中 國 遠 洋 控 股 股 份 有 限 公 司
China COSCO Holdings Company Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1919)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS:

- Revenue of the Group for 2013 was RMB66,137,861,000, representing a decrease of RMB2,129,649,000 as compared to 2012.
- Profit attributable to equity holders of the Company for 2013 was RMB235,470,000 as compared to loss attributable to equity holders of the Company of RMB9,559,138,000 in 2012.
- The basic and diluted earnings per share for 2013 amounted to RMB0.0230 and RMB0.0230, respectively.
- The Board resolved not to propose any final dividend for the year 2013.

The board of directors (the "**Board**") of China COSCO Holdings Company Limited (the "**Company**" or "**China COSCO**") hereby announces the results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2013 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2012, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") as below.

CHINA COSCO HOLDINGS COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**2013** *RMB'000*	**2012** *RMB'000* *(Restated)*
Continuing operations			
Revenues	3	66,137,861	68,267,510
Cost of services and inventories sold	5	(67,030,192)	(72,136,470)
Gross loss		(892,331)	(3,868,960)
Other income, net	4	74,633	26,757
Other gains		3,690,633	—
Selling, administrative and general expenses	5	(4,175,907)	(4,273,997)
Operating loss		(1,302,972)	(8,116,200)
Finance income	6	1,022,769	793,812
Finance costs	6	(3,212,282)	(2,450,908)
Net related exchange gain	6	876,744	36,469
Net finance costs	6	(1,312,769)	(1,620,627)
		(2,615,741)	(9,736,827)
Share of profits less losses of			
- joint ventures		540,909	647,489
- associates		561,236	498,177
Loss before income tax		(1,513,596)	(8,591,161)
Income tax expenses	7	(299,472)	(519,086)
Loss for the year from continuing operations		(1,813,068)	(9,110,247)
Discontinued operations			
Profit for the year from discontinued operations		4,692,490	972,819
Profit/(loss) for the year		2,879,422	(8,137,428)
Profit/(loss) attributable to:			
Equity holders of the Company	9	235,470	(9,559,138)
Non-controlling interests		2,643,952	1,421,710
		2,879,422	(8,137,428)

CHINA COSCO HOLDINGS COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**2013** *RMB'000*	**2012** *RMB'000* *(Restated)*
(Loss)/profit attributable to equity holders of the Company arising from:			
- Continuing operations		(2,960,159)	(10,233,391)
- Discontinued operations		3,195,629	674,253
		235,470	(9,559,138)

		2013 *RMB*	**2012** *RMB*
(Loss)/earnings per share attributable to equity holders of the Company:			
Basic (loss)/earnings per share			
- From continuing operations		(0.2898)	(1.0017)
- From discontinued operations		0.3128	0.0660
		0.0230	(0.9357)
Diluted (loss)/earnings per share			
- From continuing operations		(0.2898)	(1.0017)
- From discontinued operations		0.3128	0.0660
		0.0230	(0.9357)

		2013 *RMB'000*	**2012** *RMB'000*
Dividend	8	—	—

CHINA COSCO HOLDINGS COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	**2012**
	RMB'000	*RMB'000*
		(Restated)
Profit/(loss) for the year	2,879,422	(8,137,428)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	(29,324)	19,615
Share of other comprehensive (loss)/income of joint ventures and associates	(9,029)	57,936
Release of reserves upon disposal of subsidiaries and an associate	(375,977)	—
Currency translation differences	(1,285,436)	(16,763)
Total items that may be reclassified subsequently to profit or loss	(1,699,766)	60,788
Item that may not be reclassified subsequently to profit or loss		
Impairment loss on available-for-sale financial assets recycled to consolidated income statement	31,607	—
Total other comprehensive income/(loss) for the year	(1,668,159)	60,788
Total comprehensive income/(loss) for the year	1,211,263	(8,076,640)
Total comprehensive (loss)/income for the year attributable to:		
- Equity holders of the Company	(968,251)	(9,560,205)
- Non-controlling interests	2,179,514	1,483,565
	1,211,263	(8,076,640)
Total comprehensive (loss)/income attributable to equity holders of the Company arising from:		
- Continuing operations	(4,036,820)	(10,263,047)
- Discontinued operations	3,068,569	702,842
	(968,251)	(9,560,205)

CHINA COSCO HOLDINGS COMPANY LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	**2013**	**2012**
		RMB'000	*RMB'000*
			(Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		81,404,047	80,648,214
Investment properties		401,885	475,591
Leasehold land and land use rights		1,986,279	2,567,434
Intangible assets		114,441	202,497
Joint ventures		4,877,158	5,255,508
Associates		5,881,784	11,360,852
Loans to a joint venture and an associate		229,683	226,146
Available-for-sale financial assets		1,510,630	499,121
Deferred income tax assets		173,443	238,281
Restricted bank deposits		6,106	71,280
Other non-current assets		765,561	554,056
Total non-current assets		97,351,017	102,098,980
Current assets			
Inventories		2,374,978	2,731,404
Trade and other receivables	10	9,078,897	13,585,855
Derivative financial assets		—	53,823
Available-for-sale financial assets		4,000,000	—
Restricted bank deposits		850,825	428,175
Deposits and cash and cash equivalents		48,206,390	46,361,293
Total current assets		64,511,090	63,160,550
Total assets		161,862,107	165,259,530

CHINA COSCO HOLDINGS COMPANY LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	**2013** *RMB'000*	**2012** *RMB'000 (Restated)*
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		10,216,274	10,216,274
Reserves		14,006,311	14,925,324
		24,222,585	25,141,598
Non-controlling interests		17,891,222	16,558,603
Total equity		42,113,807	41,700,201
LIABILITIES			
Non-current liabilities			
Long-term borrowings		68,351,377	79,085,828
Provisions and other liabilities		1,283,942	1,593,684
Deferred income tax liabilities		2,042,587	2,417,596
Total non-current liabilities		71,677,906	83,097,108
Current liabilities			
Trade and other payables	11	18,151,708	24,261,674
Short-term borrowings		2,765,570	5,253,237
Current portion of long-term borrowings		25,278,430	8,865,186
Current portion of provisions and other liabilities		602,657	1,292,327
Tax payable		1,272,029	789,797
Total current liabilities		48,070,394	40,462,221
Total liabilities		119,748,300	123,559,329
Total equity and liabilities		161,862,107	165,259,530
Net current assets		16,440,696	22,698,329
Total assets less current liabilities		113,791,713	124,797,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

China COSCO Holdings Company Limited (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 3rd Floor, No.1 Tongda Square, Tianjin Port Free Trade Zone, Tianjin, the PRC. The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively.

The businesses of the Company and its subsidiaries (the "**Group**") include the provisions of a range of container shipping, dry bulk shipping, managing and operating container terminals, container leasing and logistics services all over the world.

The directors of the Company (the "**Directors**") regard China Ocean Shipping (Group) Company ("**COSCO**"), a state-owned enterprise established in the PRC, as being the Company's parent company. COSCO and its subsidiaries (other than the Group) are collectively referred to as "COSCO Group".

On 27 March 2013, the Company entered into an equity transfer agreement with COSCO. Pursuant to the equity transfer agreement, the Company agreed to dispose of, and COSCO agreed to acquire the entire issued capital of COSCO Logistics Co., Ltd. ("**COSCO Logistics**"), at a cash consideration of RMB6,738,704,000. After the disposal, COSCO Logistics ceased to be a subsidiary of the Group. The disposal gain and operation result of COSCO Logistics are disclosed as discontinued operation as logistics constitute a separate business within the Group.

On 20 May 2013, COSCO Pacific Limited ("**COSCO Pacific**"), a non-wholly owned subsidiary of the Company, entered into a sale and purchase agreement to dispose of its 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("**CIMC**"), a then associate of the Group listed in Shenzhen and Hong Kong, to Long Honour Investments Limited ("**Long Honour**"), a wholly owned subsidiary of COSCO (Hong Kong) Group Limited ("**CHKG**"), a fellow subisidary, which in turn is a wholly owned subsidiary of COSCO, for a cash consideration of US$1,219,789,000 (approximately RMB7,559,030,000). COSCO Container Industries Limited ("**COSCO Container**"), a wholly owned subsidiary of COSCO Pacific whose major asset is the 21.8% equity interest in CIMC, was disposed of in the same transaction. Long Honour had acquired the entire issued share capital and sales loan of COSCO Container. After the disposal, CIMC ceased to be an associate of the Group. The disposal gain and operation result of CIMC are disclosed as discontinued operation as container manufacturing constitute a separate business within the Group.

On 29 August 2013, Qingdao Ocean Shipping Co., Ltd ("**COSCO Qingdao**") (a wholly owned subsidiary of the Company) as vendor and Yuehon Investments Limited ("**Yuehon**"), a wholly owned subsidiary of CHKG as purchaser entered into the COSCO (Qingdao) Assets Management Co., Ltd ("**Qingdao Management**") equity transfer agreement, pursuant to which COSCO Qingdao agreed to sell, and Yuehon agreed to purchase, the 81% equity interest in Qingdao

Management; and COSCO Container Lines Co., Ltd ("**COSCON**") (a wholly owned subsidiary of the Company) as vendor, and Ling Hui Investments Limited ("**Ling Hui**"), a wholly owned subsidiary of CHKG as purchaser, entered into the Shanghai Tianhongli Asset Management Co. Ltd. ("**Shanghai Tianhongli**") equity transfer agreement, pursuant to which COSCON agreed to sell, and Ling Hui agreed to purchase, the 81% equity interest in Shanghai Tianhongli. The aggregate consideration for the Qingdao Management disposal and the Shanghai Tianhongli disposal is RMB3,738,403,000. After the disposals, Qingdao Management and Shanghai Tianhongli ceased to be subsidiaries of the Group and the Group's remaining 19% equity interests in these two companies are classified as available-for-sale financial assets.

On 31 December 2013, the Group completed the acquisition of 51% equity interest in Sea Trade International Transportation Agency Co., Ltd. ("**Seatrade**") and 100% equity interest in Welley Shipping Limited ("**Welley**"). The parent company of Seatrade and Welley (hereinafter collectively referred to as "**Acquired Subsidiaries**") is COSCO and the aforesaid transactions are regarded as business combinations under common control.

The Consolidated Financial Statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The Consolidated Financial Statements have been approved for issue by the Board of Directors on 27 March 2014.

2 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for the Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Directors regard COSCO Logistics and CIMC as discontinued operations and presented in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" in the Consolidated Financial Statements. The comparative information in the Consolidated Financial Statements has been restated accordingly.

The Consolidated Financial Statements have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, available-for-sale financial assets and derivative financial instruments are stated at fair value.

The preparation of the Consolidated Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Amendments to standards which are effective in 2013 and adopted by the Group

HKICPA has issued some amendments to standards which are mandatory and adopted by the Group for the accounting periods on or after 1 January 2013. Except that the adoption of

HKAS 19 (Amendment) which has resulted in changes in accounting policies as described below, the adoption of those amendments does not have any significant impact to the Group's results for the year ended 31 December 2013 and the Group's financial position as at 31 December 2013.

HKAS 19 (Amendment) renames actuarial gain and losses as remeasurements and will be recognised immediately in other comprehensive income. Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; remeasurements recognised in other comprehensive income will not be recycled through profit or loss in subsequent periods. Full retrospective application is required in accordance with the transition provisions of the standard.

The Group has assessed the accumulated actuarial gains and losses as at 31 December 2012. As the effect was insignificant to the Consolidated Financial Statements, the change in the accounting policy in respect of the adoption of HKAS 19 (Amendment) had not been applied for retrospectively.

