中遠國際控股有限公司*

COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

2015 ANNUAL RESULTS

RESULTS AND OPERATION HIGHLIGHTS

- During the year, the oversupply in the shipping industry still existed amid continued slowdown in the growth of international trade. Such industry downturn resulted in the pressure of stringent cost control by customers and delays in delivery of certain new build vessels faced by the Company. Despite the unfavorable business environment, the Group strived to develop more new customers and products by utilising its advantages in specialisation and economies of scale, as well as to strengthen cost control and receivable collection measures, so as to secure its overall income. Profit attributable to equity holders decreased by 6% to HK$335,763,000.

- Net cash flows generated from operating activities for the year reached HK$421,353,000 out of which HK$402,151,000 was attributed to the decrease of trade receivables and other receivables.

- Revenue decreased by 21% to HK$5,999,646,000. It was primarily due to the drop in international crude oil prices.

- Gross profit decreased by 14% to HK$690,722,000.

- Basic earnings per share was 21.91 HK cents, decreased by 8%. The Board has recommended a final dividend of 9 HK cents per share. Together with the interim dividend of 7 HK cents per share, total dividends per share for the year are 16 HK cents, representing a dividend payout ratio of 73%.

- The Group had net cash of HK$6,224,668,000 as at 31st December 2015 available for the expansion of existing businesses and supporting future strategic development.

- Looking forward, the Group will continue to pursue the objective of maximising the return of the Shareholders. By seizing the opportunity presented by the business reorganisation of China COSCO Shipping Corporation Limited, the Group will accelerate the building of shipping services industrial cluster to provide reliable support services for the fleet transportation, in order to maximise the return to the Shareholders.

The board of directors (the "Board" or the "Director(s)") of COSCO International Holdings Limited (the "Company" or "COSCO International") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2015.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Revenue	*4*	**5,999,646**	7,588,213
Cost of sales	*6*	**(5,308,924)**	(6,783,721)
Gross profit		**690,722**	804,492
Other income and gains	*5*	**85,933**	39,988
Selling, administrative and general expenses	*6*	**(537,489)**	(577,505)
Other expenses and losses	*6*	**(44,458)**	(21,129)
Operating profit		**194,708**	245,846
Finance income	*7*	**115,163**	142,977
Finance costs	*7*	**(3,795)**	(2,964)
Finance income — net	*7*	**111,368**	140,013
Share of profits of joint ventures		**110,171**	65,218
Share of profits of associates		**11,577**	17,016
Profit before income tax		**427,824**	468,093
Income tax expenses	*8*	**(65,760)**	(73,331)
Profit for the year		**362,064**	394,762
Profit attributable to:			
Equity holders of the Company		**335,763**	358,970
Non-controlling interests		**26,301**	35,792
		362,064	394,762
Earnings per share attributable to equity holders of the Company during the year			
— basic, HK cents	*9(a)*	**21.91**	23.70
— diluted, HK cents	*9(b)*	**21.81**	23.33

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**362,064**	394,762
Other comprehensive income/(losses)		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(93,643)**	(7,225)
Share of currency translation differences of a joint venture	**(14,878)**	9,848
Reclassification adjustment for a gain included in profit or loss	**—**	(14,345)
	(14,878)	(4,497)
Share of currency translation differences of an associate	**(1,353)**	(44)
Share of cash flow hedges of an associate, net of tax	**16,087**	(26,012)
Fair value (losses)/gains on available-for-sale financial assets, net	**(15,285)**	15,492
Other comprehensive losses for the year	**(109,072)**	(22,286)
Total comprehensive income for the year	**252,992**	372,476
Total comprehensive income attributable to:		
Equity holders of the Company	**249,329**	337,586
Non-controlling interests	**3,663**	34,890
	252,992	372,476

