presented below are extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 (the "Unaudited Condensed Consolidated Interim Financial Information") which has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**
**AS AT 30 JUNE 2016**

| | *Note* | **As at 30 June 2016** *US$'000* | As at 31 December 2015 *US$'000* *(Restated)* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **2,424,632** | 4,219,262 |
| Investment properties | | **24,856** | 28,860 |
| Land use rights | | **213,618** | 220,819 |
| Intangible assets | | **5,321** | 7,245 |
| Joint ventures | | **1,403,536** | 1,413,204 |
| Loans to joint ventures | | **61,113** | 61,107 |
| Associates | | **1,386,970** | 1,375,475 |
| Loan to an associate | | **28,050** | 27,409 |
| Available-for-sale financial assets | | **164,428** | 171,787 |
| Finance lease receivables | | **-** | 33,450 |
| Deferred income tax assets | | **1,396** | 1,947 |
| Other non-current assets | 3 | **45,961** | 74,748 |
| | | **5,759,881** | 7,635,313 |
| **Current assets** | | | |
| Inventories | | **9,078** | 14,600 |
| Trade and other receivables | 4 | **239,712** | 280,002 |
| Current income tax recoverable | | **730** | 6,539 |
| Restricted bank deposits | | **215** | 1,020 |
| Cash and cash equivalents | | **894,415** | 923,171 |
| | | **1,144,150** | 1,225,332 |
| **Total assets** | | **6,904,031** | 8,860,645 |

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (Continued)**
**AS AT 30 JUNE 2016**

| | *Note* | **As at 30 June 2016** **US$'000** | As at 31 December 2015 US$'000 (Restated) |
|---|---|---|---|
| **EQUITY** | | | |
| **Capital and reserves attributable to the equity holders of the Company** | | | |
| Share capital | | **38,090** | 38,090 |
| Reserves | | **4,371,163** | 5,810,991 |
| | | **4,409,253** | 5,849,081 |
| **Non-controlling interests** | | **428,955** | 417,995 |
| **Total equity** | | **4,838,208** | 6,267,076 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **51,918** | 46,733 |
| Long term borrowings | | **1,229,274** | 1,799,265 |
| Loan from a non-controlling shareholder of a subsidiary | | **-** | 50,000 |
| Loan from a fellow subsidiary | | **51,029** | - |
| Other long term liabilities | | **28,973** | 30,235 |
| | | **1,361,194** | 1,926,233 |
| **Current liabilities** | | | |
| Trade and other payables | 5 | **433,550** | 365,549 |
| Current income tax liabilities | | **16,647** | 14,048 |
| Current portion of long term borrowings | | **68,139** | 68,723 |
| Short term bank loans | | **186,293** | 219,016 |
| | | **704,629** | 667,336 |
| **Total liabilities** | | **2,065,823** | 2,593,569 |
| **Total equity and liabilities** | | **6,904,031** | 8,860,645 |