(ii) **New and amended standards and interpretation to standard that are relevant to the Group but not yet effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group**

		Effective for accounting periods beginning on or after
New and amended standards and interpretation to standard		
HKAS 32 (Amendment)	Financial instruments: Presentation- Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non Financial Assets	1 January 2014
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK(IFRIC) - Int 21	Levies	1 January 2014

HKFRS 9	Financial Instruments	To be determined
HKFRS 14	Regulatory Deferred Accounts	1 January 2016
HKFRS Amendments	Annual Improvements to HKFRS 2010-2012 Cycle	1 July 2014
HKFRS Amendments	Annual Improvements to HKFRS 2011-2013 Cycle	1 July 2014

The Group will apply the new and amended standards and interpretaion to standard from 1 January 2014 or later periods. The Group has already commenced an assessment of the related impact to the Group. Except for certain changes in presentation and disclosures of consolidated financial information, it is anticipated that the adoption of new and amended standards and interpretation to standard does not have any significant effect on the Consolidated Financial Statements or result in any significant changes in the Group's significant accounting policies.

3 Revenues and segment information

Revenues include gross revenues from operations of container shipping, dry bulk shipping, logistics, container terminal operations and container leasing, net of discounts allowed, where applicable. Revenues recognised during the year are as follows:

	2013	**2012**
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Container shipping (note a)	47,464,934	47,641,465
Dry bulk shipping (note b)	12,957,293	15,031,615
Container terminal operations	2,566,983	2,323,215
Container leasing, management and sale (note c)	1,177,774	1,225,516
Turnover	64,166,984	66,221,811
Crew service income	289,112	354,921
Others	1,681,765	1,690,778
Total revenues from continuing operations	66,137,861	68,267,510
Discontinued operation		
Logistics	4,986,050	20,391,451
Total revenues from discontinued operation	4,986,050	20,391,451

Notes:

(a) Turnover from container shipping under time charterhire agreements was RMB769,985,000 for the year ended 31 December 2013 (2012: RMB284,550,000).

(b) Turnover from dry bulk shipping under time charterhire agreements was RMB3,550,014,000 for the year ended 31 December 2013 (2012: RMB4,549,506,000).

(c) Turnover from container leasing, management and sale is analysed below:

	2013	2012
	RMB'000	*RMB'000*
Operating lease rentals	906,548	949,649
Finance lease income	5,943	7,026
Proceeds from sale of resaleable containers	265,283	268,841
	1,177,774	1,225,516

Operating segments

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analysed from a business perspective:

— Container shipping and related business

— Dry bulk shipping and related business

— Logistics (discontinued operation)

— Container terminal and related business

— Container leasing, management, sale and related business

— Corporate and other operations that primarily comprise container manufacturing (discontinued operation), investment holding, management services and financing

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude joint ventures, associates, loans to a joint venture and an associate, available-for-sale financial assets not related to the segment and unallocated assets. Segment liabilities are these operating liabilities that result from the operating activities of a segment.

Unallocated assets consist of deferred income tax assets. Unallocated liabilities consist of current and deferred income tax liabilities.

Addition to non-current assets comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, investments in joint ventures and associates and other non-current assets (excluding finance lease receivables), including additions resulting from acquisitions through business combinations.

	Year ended 31 December 2013									
	Continuing operations							Discontinued operations		
	Container shipping and related business	**Dry bulk shipping and related business**	**Container terminal and related business**	**Container leasing, management, sale and related business**	**Corporate and other operations**	**Inter-segment elimination**	**Total**	**Logistics**	**Corporate and other operation(#)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement										
Total revenues	48,325,636	14,067,865	2,822,348	2,154,990	18,732	(1,251,710)	66,137,861	4,986,050	—	4,986,050
Inter-segment revenues	(13,604)	(5,525)	(255,365)	(977,216)	—	1,251,710	—	—	—	—
Revenues (from external customers)(##)	48,312,032	14,062,340	2,566,983	1,177,774	18,732	—	66,137,861	4,986,050	—	4,986,050
Segment (loss)/profit	(988,138)	(1,697,821)	756,499	924,597	(298,109)	—	(1,302,972)	271,229	—	271,229
Finance income							1,022,769	16,837	—	16,837
Finance costs							(3,212,282)	(10,090)	—	(10,090)
Net related exchange gain							876,744	5,477	—	5,477
Share of profits less losses of										
- joint ventures	(2,490)	38,925	504,474	—	—	—	540,909	19,845	—	19,845
- associates	7,660	1,579	449,306	—	102,691	—	561,236	36,938	142,897	179,835
Loss before income tax							(1,513,596)	340,236	142,897	483,133
Income tax expenses							(299,472)	(74,332)	—	(74,332)
Loss for the year							(1,813,068)	265,904	142,897	408,801
Net gain on disposals of subsidiaries and an associate from discontinued operations								1,845,721	2,437,968	4,283,689
Profit for the year from discontinued operations								2,111,625	2,580,865	4,692,490
Depreciation and amortisation	1,446,676	1,280,352	464,701	693,568	16,600	—	3,901,897	75,662	—	75,662
Provision/(reversal of provision) for impairment of trade and other receivables, net	6,903	(24,172)	—	9,602	—	—	(7,667)	441	—	441
Impairment loss on available-for-sale financial assets	—	31,607	—	—	—	—	31,607	—	—	—
Amortised amount of transaction costs on long-term borrowings	35,448	9,607	—	20,816	24,500	—	90,371	—	—	—
Additions to non-current assets	5,324,032	923,065	2,747,541	1,795,128	1,560	—	10,791,326	125,185	—	125,185

It comprised the container manufacturing business of the Group.

Revenues for container shipping and related business and dry bulk shipping and related business including respective crew service income and other revenues.

	Year ended 31 December 2012 (Restated)									
	Continuing operations							Discontinued operations		
	Container shipping and related business	Dry bulk shipping and related business	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total	Logistics	Corporate and other operation(#)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement										
Total revenues	48,639,872	16,090,944	2,586,602	2,121,573	16,936	(1,188,417)	68,267,510	20,391,451	—	20,391,451
Inter-segment revenues	(19,991)	(8,982)	(263,387)	(896,057)	—	1,188,417	—	—	—	—
Revenues (from external customers)(##)	48,619,881	16,081,962	2,323,215	1,225,516	16,936	—	68,267,510	20,391,451	—	20,391,451
Segment (loss)/profit	(1,528,655)	(7,774,469)	678,992	985,848	(477,916)	—	(8,116,200)	595,072	—	595,072
Finance income							793,812	61,918	—	61,918
Finance costs							(2,450,908)	(29,139)	—	(29,139)
Net related exchange gain							36,469	1,000	—	1,000
Share of profits less losses of										
- joint ventures	(1,614)	40,432	608,671	—	—	—	647,489	62,681	—	62,681
- associates	2,758	(1,197)	408,143	—	88,473	—	498,177	111,751	390,558	502,309
Loss before income tax							(8,591,161)	803,283	390,558	1,193,841
Income tax expenses							(519,086)	(221,022)	—	(221,022)
Loss for the year							(9,110,247)	582,261	390,558	972,819
Profit for the year from discontinued operations								582,261	390,558	972,819
Depreciation and amortisation	1,275,514	1,302,381	382,392	663,055	15,404	—	3,638,746	188,939	—	188,939
Provision/(reversal of provision) for impairment of trade and other receivables, net	5,586	31,719	(38)	(3,749)	—	—	33,518	131,992	—	131,992
Amortised amount of transaction costs on long-term borrowings	36,598	16,937	—	14,349	12,021	—	79,905	—	—	—
Additions to non-current assets	5,148,395	1,787,030	2,733,925	2,352,444	18,638	—	12,040,432	281,071	—	281,071

It comprised the container manufacturing business of the Group.

Revenues for container shipping and related business and dry bulk shipping and related business including respective crew service income and other revenues.

	As at 31 December 2013						
	Container shipping and related business	Dry bulk shipping and related business	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet							
Segment assets	55,963,679	37,395,805	17,520,123	13,015,075	34,665,422	(13,370,695)	145,189,409
Joint ventures	410,891	591,358	3,874,909	—	—	—	4,877,158
Associates	71,779	101,185	5,027,492	—	681,328	—	5,881,784
Loans to a joint venture and an associate	—	—	229,683	—	—	—	229,683
Available-for-sale financial assets	469,837	876,177	164,616	—	4,000,000	—	5,510,630
Unallocated assets							173,443
Total assets							161,862,107
Segment liabilities	50,640,317	31,007,899	11,318,860	6,844,757	29,992,546	(13,370,695)	116,433,684
Unallocated liabilities							3,314,616
Total liabilities							119,748,300

	As at 31 December 2012 (Restated)							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet								
Segment assets	51,117,976	44,594,159	11,416,717	15,587,183	13,003,500	34,429,181	(22,469,094)	147,679,622
Joint ventures	438,751	622,840	425,699	3,768,218	—	—	—	5,255,508
Associates	31,870	104,622	524,679	4,816,188	—	5,883,493	—	11,360,852
Loans to a joint venture and associate	—	—	—	226,146	—	—	—	226,146
Available-for-sale financial assets	70,321	108,876	162,786	157,138	—	—	—	499,121
Unallocated assets								238,281
Total assets								165,259,530
Segment liabilities	49,085,860	35,263,409	6,323,066	9,901,177	7,142,566	35,104,952	(22,469,094)	120,351,936
Unallocated liabilities								3,207,393
Total liabilities								123,559,329

Geographical information

(a) Revenues

The Group's businesses are managed on a worldwide basis. The revenues generated from the world's major trade lanes for container shipping business mainly include Trans-Pacific, Asia-Europe, Intra-Asia, PRC coastal, Trans-Atlantic and others which are reported as follows:

Geographical	**Trade lanes**
America	Trans-Pacific
Europe	Asia-Europe (including Mediterranean)
Asia Pacific	Intra-Asia (including Australia)
China domestic	PRC coastal
Other international market	Trans-Atlantic and others

The revenues generated from provision of dry bulk shipping business services are classified into international shipping and PRC coastal shipping only.

For the geographical information, freight revenues from container shipping and dry bulk shipping are analysed based on the outbound cargoes or goods transport to each geographical territory.

In respect of container terminals operations, corporate and other operations, revenues are based on the geographical locations in which the business operations are located.

In respect of container leasing, the movements of containers under operating leases or finance leases are known through reports from the lessees but the Group is not able to control the movements of containers except to the degree that the movements are restricted by the terms of the leases or where safety of the containers is concerned. It is therefore impracticable to present financial information by geographical area and thus the revenues of which are presented as unallocated revenues.

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Continuing operations		
Container shipping and related business		
- America	14,200,756	14,948,551
- Europe	10,663,157	12,309,427
- Asia Pacific	7,384,713	7,599,624
- China domestic	13,767,285	12,055,995
- Other international market	2,296,121	1,706,284
Dry bulk shipping and related business		
- International shipping	12,144,158	14,255,694
- PRC coastal shipping	1,918,182	1,826,268
Container terminal and related business, corporate and other operations		
- Europe	902,255	798,190
- China domestic	1,683,460	1,541,961
Unallocated	1,177,774	1,225,516
Total	66,137,861	68,267,510
Discontinued operation		
Logistics		
- Europe	24,060	115,017
- Asia Pacific	75,388	234,985
- China domestic	4,886,602	20,041,449
Total	4,986,050	20,391,451

(b) Non-current assets

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

The container vessels, dry bulk vessels and containers (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 container vessels, dry bulk vessels and containers by geographical areas and thus the container vessels, dry bulk vessels, containers and vessels under construction are presented as unallocated non-current assets.

