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

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)

2019 INTERIM RESULTS ANNOUNCEMENT

Announcement of Results for the Six Months Ended 30 June 2019

- Total throughput increased by 5.4% to 59,764,100 TEU; equity throughput increased by 7.7% to 19,347,303 TEU
- Total throughput from terminal companies in which the Group has controlling stakes increased by 14.6% to 12,445,333 TEU; total throughput from the Group's non-controlling terminals increased by 3.2% to 47,318,767 TEU
- Revenue increased by 4.5% to US$517,915,000
- Adjusted net profit attributable to equity holders of the Company increased by 4.4% to US$176,358,000 [Note 2]

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 Qingdao Port International Co., Ltd. ("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").

RESULTS

The board of directors (the "Board") of COSCO SHIPPING Ports 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 2019.

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 2019 (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 2019

	Note	**As at 30 June 2019**	As at 31 December 2018
		US$'000	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**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	3	**16,421**	54,991
		9,058,778	8,189,092
Current assets			
Inventories		**14,994**	13,837
Trade and other receivables	4	**323,929**	235,421
Current income tax recoverable		**1,469**	413
Restricted bank deposits		**72,640**	63,674
Cash and cash equivalents		**557,870**	543,015
		970,902	856,360
Total assets		**10,029,680**	9,045,452

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
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		**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		**2,326,131**	2,283,529
Loan from a non-controlling shareholder of a subsidiary		**681**	685
Loans from a fellow subsidiary		**-**	8,870
Derivative financial instruments		**10,758**	7,358
Put option liability		**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	5	**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		**85,598**	87,824
Short term borrowings		**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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Note	**Six months ended 30 June**	
		2019	2018
		US$'000	*US$'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	6	**101,508**	111,031
Finance income	7	**5,348**	5,681
Finance costs	7	**(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	8	**(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	9	**US4.75 cents**	US5.53 cents
- Diluted	9	**US4.75 cents**	US5.53 cents

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

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" 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.

1.1 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.

1. BASIS OF PREPARATION (Continued)

1.2 Change 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 is 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.

1. BASIS OF PREPARATION (Continued)

1.2 Change 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 of 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:

	30 June 2019 ***US$'000***	**1 January 2019** ***US$'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

(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 table show the impact on each individual line item. Line items that were not affected by the changes have not been included.

1. BASIS OF PREPARATION (Continued)

1.2 Change in significant accounting policies (Continued)

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

(i) Condensed consolidated balance sheet on 1 January 2019 (Continued)

	As at 31 December 2018 (As originally 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 interest	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

(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			
Revenue	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

1. BASIS OF PREPARATION (Continued)

1.2 Change 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.

1. BASIS OF PREPARATION (Continued)

1.2 Change in significant accounting policies (Continued)

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

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.

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.

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 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 fair value through profit or loss ("FVPL")	**92,875**	**-**	-	**92,875**
Financial assets at fair value through other comprehensive income ("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

2. SEGMENT INFORMATION (Continued)

(a) 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)**

2. SEGMENT INFORMATION (Continued)

(a) 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)

(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.

	Six months ended 30 June **2019** *US$'000*	2018 *US$'000*
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	**236,855**	233,749
- Europe	**281,060**	261,708
	517,915	495,457

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

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

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

	As at 30 June 2019	As at 31 December 2018
	US$'000	*US$'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

3. 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 HKFRS 16 on 1 January 2019.

4. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 *US$'000*	As at 31 December 2018 *US$'000*
Trade receivables		
- third parties	**96,972**	86,941
- fellow subsidiaries	**32,622**	15,857
- non-controlling shareholders of subsidiaries	**9,246**	4,798
- joint ventures	**26**	10
- related companies	**7,465**	8,152
	146,331	115,758
Bills receivable	**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	**796**	800
Amounts due from		
- fellow subsidiaries	**1,328**	3,979
- non-controlling shareholders of subsidiaries	**3,746**	3,783
- joint ventures	**8,763**	4,459
- associates	**79,772**	15,945
- related companies	**-**	99
	323,929	235,421

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

5. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 30 June 2019	As at 31 December 2018
	US$'000	*US$'000*
Trade payables		
- third parties	**44,421**	51,767
- fellow subsidiaries	**1,241**	6,326
- non-controlling shareholders of subsidiaries	**3,773**	2,184
- a joint venture	**302**	179
- an associate	**957**	470
- related companies	**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	**-**	7,899
Loan from a joint venture	**32,729**	32,784
Loan from an associate	**14,546**	14,570
Loans from non-controlling shareholders of subsidiaries	**139,039**	139,185
Amounts due to		
- 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

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

	As at 30 June 2019	As at 31 December 2018
	US$'000	*US$'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

6. 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.