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

| | *Note* | **Six months ended 30 June** | |
|---|---|---|---|
| | | **2016** | 2015 |
| | | ***US$'000*** | *US$'000* |
| | | | *(Restated)* |
| **Continuing operations:** | | | |
| Revenues | | **274,983** | 276,538 |
| Cost of sales | | **(167,626)** | (173,436) |
| **Gross profit** | | **107,357** | 103,102 |
| Administrative expenses | | **(41,357)** | (33,710) |
| Other operating income | | **8,647** | 9,225 |
| Other operating expenses | | **(4,760)** | (1,976) |
| **Operating profit** | 6 | **69,887** | 76,641 |
| Finance income | 7 | **7,434** | 14,403 |
| Finance costs | 7 | **(26,050)** | (28,710) |
| Operating profit (after finance income and costs) | | **51,271** | 62,334 |
| Share of profits less losses of | | | |
| - joint ventures | | **55,848** | 62,665 |
| - associates | | **42,247** | 49,179 |
| **Profit before income tax from continuing operations** | | **149,366** | 174,178 |
| Income tax expenses | 8 | **(27,836)** | (23,080) |
| Profit for the period from continuing operations | | **121,530** | 151,098 |
| **Discontinued operation:** | 9 | | |
| Gain on disposal of a subsidiary | | **59,021** | - |
| Profit for the period from discontinued operation | | **7,526** | 50,735 |
| | | **66,547** | 50,735 |
| **Profit for the period** | | **188,077** | 201,833 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **171,948** | 187,202 |
| Non-controlling interests | | **16,129** | 14,631 |
| | | **188,077** | 201,833 |
| **Earnings per share for profit attributable to equity holders of the Company** | | | |
| - Basic | | | |
| - from continuing operations | 10 | **US3.57 cents** | US4.68 cents |
| - from discontinued operation | 10 | **US2.23 cents** | US1.69 cents |
| | | **US5.80 cents** | US6.37 cents |
| - Diluted | | | |
| - from continuing operations | 10 | **US3.57 cents** | US4.68 cents |
| - from discontinued operation | 10 | **US2.23 cents** | US1.69 cents |
| | | **US5.80 cents** | US6.37 cents |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

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

## NOTES

### 1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2015 (the "2015 Annual Financial Statements"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

**Adoption of new HKFRSs**

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those used in the 2015 Annual Financial Statements, except that the Group has adopted the following new standards, amendments and improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA which are mandatory for the financial year beginning 1 January 2016:

**New standards and amendments**

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

**Annual Improvements 2012–2014 Cycle**

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

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

The HKICPA has issued certain new standards and amendments or improvements to existing standards which are not yet effective for the year ending 31 December 2016 and have not been early adopted by the Group. The Group will apply these standards and amendments or improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

## 2. SEGMENT INFORMATION

### (a) Operating segments

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

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

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

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

### Segment assets

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

Note:

The container leasing, management, sale and related businesses segment was classified as discontinued operation in 2016 (note 9).

## 2. SEGMENT INFORMATION (Continued)

### (a) Operating segments (Continued)

### Segment revenues, results and other information

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

## 2. SEGMENT INFORMATION (Continued)

### (a) Operating segments (Continued)

### Segment revenues, results and other information (Continued)

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

## 2. SEGMENT INFORMATION (Continued)

### (b) Geographical information

#### (i) Revenues

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

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

| | **Six months ended 30 June** | |
|---|---|---|
| | **2016** | 2015 |
| | ***US$'000*** | *US$'000* |
| | | *(Restated)* |
| **Continuing operations** | | |
| Terminals and related businesses | | |
| - Mainland China (excluding Hong Kong) | **184,696** | 196,598 |
| - Europe | **88,742** | 78,393 |
| - Others | **1,545** | 1,547 |
| | **274,983** | 276,538 |
| **Discontinued operation** | | |
| Container leasing, management, sale and related businesses | | |
| - unallocated | **73,073** | 159,661 |

## 2. SEGMENT INFORMATION (Continued)

### (b) Geographical information (Continued)

#### (ii) Non-current assets

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

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

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

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

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

## 3. OTHER NON-CURRENT ASSETS

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

## 4. TRADE AND OTHER RECEIVABLES

| | **As at 30 June 2016** *US$'000* | As at 31 December 2015 *US$'000* *(Restated)* |
|---|---|---|
| Trade receivables | | |
| - third parties | **54,059** | 62,994 |
| - fellow subsidiaries | **15,592** | 35,119 |
| - joint ventures | **372** | 79 |
| - non-controlling shareholders of subsidiaries | **4,527** | 5,794 |
| - related companies | **880** | 590 |
| | **75,430** | 104,576 |
| Bills receivables | **10,560** | 15,507 |
| | **85,990** | 120,083 |
| Less: provision for impairment | **(368)** | (4,090) |
| | **85,622** | 115,993 |
| Deposits and prepayments | **48,517** | 66,100 |
| Other receivables | **36,268** | 37,291 |
| Current portion of finance lease receivables | **-** | 7,194 |
| Loans to joint ventures | **20,231** | 19,225 |
| Amounts due from | | |
| - fellow subsidiaries | **19,636** | 23,239 |
| - joint ventures | **17,231** | 6,435 |
| - associates | **10,610** | 3,532 |
| - non-controlling shareholders of subsidiaries | **1,597** | 993 |
| | **239,712** | 280,002 |