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

	As at 31 December 2013	**As at 31 December 2012**
	RMB'000	*RMB'000*
		(Restated)
China domestic	26,755,431	34,560,591
Non-China domestic	4,502,092	3,792,104
Unallocated	64,049,883	62,621,528
Total	95,307,406	100,974,223

4 Other income, net

	2013	**2012**
	RMB'000	*RMB'000*
		(Restated)
Dividend income from listed and unlisted investments	115,237	13,177
Government subsidies	290,031	835,947
(Loss)/gain on disposal of/write off property, plant and equipment, net		
- container vessels	(268,930)	59,196
- dry bulk vessels	244,176	82,312
- containers	2,646	(2,360)
- others	(26,119)	4,149
Gain on disposal of available-for-sale financial assets	123	—
(Loss)/gain on disposals of joint ventures and assocates	(9,792)	13
Net gain/(loss) on derivative financial instruments	3,436	—
Reversal of provision for impairment of trade and other receivables	71,677	23,252
Provision for impairment of trade and other receivables	(64,010)	(56,770)
Net exchange (loss)/gain	(17,538)	25,483
Compensation expense	(287,263)	(1,049,993)
Compensation income	29,884	59,390
Donations	(1,006)	(6,381)
Impairment of available-for-sale financial assets	(31,607)	—
Gain on fair value change on share appreciation rights	18,814	27,463
Others	4,874	11,879
Total	74,633	26,757

5 Expenses by nature

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Cost of services and inventories sold		
Container shipping and dry bulk shipping costs		
- Equipment and cargo transportation costs	17,757,865	16,824,773
- Voyage costs	19,011,981	22,773,962
- Vessel costs	17,220,097	19,510,819
- Provision for onerous contracts	604,663	1,372,227
- Others	1,172,686	834,538
Freight forwarding and shipping agency costs	7,556,011	7,232,515
Terminal operating and other direct costs	1,924,398	1,694,699
Cost of inventories sold	731,054	780,093
Container depreciation and other direct costs	928,032	852,281
Business tax	123,405	260,563
Total	67,030,192	72,136,470
Selling, administrative and general expenses		
Administrative staff costs	2,808,755	2,849,641
Depreciation and amortisation	201,141	221,341
Rental expense	186,036	173,389
Office expense	142,281	157,648
Transportation and travelling expense	130,573	144,956
Legal and professional fees	100,629	105,533
Auditors' remuneration	44,696	40,739
Telecommunication and utilities	102,101	76,685
Repair and maintenance expense	44,099	61,737
Others	415,596	442,328
Total	4,175,907	4,273,997

6 Finance income and costs

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Finance income		
Interest income from:		
- deposits with COSCO Finance	226,646	288,949
- loans to a joint venture and an associate	14,916	9,287
- banks	781,207	495,576
	1,022,769	793,812
Finance costs		
Interest expenses on:		
- bank loans	(1,831,734)	(1,479,987)
- other loans wholly repayable within five years	(54,558)	(44,682)
- loans with COSCO Finance	(19,452)	(6,610)
- finance lease obligations	(7,083)	(8,216)
- notes and bonds	(1,162,895)	(875,391)
Fair value loss on derivative financial instruments	(53,065)	(33,979)
Fair value adjustment of notes attributable to interest rate risk	69,648	17,674
	16,583	(16,305)
	(3,059,139)	(2,431,191)
Amortised amount of transaction costs on long-term borrowings	(90,371)	(79,905)
Amortised amount of discount on issue of notes	(10,668)	(953)
Other incidental borrowing costs and charges	(187,553)	(59,773)
Less: amount capitalised in construction in progress	135,449	120,914
	(3,212,282)	(2,450,908)
Net related exchange gain	876,744	36,469
Net finance costs	(1,312,769)	(1,620,627)

7 Income tax expenses

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Current income tax (note)		
- PRC enterprise income tax	218,679	229,363
- Hong Kong profits tax	4,784	4,667
- Overseas taxation	112,735	89,155
Under provision in prior years	2,473	3,322
	338,671	326,507
Deferred income tax	(39,199)	192,579
	299,472	519,086

Note:

Current income tax

Taxation has been provided at the appropriate rate of taxation prevailing in the countries in which the Group operates. These rates range from 12.5% to 46% (2012: 12.5% to 46%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 12.5% to 25% (2012: 12.5% to 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

8 Dividend

The Board of Directors did not recommend the payment of interim or final dividend for the year ended 31 December 2013 and the year ended 31 December 2012.

9 Earnings per share

(a) Basic

Basic earnigns per share is calculated by dividing the loss attributable to equity holders of the Company by the number of ordinary shares in issue during the year.

	2013	2012 *(Restated)*
Loss from continuing operations attributable to equity holders of the Company (RMB)	(2,960,159,000)	(10,233,391,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	3,195,629,000	674,253,000
	235,470,000	(9,559,138,000)
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Basic (loss)/earnings per share (RMB)		
From continuing operations	(0.2898)	(1.0017)
From discontinued operations	0.3128	0.0660
	0.0230	(0.9357)

(b) Diluted

Diluted earnings per share is calculated based on the loss attributable to equity holders of the Company after adjusting the effect for assumed issuance of shares on exercise of share options of a subsidiary and the number of ordinary shares in issue during the year.

	2013	**2012** *(Restated)*
Loss from continuing operations attributable to equity holders of the Company (RMB)	(2,960,159,000)	(10,233,391,000)
Adjustment of continuing operations on the effect of dilution	(54,000)	(55,000)
	(2,960,213,000)	(10,233,446,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	3,195,629,000	674,253,000
Adjustment of discontinued operations on the effect of dilution	(79,000)	(12,000)
	3,195,550,000	674,241,000
	235,337,000	(9,559,205,000)
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Diluted (loss)/earnings per share (RMB)		
From continuing operations	(0.2898)	(1.0017)
From discontinued operation	0.3128	0.0660
	0.0230	(0.9357)

10 Trade and other receivables

	Group 2013 RMB'000	Group 2012 RMB'000 (Restated)
Trade receivables (note a)		
- third parties	4,052,880	8,485,181
- fellow subsidiaries	141,517	135,775
- joint ventures	58,736	24,081
- associates	2,351	9,858
- other related companies	62,343	51,196
	4,317,827	8,706,091
Bills receivables (note a)	242,239	260,372
	4,560,066	8,966,463
Prepayments, deposits and other receivables		
- third parties	3,253,475	3,787,128
- fellow subsidiaries (note b)	675,216	325,705
- joint ventures (note b)	338,037	250,071
- associates (note b)	53,142	105,834
- other related companies (note b)	184,916	137,356
	4,504,786	4,606,094
Current portion of financial lease receivables	14,045	13,298
Total	9,078,897	13,585,855

Notes:

(a) Trading balances with related parties are unsecured, interest free and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade receivables primarily consisted of shipping and logistics business receivables. As at 31 December 2013, the ageing analysis of trade and bills receivables is as follows:

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
1-3 months	4,393,309	8,655,779
4-6 months	184,285	358,783
7-12 months	39,828	87,200
Over 1 year	130,669	161,914
Trade and bills receivables, gross	4,748,091	9,263,676
Less: impairment of		
1-3 months	(53,085)	(163,004)
4-6 months	(13,931)	(2,521)
7-12 months	(3,626)	(8,932)
Over 1 year	(117,383)	(122,756)
Provision for impairment	(188,025)	(297,213)
	4,560,066	8,966,463

(b) The amounts due from related companies are unsecured, interest free and have no fixed terms of repayment.

11 Trade and other payables

	Group	
	2013	**2012**
	RMB'000	*RMB'000*
		(Restated)
Trade payables (note a)		
- third parties	3,923,515	6,665,979
- fellow subsidiaries	1,242,575	1,320,173
- joint ventures	72,263	177,520
- associates	6	3,587
- other related companies	195,677	13,751
	5,434,036	8,181,010
Bills payables (note a)	29,020	1,741,482
	5,463,056	9,922,492
Advances from customers	685,414	2,016,647
Other payables and accruals	10,426,941	11,116,216
Construction payable to fellow subsidiaries	—	89,357
Due to related companies		
- fellow subsidiaries (note b)	280,629	181,843
- joint ventures (note b)	184,166	217,636
- associates (note b)	18,035	22,828
- other related companies (note c)	1,093,467	694,655
	1,576,297	1,116,962
Total	18,151,708	24,261,674

Notes:

(a) As at 31 December 2013, the ageing analysis of trade and bills payables is as follows:

	2013	**2012**
	RMB'000	*RMB'000*
		(Restated)
1-6 months	5,156,073	9,338,950
7-12 months	82,313	190,766
1-2 years	122,052	205,060
2-3 years	39,877	76,248
Above 3 years	62,741	111,468
	5,463,056	9,922,492

Trade balances with related companies are unsecured, interest free and have similar terms of repayment as those of third party suppliers.

(b) The amounts due to related companies are unsecured and interest free and have no fixed term of repayment.

(c) The balance including loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months.

12 Discontinued operations

(a) Disposal of 100% equity interest in COSCO Logistics

The disposal of 100% equity interests in COSCO Logistics was completed by the end of April 2013 ("Completion Date"). Given that COSCO Logistics represented a separate major line of business with separately identifiable operations and cash flows before the disposal, it had been classified as discontinued operation in the Consolidated Financial Statements. The disposal resulted in a net gain of RMB1,845,721,000, while the profit after tax of COSCO Logistics for the period from 1 January 2013 to Completion Date was RMB265,904,000.

(b) Disposal of 21.8% equity interest in CIMC

On 13 June 2013, the disposal of 21.8% equity interests in CIMC was approved by the independent shareholders of COSCO Pacific. Given that the container manufacturing and related business was identified as a separate operating business of the Group by management before the disposal, CIMC had been classified as discontinued operation in the Consolidated Financial Statements. The disposal was completed on 27 June 2013 and resulted in a net gain of US$393,411,000 (approximately RMB2,437,968,000), while the share of profit of CIMC for the period was US$23,059,000 (approximately RMB142,897,000).

13 Contingent liabilities

The Group was involved in a number of claims, including but not limited to, the claims arising from damage to vessels during transportation, damage to goods, loss of goods in certain of its logistics business, delay in delivery, collision of vessels, early termination of vessel chartering contracts and non-payment of professional fees of certain terminal investment.

As at 31 December 2013, the Group is unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's consolidated financial statements for the period ended 31 December 2013.

The financial figures above in respect of the announcement of the Group's annual results for the year ended 31 December 2013 (the "Announcement") have been agreed by the Company's international auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2013. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

I. DISCUSSION AND ANALYSIS OF THE BOARD REGARDING THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In 2013, the international shipping market did not see substantial improvement of imbalance of supply and demand, with container and dry bulk shipping sectors remaining depressed. The Group's principal business of shipping continued to record. Facing such difficulties, the Group undertook various measures to increase revenue and reduce costs and managed to significantly reduce the operating loss as compared to last year. In addition, the Group successfully turned around its loss of 2012 through disposal of equity interests in COSCO Logistics Co., Ltd. ("COSCO Logistics"), COSCO Container Industries Limited, COSCO (Qingdao) Asset Management Co., Ltd. (青島遠洋資產管理有限公司) ("Qingdao Management") and Shanghai Tianhongli Asset Management Co. Ltd. (上海天宏力資產管理有限公司) ("Shanghai Tianhongli").

In 2013, the Group's operating revenue amounted to RMB66,137,861,000, representing a decrease of RMB2,129,649,000 as compared to RMB68,267,510,000 in 2012. Net profit attributable to owners of the parent company of RMB235,470,000 was realized, representing an increase of RMB9,794,608,000 or 102.5% as compared to RMB-9,559,138,000 in 2012.