7. 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 Co., Ltd. ("COSCO SHIPPING Finance") (note)	**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 (note)	**(890)**	(783)
- loans from a fellow subsidiary	**-**	(668)
- loans from non-controlling shareholders of subsidiaries	**(2,067)**	(2,394)
- loan from a joint venture	**(384)**	(503)
- loan from an associate	**(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)

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 CS Finance was changed to COSCO SHIPPING Finance Co., Ltd.

8. 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.

9. 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.

10. INTERIM DIVIDEND

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
Interim dividend, declared of US1.900 cents (1H2018: US2.212 cents) per ordinary share	**60,069**	67,631

Notes:

(a) 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.

(b) 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.

11. 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 China COSCO Shipping Corporation Limited (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 announcement, 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 COSCO SHIPPING Ports (Spain) Holdings, S.L. and its subsidiaries (together, the "CSP Spain Group"), it also acquired additional equity interests in CSP Zeebrugge Terminal NV ("Zeebrugge Terminal"), which became a subsidiary of the Company; at the domestic front, it has acquired Nantong Tonghai Port Co., Ltd. ("Nantong Tonghai Terminal") and Wuhan CSP Terminal Co., Ltd. ("Wuhan Terminal") as subsidiaries. In addition, the subscription for non-circulating domestic shares in QPI and the integration of Dalian Container Terminal Co., Ltd. ("Dalian Container Terminal") were completed in 2017. During the first half of 2019, COSCO SHIPPING Ports completed the acquisition of 60% equity interest in Terminales Portuarios Chancay S.A. ("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 Container Terminal S.A. in Greece ("Piraeus Terminal"), the CSP Spain Group, Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") and Xiamen Ocean Gate Container Terminal Co., Ltd. ("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 Container Terminals Limited ("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: Nil), and fair value gain of Beibu Gulf Port of US$20,495,000 (1H2018: Nil).

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 Private Limited ("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 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	
By repayment term	**US$**	**(%)**	US$	(%)
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 11 "EVENT AFTER BALANCE SHEET DATE" on page 22 of this announcement.

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 L.L.C. ("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 International Container Terminals Limited and Shanghai Mingdong Container Terminals Limited 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 Ports Development Co., Ltd. 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 International Container Terminals Co., Ltd. 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 Container Terminal Co., Ltd. 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 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.

Throughput of the Group for the six months ended 30 June 2019, was set out below:

	1H2019 (TEU)	1H2018 (TEU)	Change (%)
Bohai Rim	**19,298,356**	**18,677,784**	**+3.3**
Qingdao Port International Co., Ltd. Note 1	10,300,000	9,381,300	+9.8
Dalian Container Terminal Co., Ltd.	4,235,312	4,696,182	-9.8
Dalian Dagang China Shipping Container Terminal Co., Ltd.	8,188	9,401	-12.9
Tianjin Port Euroasia International Container Terminal Co., Ltd.	1,387,389	1,321,198	+5.0
Tianjin Five Continents International Container Terminal Co., Ltd.	1,377,513	1,323,200	+4.1
Yingkou Terminal Note 2	1,315,184	1,293,530	+1.7
Jinzhou New Age Container Terminal Co., Ltd.	363,409	362,867	+0.1
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	311,361	290,106	+7.3
Yangtze River Delta	**9,989,132**	**9,659,775**	**+3.4**
Shanghai Pudong International Container Terminals Limited	1,229,987	1,280,358	-3.9
Shanghai Mingdong Container Terminals Limited	2,953,154	3,092,734	-4.5
Ningbo Yuan Dong Terminals Limited	1,574,126	1,519,113	+3.6
Lianyungang New Oriental International Terminals Co., Ltd.	1,473,007	1,449,875	+1.6
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	336,297	374,812	-10.3
Yangzhou Yuanyang International Ports Co., Ltd.	235,720	240,229	-1.9
Nanjing Port Longtan Container Co., Ltd.	1,495,828	1,436,865	+4.1
Taicang International Container Terminal Co., Ltd.	213,059	265,789	-19.8
Nantong Tonghai Port Co., Ltd. Note 3	477,954	N/A	N/A
Southeast Coast and others	**2,890,372**	**2,812,495**	**+2.8**
Xiamen Ocean Gate Container Terminal Co., Ltd.	1,041,699	1,027,423	+1.4
Quan Zhou Pacific Container Terminal Co., Ltd.	761,580	752,641	+1.2
Jinjiang Pacific Ports Development Co., Ltd.	270,472	209,652	+29.0
Kao Ming Container Terminal Corp.	816,621	822,779	-0.7
Pearl River Delta	**13,112,675**	**12,764,909**	**+2.7**
Yantian International Container Terminals Co., Ltd.	6,087,662	5,811,268	+4.8
Guangzhou Terminals Note 4	5,501,414	5,315,714	+3.5
Hong Kong Terminals Note 5	1,523,599	1,637,927	-7.0
Southwest Coast	**724,795**	**643,599**	**+12.6**
Qinzhou International Container Terminal Co., Ltd.	724,795	643,599	+12.6
Overseas	**13,748,770**	**12,150,188**	**+13.2**
Piraeus Container Terminal S.A.	2,569,936	2,075,548	+23.8
CSP Zeebrugge Terminal NV	184,724	194,624	-5.1
COSCO SHIPPING Ports (Spain) Holding, S.L.	1,911,893	1,762,631	+8.5
CSP Abu Dhabi Terminal L.L.C. Note 6	68,746	N/A	N/A
COSCO-PSA Terminal Private Limited	2,450,384	1,592,926	+53.8
Reefer Terminal S.p.A. Note 7	28,670	36,146	-20.7
Euromax Terminal Rotterdam B.V. Note 8	1,519,998	1,457,623	+4.3
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A. Ş.	615,398	652,163	-5.6
Suez Canal Container Terminal S.A.E.	1,408,502	1,288,467	+9.3
Antwerp Gateway NV	1,075,911	1,163,381	-7.5
SSA Terminals (Seattle), LLC	80,028	91,130	-12.2
Busan Port Terminal Co., Ltd.	1,834,580	1,835,549	-0.1
Total	**59,764,100**	**56,708,750**	**+5.4**

Note 1: Throughput of QPI in the six months ended 30 June 2018 was restated from 9,380,000 TEU to 9,381,300 TEU.

Note 2: Throughput of Yingkou Terminal was the total throughput of Yingkou Container Terminals Company Limited and Yingkou New Century Container Terminal Co., Ltd.

Note 3: Throughput of Nantong Tonghai Terminal was included since 1 August 2018.

Note 4: Throughput of Guangzhou Terminals was the total throughput of Nansha Stevedoring Corporation Limited of Port of Guangzhou and Guangzhou South China Oceangate Terminal.

Note 5: Throughput of Hong Kong Terminals was the total throughput of COSCO-HIT Terminals (Hong Kong) Limited and Asia Container Terminals Limited.

Note 6: Throughput of Abu Dhabi Terminal was included since 1 April 2019.

Note 7: Throughput of Reefer Terminal S.p.A. ("Vado Reefer Terminal") in the six months ended 30 June 2018 was restated from 35,496 TEU to 36,146 TEU.

Note 8: Throughput of Euromax Terminal Rotterdam B.V. in the six months ended 30 June 2018 was restated from 1,457,423 TEU to 1,457,623 TEU.

Note 9: Total throughput of bulk cargo for the six months ended 30 June 2019 was 182,379,057 tons (1H2018: 180,981,193 tons), representing an increase of 0.8%. Total throughput of automobile was 427,864 vehicles (1H2018: 403,016 vehicles), representing an increase of 6.2%. Throughput of reefer of Vado Reefer Terminal was 209,540 pallets (1H2018: 241,340 pallets), representing a decrease of 13.2%.

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 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 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 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 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 announcement, 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