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

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

## 5. TRADE AND OTHER PAYABLES

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

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

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

## 6. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

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

## 7. FINANCE INCOME AND COSTS

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

## 8. INCOME TAX EXPENSES

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

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

Hong Kong profits tax was provided at a rate of 16.5% (corresponding period of 2015: 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.

## 9. DISCONTINUED OPERATION

On 24 March 2016, the Company completed the disposal of all the issued shares in FCHL (representing the container leasing, management and sale, and related businesses of the Group) to China Shipping Container Lines (Hong Kong) Co., Limited ("CSCLHK") for a total consideration of US$1,223,725,000 (subject to completion accounts adjustments). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 were transferred on the same day to CSCLHK at the consideration of US$285,000,000. Given that FCHL represented a separate major line of business with separately identifiable operations and cash flows before the disposal, it is classified as discontinued operation in the Unaudited Condensed Consolidated Interim Financial Information. The disposal resulted in a net gain of approximately US$59,021,000, while the profit after tax of FCHL for the period from 1 January 2016 to 31 March 2016 was US$7,526,000.

## 10. EARNINGS PER SHARE

### (a) Basic

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

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

### (b) Diluted

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share for the six months ended 30 June 2016 and 2015 (as restated), and the diluted earnings per share is equal to the basic earnings per share for the six months ended 30 June 2016 and 2015 (as restated) respectively.

## 11. INTERIM AND SPECIAL CASH DIVIDEND

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

Notes:

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

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

(c) At a meeting held on 24 August 2016, the directors declared an interim dividend of HK18.0 cents (equivalent to US2.320 cents) per ordinary share. The dividend will be payable in cash and with a scrip dividend alternative. The interim dividend declared is not reflected as dividend payable in the Unaudited Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2016.

## INTERIM DIVIDEND

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

The interim dividend will be payable on 26 October 2016 to shareholders whose names appear on the register of members of the Company at the close of business on 13 September 2016. The Scrip Dividend Scheme is conditional upon the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be despatched by ordinary mail on or about 26 October 2016.

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

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 September 2016 to 13 September 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 8 September 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

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

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

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

During the period, the throughput of container terminals reached 46,027,025 TEU (corresponding period of 2015: 44,468,891 TEU), and the throughput of bulk cargo was 41,423,079 tons (corresponding period of 2015: 40,627,278 tons), an increase of 3.5% and 2.0% respectively compared with the corresponding period of last year. The equity throughput of containers was 14,347,074 TEU (corresponding period of 2015: 13,760,603 TEU), a 4.3% increase compared with the corresponding period of last year. The equity throughput of bulk cargo was 13,637,156 tons (corresponding period of 2015: 14,003,924 tons), a 2.6% decrease compared with the corresponding period of last year. Profit from the terminals business for the first half of 2016 was US$132,455,000 (corresponding period of 2015: US$145,688,000), a 9.1% decrease compared with the corresponding period of last year. Of this, profit from terminal companies in which the Group has controlling stakes was US$30,609,000 (corresponding period of 2015: US$30,199,000), a 1.4% increase compared with the corresponding period of last year; profit from non-controlled terminals was US$101,846,000 (corresponding period of 2015: US$115,489,000), an 11.8% decrease compared with the corresponding period of last year.