(I) ***Analysis of principal businesses***

1. Movement analysis for the related items in the consolidated income statement and consolidated cash flow statement

Unit: RMB'000

Items	**Current year**	**Last year**	**Change (%)**
Revenues	66,137,861	68,267,510	-3
Cost of services and inventories sold	(67,030,192)	(72,136,470)	-7
Selling, administrative and general expenses	(4,175,907)	(4,273,997)	-2
Net finance costs	(1,312,769)	(1,620,627)	-19

Items	Current year	Last year	Change (%)
Net cash flow from operating activities	(2,316,602)	(5,204,169)	56
Net cash flow from investing activities	810,671	(9,281,912)	109
Net cash flow from financing activities	4,114,655	13,855,783	-70

2. Revenues

(1) Analysis of reasons for changes in revenues

The amounts set out in the following financial analysis and descriptions in the Management Discussion and Analysis are in RMB unless otherwise specified.

In 2013, the Group's operating revenue amounted to RMB66,137,861,000, representing a decrease of RMB2,129,649,000 or 3.1% as compared to RMB68,267,510,000 for last year. In particular:

Container shipping business

The operating revenue from container shipping and related business amounted to RMB48,312,032,000, representing a decrease of RMB307,849,000 or 0.6% as compared to last year. In 2013, container shipping volume amounted to 8,701,579 TEUs, representing an increase of 8.5%. Average container freight rate amounted to RMB4,481.86 per TEU, representing a decrease of 10.42% as compared to last year. Average container freight rate in US dollar amounted to US$723 per TEU, representing a decrease of 8.8%. During the Reporting Period, due to continuing weak market demand, together with gradual delivery of large vessels, oversupply continued to trouble the international shipping industry. Freight rates continued to be low while the shipping market remained harsh. In response to these difficulties, the Group adopted various measures to adjust its shipping capacity and actively explored business opportunities in emerging markets such as Southeast Asia, South America and Africa and domestic trade market of China to try to mitigate the risks associated with the fluctuation of traditional U.S. and European markets, and the changes of shipping routes and energy structure within these markets. Although the average container freight revenue for the year is lower, its influence on our overall operation is positive.

As at 31 December 2013, 14 new container vessels were delivered for operation with an aggregate capacity of 96,074 TEUs. As at 31 December 2013, the Group operated 173 container vessels with a total capacity of 786,252 TEUs and the shipping capacity operated by the Group increased by 8.6% as compared to last year (excluding the chartered-out capacity of 15 container vessels with 91,894 TEUs).

As at 31 December 2013, the Group had four container vessel orders, representing a total of 53,400 TEUs. No new vessel order was placed with the Group in 2013.

Dry bulk shipping business

Revenue generated from the dry bulk shipping and related business amounted to RMB14,062,340,000, representing a decrease of RMB2,019,622,000, or 12.6%, as compared to last year, which was mainly due to lower shipping capacity. In 2013, the Group implemented the retirement scheme of its old vessels according to the State's policy and its own capacity adjustment plans, while at the same time strictly controlled the number of chartered-in vessels. The annual average capacity was 29.32 million DWT, representing a decrease of 5.83 million dead weight tons ("DWT"), or 16.6% as compared to last year's 35.15 million DWT.

During the year under review, the shipping volume of the dry bulk shipping business reached 210.0743 million tons, representing a decrease of 6.45% as compared to last year. Completed shipment turnover was 998.6 billion ton-nautical miles, representing a decrease of 11.80% as compared to last year, of which the shipping volume of coal, mineral ore, foodstuff and other cargoes amounted to 82.1171 million tons, 87.5011 million tons, 22.250 million tons and 18.2061 million tons, respectively, representing a decrease of 0.61%, 10.03%, 8.98% and 10.03% as compared to last year, respectively.

As at 31 December 2013, the Group operated 319 dry bulk vessels of 28.0485 million DWT. As at 31 December 2013, the Group had 12 dry bulk vessel orders of 1.19 million DWT. During 2013, the Group newly placed orders for four dry bulk vessels of 64,000 tons.

		2013	**2012**	**Change (%)**
Shipping volumes by routes (tons)	International shipping	178,390,114	194,883,131	-8.46
	PRC coastal shipping	31,684,196	29,677,552	6.76
Shipping volumes by cargo type (tons)	Coal	82,117,092	82,624,323	-0.61
	Mineral ore	87,501,131	97,257,639	-10.03
	Foodstuff	22,249,976	24,444,028	-8.98
	Others	18,206,111	20,234,693	-10.03
Shipment turnover (thousand ton-nautical miles)		998,621,609	1,132,222,950	-11.80

As of 31 December 2013, China COSCO retired and disposed of a total of 39 container vessels and dry bulk vessels of 2,116,397 dwt.

Terminal and related business

Revenue from the terminal and related business amounted to RMB2,566,983,000, representing an increase of RMB243,768,000, or 10.5%, as compared to last year. The throughput of Piraeus Terminal in Greece, Xiamen Ocean Gate Container Terminal and Guangzhou South China Oceangate Terminal were 2,519,664 TEUs (2012: 2,108,090 TEUs), 609,393 TEUs (2012: 271,449 TEUs) and 4,449,311 TEUs (2012: 4,230,574 TEUs) respectively, and resulted in an increase in revenue as compared to last year.

Breakdown of terminal throughputs

Terminal throughputs (TEUs)	2013	2012	Corresponding change (%)
Bohai Rim Region	23,534,240	21,747,801	8.2
Yangtze River Delta	9,513,006	8,219,406	15.7
Southeast Coastal Region and others	3,288,999	1,831,564	79.6
Pearl River Delta region	16,884,699	16,581,080	1.8
Overseas	8,063,947	7,305,374	10.4
Total throughput	61,284,891	55,685,225	10.1

Container leasing business

Revenue from container leasing business was RMB1,177,774,000, representing a decrease of RMB47,742,000 or 3.9% on a year-on-year basis.

(2) Major customers

In 2013, sales to the top five customers of the Group for A Shares and their respective percentages are as follows:

Unit: RMB

Total sales to top five customers	1,832,919,214.74
Total revenue of the Group for the year	61,934,136,540.26
Percentage to the total revenue of the Group for the year (%)	2.96%

3. Costs

(1) Cost analysis

Unit: RMB'000

By business segments

Business segment	Components of cost	Current year	Percentage of total cost for the current year	Last year	Percentage of total cost for last year	Change
Container shipping and related business	Equipment and cargo transportation costs	17,757,865	26.5	16,824,773	23.3	5.5
	Voyage costs	13,539,742	20.2	15,240,237	21.1	-11.2
	Vessel costs	8,094,777	12.0	7,245,184	10.0	11.7
	Others	8,156,139	12.2	7,890,933	10.9	3.4
	Subtotal	47,548,523	70.9	47,201,127	65.4	0.7
Dry bulk shipping and related business	Voyage costs	5,472,239	8.2	7,533,725	10.4	-27.4
	Vessel costs	9,125,320	13.6	12,265,635	17.0	-25.6
	Others	1,775,035	2.6	2,201,942	3.1	-19.4
	Subtotal	16,372,594	24.4	22,001,302	30.5	-25.6
Container terminal and related business	Container terminal and related business	1,924,398	2.9	1,694,699	2.3	13.6
Container leasing business	Container leasing business	1,061,272	1.6	978,779	1.4	8.4
Tax		123,405	0.2	260,563	0.4	-52.6
Total costs of operations		67,030,192	100.0	72,136,470	100.0	-7.1

In 2013, the operating costs of the Group amounted to RMB67,030,192,000, representing a decrease of RMB5,106,278,000, or 7.08% as compared to RMB72,136,470,000 of 2012, of which:

The operating costs of container shipping and related business amounted to RMB47,548,523,000, representing an increase of RMB347,396,000, or 0.7%, as compared to last year. During the year, due to the combined effect of increased capacity and shipping volume, and correspondingly higher container charges and cargo charges, costs slightly increased. Fuel cost expenses decreased by RMB1,804,718,000 to RMB10,581,664,000, or 14.57%, as a result of lower international oil prices and a 6.24% reduction in oil consumption. Fuel costs accounted for 22.25% of the operating costs of container and related business (2012: 26.16%).

Total operational costs of dry bulk shipping and related business amounted to RMB16,372,594,000, representing a decrease of RMB5,628,708,000, or 25.6%, as compared to last year. Of which, the capacity of chartered-in vessels further reduced during the year whereas the charter cost amounted to RMB5,228,348,000, representing a decrease of RMB3,082,125,000, or 37.1%, as compared to last year, being the main reason for the decrease in costs during the year. In addition, the reversal of provisions for onerous contracts during the year amounted to RMB1,415,474,000, as compared to the reversal of RMB1,349,122,000 in last year.

The operating costs of terminal and related business amounted to RMB1,924,398,000, representing an increase of RMB229,699,000, or 13.6%, as compared to last year. The increase of operational cost was attributable to the increase in business volume of controlling terminals and the commencement of operation of Xiamen Ocean Gate Container Terminal in May 2012.

The operational costs of container leasing business amounted to RMB1,061,272,000, representing an increase of RMB82,493,000, or 8.4%, as compared to last year. The increase was mainly due to the expansion of container fleets and the increase of returned containers sold upon expiry of lease during the year, resulting in a corresponding increase in operational cost.

(2) Major suppliers

In 2013, purchases from the top five suppliers of the Group and their respective percentages prior to A Share auditing are as follows:

Unit: RMB

Total purchases from top five suppliers	6,965,356,733.14
Total purchases of the Group for the year	61,425,538,057.56
Percentage to the total purchases of the Group for the year	11.34%

4. Expenses

Other net income/expenses and other gains

The net amount of other income/(expenses) and other gains of the Group in 2013 was RMB3,765,266,000 as compared to RMB26,757,000 in 2012, representing an increase of RMB3,738,509,000 as compared to 2012. The main reason for the increase was attributable to the gains of RMB3,690,633,000 from the disposal of equity interests in Shanghai Tianhongli and Qingdao Management by the Group.

Selling, administrative and general expenses

In 2013, the administrative and general expenses of the Group amounted to RMB4,175,907,000, representing a decrease of RMB98,090,000, or 2.30%, as compared to last year, which was mainly attributable to the decrease in the expenses of items such as staff costs and office management.

Finance income

The finance income of the Group was mainly interest income from bank deposits. In 2013, the finance income of the Group amounted to RMB1,022,769,000, representing an increase of RMB228,957,000 or 28.84%, as compared to 2012. The main reason was due to an increase in bank deposits during the current year, resulting in a corresponding increase in interest income as compared to last year.

Finance expenses

In 2013, the Group incurred finance expenses of RMB3,212,282,000, representing an increase of RMB761,374,000, or 31.06%, as compared to 2012. Increase in interest expenses was mainly due to further increase in the amount of borrowings, resulting in a corresponding increase in interest expenses.

Share of profits less losses of joint ventures and associates

The Group's share of profits less losses of joint ventures and associates in aggregate amounted to RMB1,102,145,000 in 2013, representing a decrease of RMB43,521,000 as compared to RMB1,145,666,000 in 2012, which was attributable to reduced profits in some joint venture terminal companies.

Income tax expenses

Income tax expenses of the Group in 2013 amounted to RMB299,472,000, representing a decrease of RMB219,614,000, or 42.31%, as compared to last year. COSCO Pacific Limited ("COSCO Pacific"), a subsidiary, successively implemented the scrip dividend scheme. Since the Group chose scrip dividends to which it was entitled in most cases, income tax expenses recognized decreased accordingly.

5. Research and development ("R&D") expenses

(1) Breakdown of R&D expenses

Unit: RMB'000

R&D expenses in the current year	26,986
Capitalised R&D expenses in the current year	0
Total R&D expenses	26,986
Percentage of total R&D expenses over net assets (%)	0.06
Percentage of total R&D expenses over operating revenue (%)	0.04

(2) Description

In 2013, China COSCO adopted a more operation-driven approach and adhered to the principles of cost reduction, energy and consumption saving, environmental protection and continuous improvement of management quality, focusing on development of the technology regarding deceleration of main engines of vessels, application of the internet of things and container ship transportation management software. Studies on the improvement of terminal LED lighting system and topics such as the competitive landscapes of the dry bulk and container markets were conducted during the year. We completed the research and development of the China COSCO internal control and management information system with internal resources.

6. Cash flow

As at 31 December 2013, cash and cash equivalents of the Group amounted to RMB48,206,390,000, representing an increase of RMB1,845,097,000, or 4.0%, as compared to 31 December 2012. The net outflow in 2012 was RMB623,955,000.

Among the net outflow in 2012 referred to above, the net cash outflow from operating activities amounted to RMB2,316,602,000, representing a decrease of RMB2,887,567,000 as compared to the net cash outflow of RMB5,204,169,000 in 2012, mainly because the amount of losses had narrowed on a year-on-year basis.

The net cash generated from investing activities amounted to RMB810,671,000 in 2013, and the net outflow was RMB9,281,912,000 in 2012. During the period, the Group disposed of a subsidiary and an associate and received net cash in the amount of RMB14,231,849,000. Available-for-sale financial assets and wealth management products were purchased during the year, incurring net expenses of RMB4,283,572,000.

In 2013, the Group's net cash generated from financing activities amounted to RMB4,114,655,000, representing a decrease of RMB9,741,128,000, as compared to last year. During the year, the cash received from borrowings (including bonds and notes) by the Group decreased by RMB14,955,208,000 or 36.70% as compared to last year, cash payments for repayment of borrowings decreased by RMB6,757,265,000 or 27.79% as compared to last year.

7. Others

(1) Details of major changes in components of income and sources of profits of the Group

During the year, the net profit attributable to the owners of the Company amounted to RMB235,470,000, representing an increase of RMB9,794,608,000, or 102.46%, as compared to a loss of RMB-9,559,138,000 in last year. As of the end of April 2013, the Group completed the disposal of 100% equity interest in COSCO Logistics and recorded a gain of RMB1,845,721,000. As of the end of June 2013, the Group's subsidiary COSCO Pacific disposed of 100% equity interest in COSCO Container Industries Limited and recorded a gain of RMB2,437,968,000, of which RMB1,053,273,000 was profit attributable to the owners of the Company. In November, the disposals of Shanghai Tianhongli and Qingdao Management resulted in gains of RMB3,690,633,000.

With decreases in the size of charter-in vessels and expenses of the dry bulk shipping business, net profit attributable to owners of the parent reduced losses by RMB4,554,754,000 (excluding gains on disposal of COSCO (Qingdao) Assets Management Co., Ltd) as compared to the previous year.

(2) Progress of implementation of development strategies and operation plans

Container shipping business

During the year, in respect of its container shipping business, the Group adjusted allocation of capacity to its East and West main routes and emerging markets to mitigate the volatility risks of the traditional market. The Group carefully monitored its capacity for Asia-Europe routes and reduced capacity allocated during the peak season by 12% as compared to last year. In response to the pace of economic recovery of the U.S., the capacity of Trans-Pacific routes increase moderately by 3.7% during the peak season and in the meantime, the Group allocated more capacity to emerging markets such as Southeast Asia, South America and Africa, of which the capacity for the Asia Pacific region increased by 26% and Southeast Asia by 76%. Professional marketing approaches were implemented to actively explore high-value sources of cargoes. The volume of refrigerated shipping containers handled during the year increased by 9% as compared to last year. "Customer care and experience" was the theme of our services and five customer service pledges were launched worldwide. A global ocean shipping operating centre was established during the year to leverage on our internal coordination to further improve our resource allocation capability and vessel operating efficiency. New opportunities arising from the Internet and e-commerce were seized to fully utilise our advantage in information. A domestic trade shipping e-commerce platform was established to move forward to the new O2O (online to offline) marketing model. We put "zero growth in unit cost of containers" as our target to reduce operating costs and strengthen alliance cooperation through strengthened negotiations with suppliers, further development of domestic trade by river transportation, refueling oil at lower price terminals (if reasonably feasible), adding vessels and slowing down the speed of vessels and control of fuel consumptions by technological and management means. The Group and its business partners maintained close collaboration on approximately 30 shipping routes with approximately 200 vessels and shipping capacity of nearly 1.4 million TEUs, continuously expanding the route coverage, improving delivery and service frequency, enhancing the overall quality of our shipping routes, providing better service to customers and effectively reducing costs and operating risks.

The container shipping volume of the Group was estimated to achieve 8.9 million TEUs in 2013, with actual delivery of 8.7 million TEUs.

Dry bulk shipping business

The China COSCO Bulk Group, a subsidiary of the Company, followed the working directions of "loss-cutting, retaining resources, adjustment and innovation", and adhered to the principles of "precise, detailed, strict and practical", striving to increase revenue, reduce costs and improve management to further enhance its operating and management quality in dry bulk shipping business.

During the year, the Company continued to be oriented by market research, accurately seized opportunities and stabilized its revenue. We strengthened flexible operation "bit by bit" and fully utilized the time differences, freight rate spreads and regional differences between different markets to identify the best profit-making points. Based on the changes in the trading landscape, we strived to break through traditional route and regional constraints to clearly identify key freight canvassing areas with targeted cargo shipment solicitation. We have also further optimized our shipping routes and are gradually building recurring and stable shuttle routes with less empty containers and higher efficiency. We worked on structural adjustment, optimisation and innovation, continued to optimize market structure, customer structure and supply structure, and have established an effective communication mechanism for closer relationship with customers. By focusing on innovative service approaches and marketing strategies and making reference to market characteristics and shipping requirements in different cargo categories, we have established teams for relevant cargo categories and project teams to effectively mobilize internal resources and provide customers with personalized professional transportation solutions. We also strengthened structural adjustment to our fleet and advanced smooth implementation of our plans of dissembling old vessels and building new vessels, hence reinforcing our core competiveness.

The expected dry bulk shipping turnover of the Group for 2013 was 869.6 billion ton-nautical miles, while the actual completed turnover is 998.6 billion ton-nautical miles, which has outstripped the target of our operation plan.

Terminal business

COSCO Pacific emphasizes a terminal investment strategy of keeping balanced layout, with terminal portfolio covering four major port clusters in mainland China, Hong Kong and Taiwan as well as overseas port hubs. It has established certain brands in the market with increasing influence in the industry. As at 31 December 2013, COSCO Pacific operated and managed 117 berths at 21 ports worldwide (17 in mainland China, Hong Kong and Taiwan and 4 overseas), of which 104 container berths had an annual handling capacity of 62,750,000 TEUs, representing approximately 9.0% global market shares in terms of total throughput. During the year, COSCO Pacific continued to expand its operating terminals through acquisition of terminal assets to increase handling capacity. Meanwhile, it upgraded terminal infrastructures to improve the efficiency of the operating terminals so as to enhance their competitiveness and drive business growth. The expected additional annual operating capacity for 2013 is 2,800,000 TEUs and the actual additional handling capacity is 2,450,000 TEUs.

(II) *Analysis of operations by industries, products and regions*

For details, please refer to the segment information and geographical information in the Consolidated Financial Statements of the Group.

(III) *Analysis of assets and liabilities*

As at 31 December 2013, the total assets of the Group amounted to RMB161,862,107,000, representing a decrease of RMB3,397,423,000 as compared to RMB165,259,530,000 at the beginning of the year. Total liabilities amounted to RMB119,748,300,000, representing a decrease of RMB3,811,029,000 as compared to RMB123,559,329,000 at the beginning of the year. Equity attributable to equity holders of the Group amounted to RMB24,222,585,000, representing a decrease of RMB919,013,000 as compared to RMB25,141,598,000 at the beginning of the year.

As at 31 December 2013, the total amount of outstanding borrowings of the Group was RMB96,395,377,000, representing an increase of RMB3,191,126,000 as compared to RMB93,204,251,000 at the beginning of the year. As at 31 December 2013, net current assets amounted to RMB16,440,696,000, representing a decrease of RMB6,257,633,000 as compared to the beginning of the year. The net liabilities as at 31 December 2013 amounted to RMB48,188,987,000, representing an increase of RMB1,346,029,000 as compared to RMB46,842,958,000 at the beginning of the year. As at 31 December 2013, the net liabilities to equity ratio (gearing ratio) was 114.4% as compared to 112.3% as at 31 December 2012.

The interest coverage ratio in 2013 was 0.51 times as compared to -2.53 times in 2012. Certain property, plant and equipment of the Group with net book value of RMB33,098,947,000 (31 December 2012: RMB28,380,747,000) were pledged to banks and financial institutions as collaterals for borrowings in the total amount of RMB20,244,211,000 (31 December 2012: RMB17,028,675,000), representing 40.66% of the total value of the property, plant and equipment (31 December 2012: 35.19%).

Debt analysis

Categories	As at 31 December 2013 *RMB'000*	As at 31 December 2012 *RMB'000*
Short-term borrowings	2,765,570	5,253,237
Long-term borrowings		
Less than 1 year	25,278,450	8,865,186
2 years	20,205,381	29,321,009
3 to 5 years	24,130,210	24,951,680
Over 5 years	24,015,766	24,813,139
Sub-total	93,629,807	87,951,014
Total	96,395,377	93,204,251

Classification by categories of borrowings

The secured borrowings of the Group amounted to RMB20,244,211,000 and unsecured borrowings amounted to RMB76,151,166,000, representing 21.0% and 79.0% respectively in the total borrowings.

Classification by categories of borrowings

The borrowings of the Group denominated in US dollars amounted to RMB71,549,255,000, borrowings denominated in RMB amounted to RMB23,167,771,000, and borrowings denominated in other currencies amounted to RMB1,678,351,000, representing 74.2%, 24.0% and 1.8% respectively in the total borrowings.

Company guarantee and contingent liabilities

As at 31 December 2013, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB128,608,000 (31 December 2012: RMB154,141,000). Details of the Group's contingent liabilities are disclosed in note 13.

(IV) *Analysis of core competitive edge*

1. Overall strength of principal businesses leading the world

China COSCO is the capital platform of the China Ocean Shipping (Group) Company ("COSCO") and its subsidiaries (collectively, the "COSCO Group") and provides a wide range of services covering the shipping value chain, including container shipping, dry bulk cargo shipping, terminals and container leasing services to international and domestic customers through its subsidiaries. Its container fleet ranked first in China and fifth in the world; the size of its dry bulk cargo fleet was one of the largest in the global market. The container throughputs of the terminals invested by COSCO Pacific ranked fifth in the world.

2. Worldwide recognition of COSCO brand with global service network

As the capital platform of the COSCO Group, China COSCO maintained its presence in China and expanded to the global market. With its advantages in market experience and network, it continues to enhance its integrated capability in shipping.

For container shipping business, as of 31 December 2013, the self-operating capacity of COSCON comprised 173 container vessels with the total capacity of 786,252 TEUs. With 178 ports for calling vessels in 60 countries and regions, it operated 84 international routes, 30 international branch routes, 22 coastal routes in China and 77 branch routes in the Pearl River Delta and the Yangtze River. COSCON has almost 500 domestic and overseas sales and service outlets. Such wide coverage of sales and service network enabled the provision of quality "door-to-door" services to our customers.

For the dry bulk cargo shipping business, as of 31 December 2013, the China COSCO Bulk Group owned and controlled a total of 319 vessels with approximately 28,050,000 DWT. Among them, 203 were self-owned vessels with approximately 17,790,000 DWT. The routes covered more than 1,000 ports in more than 100 countries and regions worldwide. A large capacity in scale and well-established outlets were more conducive to the design and scheduling of vessel routes so that customized services could be offered to customers. Under the circumstances where the cost was fixed, the advantage in scale was even more apparent.

"COSCO" brand has become an important intangible asset of COSCO. Vessels and containers containing the "COSCO" trademark are operating around the world and the trademark carries a symbolic representation of COSCO.