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

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

## Financial Analysis

### Revenues

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

However, the performance of bulk cargo terminals was unsatisfactory. Yangzhou Yuanyang Terminal recorded a bulk cargo throughput of 3,761,890 tons during the period (corresponding period of 2015: 5,504,046 tons), a decrease of 31.7% compared with the corresponding period of last year, while its revenue decreased to US$12,087,000 (corresponding period of 2015: US$17,423,000), a 30.6% decrease compared with the corresponding period of last year. Quan Zhou Pacific Container Terminal Co., Ltd. recorded a bulk cargo throughput of 1,159,468 tons (corresponding period of 2015: 1,654,414 tons), a decrease of 29.9% compared with the corresponding period of last year, while its revenue decreased to US$21,047,000 (corresponding period of 2015: US$25,159,000), a 16.3% decrease compared with the corresponding period of last year. Lianyungang New Oriental International Terminals Co., Ltd. ("Lianyungang New Oriental International Terminal") recorded a 24.9% decrease in its bulk cargo throughput during the first half of 2016 compared with the corresponding period of last year, and its revenue also decreased to US$21,027,000 (corresponding period of 2015: US$24,750,000), a 15.0% decrease compared with the corresponding period of last year.

### Cost of sales

Cost of sales mainly comprised operating expenses of the terminal companies in which the Group has controlling stakes. Cost of sales for the first half of 2016 was US$167,626,000 (corresponding period of 2015: US$173,436,000), a 3.3% decrease compared with the corresponding period of last year. The decrease was mainly attributable to a decrease in the bulk cargo throughput and revenue, with operating expenses decreasing in line. Piraeus Terminal recorded an increase in operating expenses due to an increase in its throughput. The cost of sales of Piraeus Terminal for the first half of 2016 was US$58,022,000 (corresponding period of 2015: US$52,816,000), a 9.9% increase compared with the corresponding period of last year.

### Administrative expenses

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

**Other operating income/(expenses), net**

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

**Finance costs**

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

**Share of profits less losses of joint ventures and associates**

The Group's share of profits less losses of joint ventures and associates for the first half of 2016 amounted to US$98,095,000 (corresponding period of 2015: US$111,844,000), a 12.3% decrease compared with the corresponding period of last year. The decrease in profit was primarily attributable to Shanghai Mingdong Terminal, COSCO-HIT Terminal, Suez Canal Terminal and Ningbo Yuan Dong Terminal. For Shanghai Mingdong Terminal, the tax incentive of "full exemption for five years and 50% exemption for five years" has expired in the year 2015, and Shanghai Mingdong Terminal is required to pay tax in full beginning from 2016. During the period, the Group's share of profit of Shanghai Mingdong Terminal decreased to US$9,386,000 (corresponding period of 2015: US$12,870,000), a 27.1% decrease compared with the corresponding period of last year. With the throughput of COSCO-HIT Terminal decreasing by 17.4% compared with the corresponding period of last year, combined with increased depreciation during the period, COSCO-HIT Terminal recorded the Group's share of profit of US$6,012,000 (corresponding period of 2015: US$9,060,000), a 33.6% decrease compared with the corresponding period of last year. Similarly, as Suez Canal Terminal recorded a 20.8% decrease in its throughput compared with the corresponding period of last year, the Group's share of profit of Suez Canal Terminal for the period was US$2,445,000 (corresponding period of 2015: US$5,475,000), a 55.3% decrease compared with the corresponding period of last year. Ningbo Yuan Dong Terminal recorded the Group's share of profit of US$4,134,000 (corresponding period of 2015: US$5,836,000), a 29.2% decrease compared with the corresponding period of last year, which was attributable to a 33.4% decline in its throughput compared with the corresponding period of last year as a result of a decrease in the number of berths from 5 to 3 in the corresponding period of last year. In addition, the gain on disposal of shares in Xiamen Port in the amount of US$3,326,000 and the gain on disposal of equity interests in Lianyungang New Dongrun in the amount of US$495,000 were included into the corresponding period of last year. As there was no such gain in the first half of 2016, profit from non-controlled terminals decreased compared with the corresponding period of last year.