3. Consolidated customer base and extensive strategic cooperation

The broad customer base of the Group is attributable to its services and brand recognition. The controlling shareholder of the Company (the COSCO Group) has put a great emphasis on the establishment of relationship and strategic cooperation with major customers by the signing of major and long term contracts. It has strengthened the expansion of domestic and overseas markets and customer - relationship maintenance with enhanced cooperation for mutual benefit to ensure the stable increase of cargo sources. It has put emphasis on the emerging markets and new customers and has improved the composition of markets, cargo flow, cargo sources and customers.

The COSCO Group has put a great emphasis on the cooperation with competitors in the industry and has also exerted its efforts in cooperating with foreign invested companies and overseas ports and terminals. On 1 March 2014, the COSCO Group, "K" LINE, Yang Ming Line, Hanjin Shipping and Evergreen Marine officially formed a new shipping alliance named CKYHE Alliance which will jointly operate several Asian - Scandinavian routes and Asia - Mediterranean routes with effect from mid-April 2013. COSCON and China Shipping Container Lines also cooperated in operation of domestic and foreign trade routes.

4. Continuous improving the business synergy and capitalising on the integrated advantages of China COSCO

China COSCO has reduced costs and consumption, optimized integration of internal resources, controlled entire transportation chain and identified competitive edges by leveraging its business synergy to ensure maximisation of the overall interest of China COSCO. Its close business ties with enterprises of shipping, terminal, freight forwarding and container leasing industries are essential for the development of its complete business chain. Through strengthening internal close collaboration between COSCON and COSCO Pacific and among companies under COSCON, we provide customers with efficient quality services and forge world-class transportation services.

China COSCO has been successful in capitalising on its internal synergistic effects to bring win-win and multiwin results. Like terminals invested by COSCO Pacific, COSCON has given route support so far as possible and COSCO Pacific has provided quality terminal services. Through the positive interaction of container transportation and terminal operation, a mutually beneficial win-win situation was achieved and the benefits of China COSCO were eventually maximised.

(V) *Investment analysis*

1. Analysis of external equity investment

In 2013, the total external equity investment of the Group amounted to RMB620,476,120.78, representing an increase of RMB110,620,981.61, or 21.70%, as compared to RMB509,855,139.17 in 2012. The Group made additional investments of RMB12,192,294.91 to United Container Ltd, a joint venture of the Group. The Group also invested in two new companies as follows:

Invested companies	Principal business	Proportion of the equity interest held in the invested companies (%)	Investment Costs
Taicang International Container Terminal Company Limited	Cargo port	39.04	324,223,039.90
Qingdao Port International Co., Ltd.	Cargo port	2.4	284,060,785.97

(1) Equity held in other listed companies

Unit: RMB

Stock code	Short name of securities	Initial investment cost	Percentage of equity in the company (%)	Book value as at the end of the year	Gain/loss for the year	Change in owner's equity during the year	Accounting item	Sources of shares
600837	Haitong Securities	7,291,668.00	0.05	55,125,411.52	584,368.32	3,907,963.14	Available-for-sale financial assets	Acquired by promotion
600821	Tianjin Quanye Bazaar	99,300.00	0.02	411,982.20		47,924.46	Available-for-sale financial assets	Original legal person shares purchased
000597	Northeast Pharmaceutical	200,000.00	0.01	865,161.22		84,770.84	Available-for-sale financial assets	Original legal person shares purchased
601328	Bank of Communications	676,413.00	0.00	1,961,640.96	122,602.56	-421,446.30	Available-for-sale financial assets	Original legal person shares purchased
000792:SH	Qinghai Salt Lake	7,500,000.00	0.07	17,799,816.58	340,462.72	-8,035,452.16	Available-for-sale financial assets	Swap
005880:KS	KOREA LINE CORP	80,232,737.98	0.52	18,516,271.37	-31,513,452.50	415,530.66	Available-for-sale financial assets	Other
Total		96,000,118.98	/	94,680,283.85	-30,466,018.90	-4,000,709.36	/	/

(2) Equity held in non-listed financial enterprises

Name of object held	Initial investment cost (RMB)	Number of shares held (shares)	Percentage of equity in the company (%)	Book value as at the end of the year (RMB)	Gain/loss for the year (RMB)	Changes in owner's equity during the year (RMB)	Accounting item	Source of shares
COSCO Finance Co., Ltd.	352,040,000.00	500,000,000.00	31.25	713,688,019.47	102,690,612.99		Long-term equity investments	Original legal person shares purchased
Bank of Jiangsu Co., Ltd.	400,000.00	400,000	0.0044	400,000.00			Long-term equity investments	Acquired by promotion
Total	352,440,000.00	500,400,000.00	/	714,088,019.47	102,690,612.99		/	/

(3) Trading of shares of other listed companies

During the year, the Group originally held shares in Shanghai International Port (600018), Jiangsu Lianyungang Port (601008), Hainan Strait Shipping (002320) and COSCO Shipping (600428) through COSCO Logistics, all of which were transferred together with the disposal of COSCO Logistics.

2. Wealth management entrusted to non-financial companies and derivatives investments

(1) Entrusted wealth management

Partner Name	Entrusted wealth management product type	Entrusted wealth management amount	Entrusted wealth management start date	Entrusted wealth management end date	Remuneration determination method	Estimated profit	Actual principal amount recovered	Actual profit obtained	Going through legal procedures	Impairment provision amount provided	Related transactions or not	Litigation	Source of funds and indicate whether the funds are raised funds	Relationship
Bank of China	Bank financing	RMB1billion	2013-12-13	2014-3-12	Expected income	RMB12.1917 million			Yes		No	No	No	
Ping An Trust	Trust	RMB2billion	2013-12-31	2014-3-26	Expected income	RMB33.2630 million			Yes		No	No	No	
Ping An Trust	Trust	RMB1billion	2013-9-11	2014-3-27	Expected income	RMB32.9233 million			Yes		No	No	No	
Ping An Trust	Trust	RMB2 billion	2013-9-11	2013-12-24	Expected income		RMB2 billion	RMB33.6575 million	Yes		No	No	No	
CITIC Securities	Collective asset management plan	RMB200 million	2013-9-11	2013-12-9	Expected income		RMB200 million	RMB 2.5205 million	Yes		No	No	No	
China Fortune Trust	Trust	RMB300 million			Expected income		RMB300 million	RMB 4.2427 million	Yes		No	No	No	
Bankof Communications	Bank financing	RMB1.5 billion	2013-9-11	2013-12-25	Expected income		RMB1.5 billion	RMB21.7910 million	Yes		No	No	No	
Industrial Bank	Bank financing	RMB1 billion	2013-9-11	2013-12-25	Expected income		RMB1 billion	RMB15.3904 million	Yes		No	No	No	
SPDBank	Bank financing	RMB1 billion	2013-9-12	2013-12-11	Expected income		RMB1 billion	RMB11.5995 million	Yes		No	No	No	
CITIC Bank	Bank financing	RMB1 billion	2013-9-12	2013-12-19	Expected income		RMB1 billion	RMB12.6406 million	Yes		No	No	No	
Total	/	RMB11 billion	/	/	/	RMB78.378million	RMB7 billion	RMB101.8422 million	/		/	/	/	

(2) Other wealth management and derivative investments

Type of investment	Source of investment	Party of contract	Investment amount	Duration	Type of instrument	Estimated profit	Profit/ loss of investment	Litigation
Fuel hedging transaction		Bank of China, CICC, Citibank, HSBC, JPMorgan Chase Bank, Deutsche Bank	130,000 tons (fuel trading volume)	Within one year	Fuel swap		10,075,087.34	No
Interest rate hedging transaction		HSBC	US$200 million	10 years	Interest rate swap		51,923,285.90	No
Exchange rate hedging transaction		BOC Hong Kong	US$100 million	6 months	Foreign exchange forward			No

3. Use of proceeds from raised funds

Not applicable.

4. Analysis of principal subsidiaries and companies with equity interest

The following is stated according to the audited financial report of A share of the Company.

COSCON, a wholly-owned subsidiary of the Company, is mainly engaged in international and domestic container shipping services and related businesses. Its registered capital is RMB11,088,763,082.00. As at 31 December 2013, its total assets and total equity amounted to RMB57,079,328,339.43 and RMB6,155,671,686.08, respectively. Total equity attributable to owners of the parent company amounted to RMB5,880,579,854.90 (31 December 2012: RMB2,553,936,793.91). Revenue, operating profit and net profit in 2013 were RMB42,535,241,641.46, RMB-1,090,422,986.97 and RMB-1,386,995,867.07, respectively. Net profit attributable to owners of the parent company amounted to RMB-1,426,094,567.07 (2012: RMB-2,279,553,520.16).

China COSCO Bulk Shipping (Group) Co., Ltd., a wholly-owned subsidiary of China COSCO established in 2012, wholly owns equity interests of three professional dry bulk shipping companies, namely COSCO Bulk Carrier Co., Ltd. ("COSCO Bulk", together with its subsidiaries, the "COSCO Bulk Group"), COSCO (Hong Kong) Shipping Co., Ltd. (and Shenzhen Ocean Shipping Company Limited) and Qingdao Ocean Shipping Co.,Ltd., which were originally held by China COSCO, after reorganization. As at 29 March 2012, the 6th meeting of the third session of the Board considered and approved the resolution for the loan transfer of RMB14.27 billion receivable from the China COSCO Bulk Group as capital injection. The transfer was completed during the period. China COSCO Bulk Group mainly provides customers with cargo transportation service of dry bulk cargo such as grain, minerals, coal, chemical fertilizer, steel, timber, agricultural products and cement. Its current registered capital is RMB25,968,025,394.50. As at 31 December 2013, its total assets and total equity amounted to RMB38,999,917,340.29 and RMB7,784,611,574.80, respectively. Total equity attributable to owners of the parent company amounted to RMB7,518,997,435.20 (31 December 2012: RMB9,707,013,519.58). Revenue, operating profit and net profit in 2013 were RMB14,071,706,991.07, RMB-1,048,568,807.01 and RMB-1,656,950,800.82, respectively. Net profit attributable to owners of the parent company amounted to RMB-1,677,834,884.52 (2012: RMB-8,075,976,817.13).

COSCO Pacific and its subsidiaries are principally engaged in the businesses of managing and operating terminals, container leasing, management and sale, container manufacturing, and their related businesses. COSCO Pacific is a company incorporated in Bermuda with limited liability whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). As at 31 December 2013, COSCO Pacific is owned as to 43.92% by China COSCO. As at 31 December 2013, the authorized share capital of COSCO Pacific was HK$400,000,000 and its issued share capital and paid-up capital was HK$291,232,552.80. As at 31 December 2013, total asset and total equity of COSCO Pacific amounted to RMB46,048,318,799.69 and RMB29,514,157,286.08, respectively. Total equity attributable to equity holders of the parent company amounted to RMB27,701,010,706.67 (31 December 2012: RMB24,839,054,505.84). Revenue, operating profit and net profit in 2013 were RMB5,019,279,659.42, RMB5,111,725,563.93 and RMB4,442,296,835.97, respectively. Net profit attributable to owners of the parent company amounted to RMB4,351,826,194.79 (2012: RMB2,156,090,594.57).

5. Projects financed by funds not raised through financing activities

Unit: 100 million Currency: RMB

Project Name	Amount	Progress	Amount invested for the year	Accumulated investment mode	Revenue
Construction of 8 new dry bulk vessels of 200,000 tons	US$6.128	Payment of 80%	0	4.9024	6 vessels have been delivered and the remaining vessels are under construction
Construction of 8 new container vessels of 13,350 TEUs	US$1,334.4 million	Payment of 80%	5.6712	10.6752	4 vessels have been delivered and the remaining vessels are under construction
Construction of 4 new Huanan coastal special vessels of 65,000 tons	RMB792 million	Payment of 95%	1.188	7.524	3 vessels have been delivered and the remaining vessels are under construction

II. DISCUSSION AND ANALYSIS OF THE BOARD CONCERNING THE FUTURE DEVELOPMENT OF THE GROUP

(I) *Competition in the industry and development trend*

Container market

Competition

Since the financial crisis, traditional seasonal characteristics of the container shipping market are no longer obvious, while price movement had become increasingly unpredictable during the year. This was mainly due to the general trend of ongoing oversupply under which the law of supply and demand in high and low seasons has significantly less influence on freight rates. This, coupled with frequent changes in the competition and cooperation in the liner market, have led to decreased expectation of cargo volume growth in terms of both supply and demand, making freight price recovery more difficult. In 2014, with accelerated mergers and acquisitions and increased alliances and cooperations, it is expected that container shipping routes and capacity allocation will continue to be optimized and the resource utilization rate will be further enhanced, which will effectively reduce operating costs and business risks and will promote the rational recovery of an orderly market.

Market outlook

In 2014, the environment of the container shipping market has improved, the gap of overall supply and demand has been narrowed, although the supply and demand market condition remains unoptimistic. According to Clarkson, it is expected that global container fleet capacity will increase by 4.6% in 2014, which is 0.2 percentage point slower as compared to 2013. In 2014, the growth in demand for global container shipments will increase to 6.0% as compared to 5.0% in 2013. In addition, structural contradictions for market capacities are still prominent. According to the forecast by Clarkson, the new capacity delivered with large vessels of more than 12,000 TEUs accounted for 41.0% of the new capacity delivered of all container vessels in 2014, a 5% increase as compared to 2013 representing a year-on-year increase of 9.4%.

In 2014, eastern-and-western major routes of the container shipping market will continue to be affected by the capacity of large vessels and the situation is not optimistic. It is expected the US economy will be recovering in 2014. The European economy may still maintain its sluggish condition. Besides, the imbalance between supply and demand in respect of Pacific routes is relatively less serious than the Asia-Europe routes. Therefore, the trend of Pacific routes is expected to continue to improve in 2014 and is anticipated to be better than the Asia-Europe routes. With the deepening of the economic restructuring in China and the trend that emerging markets will continue to outperform developed economies, it is expected that general performance of routes in Asia, Africa and South America will be better than the East and West main routes despite a limited recovery due to downturn of trunk capacities.

Development trend

Given a prolonged slump of the industry, more and more container shipping companies choose to strengthen cooperation, enhance management, improve business structure, pursue quality service and improve shipping technologies, which have become significantly more important measures for container shipping companies to enhance their competitiveness. In the short term, the industry's largest uncertainty lies mainly in two aspects: firstly, it is the intensity of global economic recovery and the geographical differences which will have an impact on the landscape of container shipping market as well as supply and demand relationship; secondly, alliance of liners will become a trend and a "Greater League" pattern will gradually come into shape after the second quarter of 2014, which will have a significant impact on the landscape of market competition and cooperation.

Dry bulk market

Competition

Cargo owners and ship owners have become important forces of the shipping market to change the competitive landscape of the market. Large cargo owners entered into the shipping sector by placing new orders for vessel construction or establishing joint venture companies, and exerted influence in the dry bulk market during a certain period.

To enhance service quality, shipping companies have adopted various measures to improve the traditional operating model. Firstly, they grabbed the opportunities to construct vessels when prices were relatively low, made large investments in ordering energy-saving and highly efficient new vessel types, upgrading the fleet structure and expanding the capacity. Secondly, they had strengthened the studies and judgment on the market and effectively captured market opportunities; further developed customer demand, some shipping companies sought to sign long-term contracts with customers. Third, they placed more emphasis on service quality such as breaking service homogenization, avoiding "price war", providing customization and whole-process solution.

Market outlook

In respect of supply and demand, according to the forecast of SSY, global dry bulk demand will increase by 5.8% in 2014 on a year-on-year basis. The scale of the global dry bulk fleet will increase by 4.7% on a year-on-year basis, with faster growth in demand than in supply. With improved balance between supply and demand, a pickup in market sentiment is expected. The international dry bulk market will show a slowly increasing trend in 2014, with overall performance expected to be better than in 2013.

Development trend

The development trend of the dry bulk fleet is reflected in the aspects of energy saving, environmental-friendly and large-scale franchised operations. The advancement of energy saving and environmental protection technology for vessels has compelled ship owners to order new energy-saving vessels so as to gain an edge in the competitive landscape of the future shipping market through "replacing the old vessels by new ones".

The financial trend of dry bulk shipping operations is apparent and is mainly reflected in three aspects: Firstly, the trend that financial institutions, such as finance lease companies and private equity funds, participated in shipbuilding in the capacity of owners is apparent; secondly, financial investors are still very active in the FFA trading market and the percentage of ship owners in the FFA market is still less than 20%, while financial investors and cargo owners each account for around 40%; thirdly, since the dry bulk market was most volatile around the financial crisis, a large number of companies underwent reorganization. Being an active equity investment force, financial institutions are enthusiastic about equity investments in dry bulk shipping companies.

The service of providing "professional integrated solutions" remains the basis for future development. By changing from simple price competition to competition on differentiated services and innovative services, customers are provided with higher quality service at lower cost, while market competition has been enhanced to a new level. Ship owners will only be able to continue to survive and develop by leveraging strong brand advantages, well-established customer relationship and tenacious ability to resist risks.

Port Segment

Competition landscape

Merger and acquisition activities continue to be active in the terminal industry. Some regional terminal operators are active in expanding their business coverage so as to establish global presence. Investment opportunities in emerging markets have caught much attention. On 25 January 2013, CMHI announced that it had entered into a share purchase agreement with the French shipping group, the CMA CGM Group, the world's third largest container shipping company, pursuant to which CMHI would acquire 49% equity interest in Terminal Link, a wholly owned subsidiary of CMA CGM, at a consideration of €400 million payable in cash. In 2013, APM Terminals completed acquisition of 37.5% equity interest in Russia's Global Ports Group at a consideration of approximately 5 billion Danish Krone.

Market outlook

In 2014, environment of the global port industry is expected to improve moderately. According to Drewry, the annual growth rate of port container throughput is estimated to be 4.3%, about one percentage point higher than that of 2013. In particular, North America is expected to record a moderately faster growth in throughput, while ports in Northwestern Europe will record the first recovery growth in general since the financial crisis. Meanwhile, Far East, Eastern Europe, Americas and Africa will record relatively high growth rates. The trend of sluggish growth in the throughout of the global port industry over the past four years is also expected to be reversed for the first time. Affected by the domestic economic restructuring, output of ports in China is expected to maintain steady and moderate growth.

Development trend

With such trends as the deepening of shipping alliances and the development of large-scale vessels this year, competition among ports will become more intense. Meanwhile, merger and acquisition activities of terminals will remain active.

(II) Development strategy

The Group will actively develop the shipping business with a market-oriented approach with focus on economic efficiency. It will utilize advantages on total cost and differentiated competition strategies to regulate and optimize the fleet structure, consolidate organizational structure and business processes, proceed with innovative operations and expedite development to increase the market competitiveness of the shipping industry and enhance the capability of sustainable development. While serving the national economic construction, the Group will leverage on its overall advantages and its role as the State's main fleet to actively participate in international competition, adapt to the green shipping development trend, focus on the application of energy saving and environmental protection technology and increase the profit level of the shipping business. The Group will also carry out the terminal business through COSCO Pacific and form and improve the global terminal network under the brand of COSCO with a focus on the domestic ports as soon as possible. Besides, it will expedite the change from owning terminals to controlling terminals, from strategic investment to operational management and from single terminal to diversified terminals to strengthen the industrialization of COSCO ports. For the container leasing business, the Group will grasp market opportunities to grow the international business and expand the domestic market so as to devote full efforts to developing itself into a world-class leasing enterprise.

(III) Operation plan

Container shipping business

The Group will continue to optimize the fleet structure, take advantage of the government's subsidy policy of retiring the old and building the new vessels, reduce vessel costs and maintain the leading position of the second group in terms of capacity scale. The Group will build a stronger alliance with a cost-oriented approach while also paying attention to services. Besides optimizing route products, the Group will accelerate the construction of its own feeder network.

The Group will make a balanced layout of markets by expansion to the north and the south and increasing market shares in the regions, with focus on the development of emerging markets such as Southeast Asia, Russia, the Black Sea, East Africa, West Africa and South America. Efforts will be made to strengthen value marketing, improve customer structure, adjust model for servicing big customers and enhance freight revenue. Meanwhile, we will improve the recovery of demurrage fee and strengthen collection of commercial local charges to further increase non-route revenue.

We will actively explore the sales model of shipping e-commerce and deepen the business model of O2O (Online to Offline) through close integration of online sales and offline services. Effort will be made on enhancing service innovation, implementing centralized customer service, building standardized service procedures and upgrading electronic customer services to a strategic level, so as to optimize customer experience, improve internal efficiency and control cost of customer service.

Management of purchase from vendors will be strengthened and the Group will maintain continuous evaluation of service commitment of suppliers. We will seek space for cost reduction and improve the structure and route of cargo flow, so as to control the change cost from sales origins. We will accelerate container turnover and strengthen cost control of equipment. We will further promote enlargement of vessel fleets and decelerated vessel speed along with energy-saving technologies, increase refueling in ports with low oil prices, and apply global vessel tracking system to strengthen monitoring of daily fuel consumption to reduce fuel costs.

In 2014, the Group's container shipping business is expected to achieve a 4-5% increase in cargo volume as compared with 2013.

Dry bulk shipping

By using innovations and reforms as driving forces, the COSCO Bulk Group will carry out restructuring, transformation and upgrading, with focus on solving outstanding issues that obstruct corporate development and ensuring safe production, striving to achieve steady increase in the proportion of basic supply and significant increase in efficiency, thus enhancing the sustainable development capabilities of the enterprise.

The following strategies are proposed to be adopted in 2014:

1) Driven by reform and innovation which are in turn induced by problems, further improve and refine the institution, mechanism and system for management.

2) Adhere to careful management to further increase efficiency of achieving capacity, enhance judgment level and refine market operation.

3) Refine management from the origin to improve cost control capability. Seize the two strategic opportunities to reduce shipbuilding cost and capture future competitive advantage.

4) Accelerate structure adjustment and optimization to improve comprehensive competitiveness. Adhering to the principle of "Combining fleet structure adjustment with adjustment to supplier structure and customer structure", co-ordinate and arrange for implementation plans of rebuilding old vessels of professional models, so as to optimize the structure of transportation capacity. Meanwhile, layout of global networks will be further improved to build a commercial operation model for modern international dry bulk cargo transportation with integrated operation, one-stop marketing and differentiated services, hence ensuring proportion of basic supply to achieve the desired level.

In 2014, COSCO Bulk Group is expected to achieve a turnover of 68.56 billion ton-nautical miles.

Terminal business

Marketing will remain our work focus and effort will be put on continuous improvement of management to attract quality customers by means of quality services. Long-term strategic plans for terminals will be fully established and the Group will propel terminal projects and develop terminal diversification. It is expected that additional capacity will be 3,000,000 TEUs in 2014.

(IV) Fund requirement for maintaining existing business and establishing project company in process

Capital commitment	Contract arrangement	Time schedule	Financing method	Funding source arrangement	Cost of fund and usage description
RMB16.504 billion	Not applicable	2014	Debt financing	Bank loans, existing funds, others	Not applicable

(V) Potential risks

1. Risk of Macroeconomic Environment

The current international economic environment is still complicated. The world economy has entered into a prolonged low growth period. The downward pressure on some emerging economies are relatively high. The economy of China is still in the transformation period. Therefore, the Group's operations are still facing uncertainties in the economic environment. The Group will further strengthen the research and judgment on the macroeconomic trend, industry development trend, demand conditions of both domestic and international markets, and prepare tackling measures and proposals in advance to practicably organize production and operation well and prevent operational risk.