**Income tax expenses**

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

## Financial Position

### Cash flow

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

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

### Financing and credit facilities

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

### Assets and liabilities

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

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

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

**Debt analysis**

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

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

**Financial guarantee contracts**

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

**Treasury policy**

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as far as possible. The functional currency of the terminals business is either the Euro or Renminbi, which are the same currencies as its borrowings, revenue and expenses, so as to provide a natural hedge against the foreign exchange volatility. Borrowings for the container leasing business are mainly denominated in US dollars, which is the same currency as the majority of its revenue and expenses, so as to minimise potential foreign exchange exposure.

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

As at 30 June 2016, 33.0% (31 December 2015: 22.9%) of the Group's total borrowings were at fixed rates. In light of market conditions, the Group continues to monitor and regulate its fixed and floating rate debt portfolio from time to time, with a view to minimising its potential interest rate exposure.

## Operational Review

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

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

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

## Operation Status by Region

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

### Bohai Rim

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

### Yangtze River Delta

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

**Southeast Coast and others**

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

**Pearl River Delta**

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

**Southwest Coast**

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

## Overseas

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

**Regional breakdown of total throughput**

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

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

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

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

**Throughput of terminal companies**

| Terminal Companies | 1H2016 (TEU) | 1H2015 (TEU) | Change (%) |
|---|---|---|---|
| **Bohai Rim** | **16,101,111** | **15,442,784** | **+4.3** |
| Qingdao Qianwan Container Terminal Co., Ltd. [Note 1] | 8,669,195 | 8,369,569 | +3.6 |
| Dalian Port Container Terminal Co., Ltd. | 1,224,560 | 1,260,408 | -2.8 |
| Dalian International Container Terminal Co., Ltd. | 1,660,940 | 1,307,788 | +27.0 |
| Dalian Dagang China Shipping Container Terminal Co., Ltd. | 8,142 | 5,093 | +59.9 |
| Tianjin Port Euroasia International Container Terminal Co., Ltd. | 1,126,353 | 1,074,458 | +4.8 |
| Tianjin Five Continents International Container Terminal Co., Ltd. | 1,259,996 | 1,308,011 | -3.7 |
| Yingkou Container Terminals Company Limited | 813,066 | 748,066 | +8.7 |
| Yingkou New Century Container Terminal Co., Ltd. | 939,037 | 993,032 | -5.4 |
| Jinzhou New Age Container Terminal Co., Ltd. | 161,893 | 157,011 | +3.1 |
| Qinhuangdao Port New Harbour Container Terminal Co., Ltd. | 237,929 | 219,348 | +8.5 |
| **Yangtze River Delta** | **9,306,485** | **9,729,740** | **-4.4** |
| Shanghai Pudong International Container Terminals Limited | 1,188,349 | 1,226,218 | -3.1 |
| Shanghai Mingdong Container Terminals Limited | 2,861,909 | 2,775,706 | +3.1 |
| Ningbo Yuan Dong Terminals Limited | 1,249,861 | 1,878,009 | -33.4 |
| Lianyungang New Oriental International Terminals Co., Ltd. | 1,871,864 | 1,760,510 | +6.3 |
| Zhangjiagang Win Hanverky Container Terminal Co., Ltd. | 330,082 | 337,268 | -2.1 |
| Yangzhou Yuanyang International Ports Co., Ltd. | 228,325 | 228,585 | -0.1 |
| Nanjing Port Longtan Container Co., Ltd. | 1,339,896 | 1,279,111 | +4.8 |
| Taicang International Container Terminal Co., Ltd. | 236,199 | 244,333 | -3.3 |
| **Southeast Coast and others** | **2,114,601** | **1,956,226** | **+8.1** |
| Xiamen Ocean Gate Container Terminal Co., Ltd. | 526,717 | 466,368 | +12.9 |
| Quan Zhou Pacific Container Terminal Co., Ltd. | 610,009 | 557,445 | +9.4 |
| Jinjiang Pacific Ports Development Co., Ltd. | 143,732 | 183,226 | -21.6 |
| Kao Ming Container Terminal Corp. | 834,143 | 749,187 | +11.3 |
| **Pearl River Delta** | **11,622,980** | **11,964,651** | **-2.9** |
| Yantian International Container Terminals Co., Ltd. | 5,466,102 | 5,529,239 | -1.1 |
| Nansha Stevedoring Corporation Limited of Port of Guangzhou | 2,651,687 | 2,832,356 | -6.4 |
| Guangzhou South China Oceangate Container Terminal Company Limited | 2,318,848 | 2,188,162 | +6.0 |
| COSCO-HIT Terminals (Hong Kong) Limited | 673,000 | 814,667 | -17.4 |
| Asia Container Terminals Limited | 513,343 | 600,227 | -14.5 |