2. Risk of Market Competition Landscape

Affected by the macroeconomic environment, although the overall demand in the international shipping market will continue to have moderate growth, however the oversupply in shipping capacities will have little change within the short-term, the recovery of the shipping market is expected to be a relatively slow. Meanwhile, there are new changes in the competition landscape of shipping: (i) the development trend of fleets in scale, large size and networking has been formed, there are more and closer cooperations among alliance members, resulting in intensified competition in the industry; (ii) crowding out effect in the industry is getting more obvious as owners of goods and institutions such as banks compete for business across sectors. These have increased industry risk and created great difficulties for the Group's operations. The Company will continue to further capture and use the market adjustment opportunities to optimize the industry structure, adjust the fleet structure timely, develop emerging markets actively and increase market competitiveness.

3. Risk of Costs

Fuel cost is the most important part of the Company's costs, as current international oil prices are still at a high level and, in return, high oil prices will continue to bring vast cost pressure on the Company's operations. Besides, purchasing costs for vessel lubricants and vessel spare parts also remain at high levels. The Group will continue to strengthen the efforts in cost management, further enhance and improve the centralized purchases for fuel, lubricants and spare parts to reduce the purchasing costs. Meanwhile, we shall adhere to speed reduction in a scientific manner to reduce fuel consumption effectively.

4. Risk of Production Safety

In recent years, the Group has been increasing efforts in safety management. The overall safety environment remains stable, however, production safety incidents occurred occasionally and resulted in personal injuries and property losses, hence the pressure of production safety remain high. Currently, the Group is in a difficult period in terms of business operation, we cannot afford more safety problems at work place. The Group will further strengthen the production safety responsibility system, increase safety training, ensure investments in safety measures and strive to assure the normal order in the Group's production and operation.

III. Profit distribution or capitalization of surplus reserves proposals

(I) Formulation, implementation or adjustment of cash dividend policies

The Company distributes dividend to all shareholders by way of cash or scrip dividend, and the total dividends shall be no less than 25% of the audited distributable profits of the Company during the given accounting year or period in principle. The actual distribution amount of dividends to shareholders of the Company shall be based on the operating results, cash flow condition, current financial position and capital expenditure plans of the Company. The proposal of dividend distribution is formulated by the Board of Directors and implemented after approval by the general meeting of the Company. The amount of dividends to be distributed shall be determined based on the lower of the after-tax profits set out in the audited financial statements prepared pursuant to China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards.

On 12 November 2012, the resolution for the amendments to the Articles of Association of China COSCO Holdings Company Limited was considered and approved in the 2nd extraordinary general meeting of China COSCO. Pursuant to the amendments to Article 193, the profit distribution policy of the Company is as follows:

1. Profit Distribution Principles: The Company should implement positive profit distribution policies and value investors' reasonable investment return and the Group's sustainable development to maintain the continuity and stability of profit distribution policy. The cumulative profit distribution in cash by the Company in the last three years was in principle not less than 30% of the average annual distributable profits of the Group.

2. Profit Distribution Frequency: In principle, the Company distributes profit once per year. When conditions permit, the Board may recommend the Company to distribute interim cash dividends according to the earnings and capital requirement of the Group.

3. Profit Distribution Decision-making System and Procedures: The profit distribution proposal of the Company shall be formulated and reviewed by the Board and submitted to the general meeting of shareholders for approval. Independent Directors shall express their opinions clearly in regard to the profit distribution proposal. The Supervisory Committee shall supervise the implementation of the profit distribution proposal.

4. In case of no proposal of profit distribution in cash being made at any profitable year with available distributable profit of the Group, disclosure should be made in a timely manner regarding the Board of Directors' explanation and the Independent Directors' expressed opinions. Upon consideration by the Board of Directors, it shall be submitted to the general meeting of shareholders for review and the Board of Directors shall provide explanation at the general meeting of shareholders.

5. When determining the particulars of the cash dividend proposal of the Company, the Board of Directors shall study and discuss on, among others, the timing, conditions as well as the minimum ratio, conditions of adjustments and other factors as required for making the decisions. The Independent Directors shall express their opinions clearly. When considering the particulars of the profit distribution proposal at the general meeting of shareholders, the Company shall communicate with the shareholders, especially the minority shareholders, through various channels (including but not limited to hotlines, mailbox of Secretary to the Board of Directors and inviting minority investors to attend the meeting), in order to gather opinions from the minority shareholders and respond to their concerns in a timely manner.

6. Adjustments to cash dividend policy: The Company shall strictly implement the cash dividend policy stipulated in the Articles of Association of the Company and the particulars of the cash dividend proposal considered and approved at the general meetings of shareholders. Adjustments or amendments to the cash dividend policy stipulated in the Articles of Association of the Company shall only be made after detailed discussion and corresponding decision-making procedure according to the Articles of Association of the Company and approval shall be obtained from shareholders holding more than two thirds of the total voting rights present at the general meeting of shareholders.

7. Disclosure of cash dividends in regular reports: The Company shall disclose the details regarding the formulation and implementation of its cash dividend policy in regular reports. In case of any adjustments or amendments to cash dividend policy, it shall also explain in detail the conditions and the procedures for such adjustment or amendments.

After the proposal of profit distribution has been passed by resolution at the general meeting of the Company, the Board of the Company must complete the distribution of dividends (or shares) within two months after the general meeting.

After being reviewed by the 2012 annual general meeting, in view of the losses incurred in 2012, the Company did not distribute any cash dividend during 2013.

Pursuant to the audited financial statements of China COSCO for the year 2013, which were prepared in accordance with the PRC GAAP and Hong Kong Accounting Standards, the net profit attributable to owners of the parent of China COSCO for 2013 was RMB235,470,000.

In 2011 and 2012, under the impact of factors such as the supply and demand imbalance in the international shipping market, the operating results of the Group incurred relatively more losses and resulted in negative value in the undistributed profits. Although the Company achieved profits in 2013, yet the negative value of undistributed profits had not been reversed. After consideration by the Board, it was proposed that profits realized in the current year would not be distributed but would be used as supplemental working capital to improve the financial conditions.

(II) In circumstances where no cash dividends distribution proposal has been made when the Reporting Period is profitable with positive undistributed profit in the parent company, the Company shall disclose in detail the reasons and the usage and application of the undistributed profit

Reasons for no cash dividends distribution proposal has been made when the Reporting Period is profitable with positive undistributed profit in the parent company	**Plans for usage and application of the undistributed profit**
In 2011 and 2012, under the impact of factors such as the supply and demand imbalance in the international shipping market, the operating results of the Group incurred relatively more losses and resulted in negative value in the undistributed profits.	Use for supplementing working capital and improving financial conditions.

(III) Proposals or budgets for profit distribution and capitalization of surplus reserves of the Company in the recent three years (including the Reporting Period)

Unit: RMB

Year of Distriution	Number of bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (tax inclusive)	Number of scrip shares for every 10 shares (share)	Cash dividend (tax inclusive)	Net profit attributable to shareholders of listed companies in consolidated financial statements of the bonus distribution year	Ratio to net profit attributable to shareholders of listed companies in consolidated financial statements (%)
2013					235,470,000	
2012					-9,559,138,000	
2011					-10,495,295,000	

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from Monday, 21 April 2014 to Tuesday, 20 May 2014, both days inclusive, during which period no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on Thursday, 17 April 2014 at 4:30 p.m. are entitled to attend the annual general meeting of the Company to be held on Tuesday, 20 May 2014.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance within the Group, and the Board considers that effective corporate governance marks an important contribution to corporate success and to enhancing shareholders value.

The Company adopted its own corporate governance code, which incorporates all the code provisions and a majority of the recommended best practices in the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Code provision A.2.1 in the Code requires separation of the role of chairman and chief executive of a listed issuer. Mr. Wei Jiafu had assumed the role of both chairman of the Board (the "**Chairman**") and chief executive officer of the Company from 1 January 2013 to 16 July 2013. The Board considers that segregation of the role of the Chairman and the chief executive officer would involve a sharing of power and authority of the existing structure, while assuming both roles has a positive significance on the daily operation of the Company. After the retirement of Mr. Wei Jiafu as Chairman and chief executive officer of the Company, Mr. Ma Zehua was appointed as the Chairman and did not assume the role of chief executive officer of the Company.

Save for the above deviation, none of the Directors is aware of any information that would reasonably indicate that the Company had not been in compliance with the Code for any part during the year ended 31 December 2013.

Model Code for Securities Transactions by Directors

Since the listing of the Company on the Hong Kong Stock Exchange in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issued (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by the Directors and supervisors of the Company. Having made specific enquiries of all Directors and supervisors of the Company, each of them has confirmed that he or she complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

Board Committees

The Company has established a strategic development committee, a risk management committee, an audit committee, a remuneration committee, a nomination committee and an executive committee.

Audit Committee

The audit committee of the Company (the "**Audit Committee**"), established in April 2005, comprised two independent non-executive Directors and one non-executive Director. It is chaired by Mr. Kwong Che Keung, Gordon and the other two members are Ms. Sun Yueying and Mr. Teo Siong Seng. All members of the Audit Committee are competent and experienced in understanding, analyzing and reviewing the financial reports of listed companies.

The annual results of the Group for the year ended 31 December 2013 have been reviewed by the Audit Committee.

Repurchase, Sale or Redemption of Shares of the Company

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had repurchased or sold any listed securities of the Company. The Company did not redeem the Company's securities during the year.

Service Contracts

Each of the Directors and supervisors of the Company has entered into a service contract with the Company.

Pre-emptive Rights

The Articles of Association of the Company and the laws of the PRC contain no provision for any pre-emptive rights, requiring the Company to offer new shares to shareholders on a pro-rata basis to their shareholdings.

Auditors

The Company has appointed PricewaterhouseCoopers and Ruihua Certified Public Accountants, LLP (formerly known as RSM China Certified Public Accountants, LLP.) as the international and PRC auditors of the Company respectively for the year ended 31 December 2013. PricewaterhouseCoopers has conducted the audit of the Group's financial statements which are prepared in accordance with HKFRSs. Resolutions for the re-appointment of PricewaterouseCoopers and RSM China Certified Public Accountants, LLP. as the international and PRC auditors of the Company respectively will be proposed at the forthcoming annual general meeting of the Company to be held on Tuesday, 20 May 2014.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained within this annual results announcement are historical in nature, and past performance does not guarantee the future results of the Group. Any forward-looking statements and opinions contained within this annual results announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (1) no obligation to correct or update the forward-looking statements or opinions contained in this annual results announcement; and (2) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

PUBLICATION OF ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.chinacosco.com). An annual report for the year ended 31 December 2013 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and will be available for review on the same websites in due course.

By Order of the Board
China COSCO Holdings Company Limited
Guo Huawei
Joint Company Secretary

Beijing, the People's Republic of China
27 March 2014

As at the date of this announcement, the directors of the Company are Mr. MA Zehua[2] (Chairman), Mr. LI Yunpeng[1] (Vice Chairman), Ms. SUN Yueying[2], Mr. SUN Jiakang[1], Mr. YE Weilong[2], Mr. JIANG Lijun[1] (President), Mr. TEO Siong Seng[3], Dr. FAN HSU Lai Tai, Rita[3], Mr. KWONG Che Keung, Gordon[3] and Mr. Peter Guy BOWIE[3].

[1] *Executive director*

[2] *Non-executive director*

[3] *Independent non-executive director*

* *For identification purposes only*