| | | | |
|---|---|---|---|
| **Southwest Coast** | **530,625** | **385,797** | **+37.5** |
| Qinzhou International Container Terminal Co., Ltd. | 530,625 | 385,797 | +37.5 |
| | | | |
| **Overseas** | **6,351,603** | **4,989,693** | **+27.3** |
| Piraeus Container Terminal S.A. | 1,688,892 | 1,481,718 | +14.0 |
| Suez Canal Container Terminal S.A.E. | 1,245,296 | 1,572,463 | -20.8 |
| Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş. Note 2 | 366,992 | N/A | N/A |
| Antwerp Gateway NV | 1,019,054 | 1,009,620 | +0.9 |
| APM Terminals Zeebrugge NV | 177,016 | 135,025 | +31.1 |
| COSCO-PSA Terminal Private Limited | 870,926 | 725,476 | +20.0 |
| CJ Korea Express Busan Container Terminal Corp. Note 2 | 930,080 | N/A | N/A |
| SSA Terminals (Seattle), LLC | 53,347 | 65,391 | -18.4 |
| | | | |
| **Total** | **46,027,405** | **44,468,891** | **+3.5** |

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

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

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

## Summary of Reorganisation

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

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

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

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

**Accelerating expansion of terminal network around the globe and promoting balanced development**

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

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

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

## CORPORATE GOVERNANCE

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with all code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2016.

## 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 2016.

### Remuneration Committee

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

### Nomination Committee

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

### Other Board Committees

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2016.

## PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2016. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the six months ended 30 June 2016.

## INVESTOR RELATIONS

The Company has always regarded investor relations as an important aspect of corporate governance and has been seeking to further heighten the level of corporate information disclosure to make available to the market the development strategies and the latest business conditions of the Company. During the period, the Company participated in investor conferences organised by investment banks and conducted three roadshows. The Company met with a total of 117 investors, analysts and media representatives through one-on-one and group meetings.

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

## CORPORATE SUSTAINABLE DEVELOPMENT

### Environmental Protection

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

The Company has supported and led its subsidiaries to actively promote technological renovation and innovation with an aim to protect the environment, achieve green and low-carbon footprint, save energy and reduce emission, and cut cost as well as enhance efficiency. As part of these initiatives, the Company has stepped up to substitute fuel-powered equipment with electricity-powered equipment, introduce LED lighting at its terminals, and launch projects such as fully-intelligent automated container terminal, pilot intelligent lighting control system for gantry cranes and new-type air hybrid power drop deck semi-trailer, all of which have significantly reduced carbon emissions at the terminals. In addition, the Company has been fulfilling its social responsibility in other energy saving and emissions reduction projects such as power supply for vessels at terminals.

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

### Caring for the Community

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

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

### Employee-oriented Philosophy

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

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

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

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

## PROSPECTS

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

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

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

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

## MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Mr. HUANG Xiaowen[2] (Chairman), Mr. ZHANG Wei[1] (Vice Chairman & Managing Director), Mr. FANG Meng[1], Mr. DENG Huangjun[1], Mr. FENG Bo[1], Mr. WANG Wei[2], Mr. WANG Haimin[2], Dr. WONG Tin Yau, Kelvin[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3], Mr. IP Sing Chi[3], Mr. FAN Ergang[3] and Mr. LAM Yiu Kin[3].

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

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

Hong Kong, 24 August 2016