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Intangible assets		**103,185**	105,478
Property, plant and equipment		**392,516**	262,181
Prepaid premium for land leases		**32,876**	35,100
Investment properties		**49,416**	44,847
Investments in joint ventures		**525,343**	493,107
Investments in associates		**107,615**	82,520
Available-for-sale financial assets		**58,754**	70,524
Deferred income tax assets		**49,245**	69,445
Non-current deposits		**35,805**	25,348
		1,354,755	1,188,550
Current assets			
Completed properties held for sale		**—**	192
Inventories		**347,241**	369,198
Trade and other receivables	*11*	**1,509,995**	1,960,207
Available-for-sale financial assets		**25,455**	28,970
Financial assets at fair value through profit or loss		**909**	1,086
Current income tax recoverable		**4,035**	8,682
Restricted bank deposits		**597**	14,120
Current deposits and cash and cash equivalents		**6,224,328**	6,094,329
		8,112,560	8,476,784
Total assets		**9,467,315**	9,665,334
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**153,296**	153,181
Reserves		**7,575,859**	7,585,856
		7,729,155	7,739,037
Non-controlling interests		**370,469**	369,451
Total equity		**8,099,624**	8,108,488
LIABILITIES			
Non-current liability			
Deferred income tax liabilities		**44,655**	39,027
Current liabilities			
Trade and other payables	*12*	**1,278,279**	1,470,613
Current income tax liabilities		**8,695**	21,145
Short-term borrowings		**36,062**	26,061
		1,323,036	1,517,819
Total liabilities		**1,367,691**	1,556,846
Total equity and liabilities		**9,467,315**	9,665,334

NOTES

1 GENERAL INFORMATION

The Group is principally engaged in the provision of shipping services and general trading.

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its principal place of business is 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

The ultimate holding company of the Company is 中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company*) ("COSCO"), a state-owned enterprise established in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

3 CHANGES IN ACCOUNTING POLICIES

(i) Adoption of amendments to published standards and new interpretation

In 2015, the Group has adopted the following amendments to published standards and new interpretation issued by the HKICPA, which are relevant to its operations:

		Effective for accounting periods beginning on or after
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010–2012 Cycle	1st July 2014
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011–2013 Cycle	1st July 2014

The adoption of the above amendments and new interpretation did not result in any substantial changes to the Group's accounting policies and had no material financial impact on the consolidated financial statements.

(ii) New standards and amendments to published standards that are not yet effective

The following new standards and amendments to existing standards have been published by the HKICPA and are relevant to the Group's operations. They are not yet effective for accounting periods beginning on 1st January 2015 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Disclosure Initiative	1st January 2016
Amendments to HKAS 27	Equity method in separate financial statements	1st January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 9 (2014)	Financial Instruments	1st January 2018
HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2018
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2012–2014 Cycle	1st January 2016

The Group has already commenced an assessment of the related impact of adopting the above new standards and amendments to published standards, but it is not yet in a position to state whether they will have a significant impact on its results of operations and financial position.

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

4 REVENUE AND SEGMENT INFORMATION

Turnover, representing revenue, recognised during the year is as follows:

	2015	2014
	HK$'000	*HK$'000*
Sale of coatings	**1,109,466**	1,391,004
Sale of marine equipment and spare parts	**1,096,698**	1,050,186
Commission income from ship trading agency	**84,983**	128,710
Commission income from insurance brokerage	**91,889**	91,000
Sale of marine fuel and other products	**2,779,986**	3,978,870
Sale of asphalt and other products	**836,624**	948,443
	5,999,646	7,588,213

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reports in order to make decisions about resources to be allocated to the segment and assess its performance. Management considers the business from a product perspective and has identified the following reportable segments on the basis of these reports:

Reportable segments	**Business activities**
Coatings	production and sale of coatings, and holding of investment in a joint venture, Jotun COSCO Marine Coatings (HK) Limited ("Jotun COSCO")
Marine equipment and spare parts	trading of marine equipment and spare parts, and holding of investments in joint ventures
Ship trading agency	provision of agency services relating to shipbuilding, ship trading and bareboat charter business, and holding of investments in a joint venture and an associate
Insurance brokerage	provision of insurance brokerage services
Marine fuel and other products	trading of marine fuel and other related products, and holding of investment in an associate, Double Rich Limited ("Double Rich")
General trading	trading of asphalt and other products, and holding of investments in associates

All other segments mainly comprise the Group's listed available-for-sale financial assets and financial assets at fair value through profit or loss.

Management assesses the performance of the operating segments based on a measure of profit before income tax.

	Year ended and as at 31st December 2015									
	Shipping services						General trading	All other segments	Inter-segment elimination	Total
	Coatings	Marine equipment and spare parts	Ship trading agency	Insurance brokerage	Marine fuel and other products	Total				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit and loss items:										
Segment revenue	1,109,466	1,096,705	84,983	92,295	2,857,408	5,240,857	850,449	—	(91,660)	5,999,646
Inter-segment revenue	—	(7)	—	(406)	(77,422)	(77,835)	(13,825)	—	91,660	—
Revenue from external customers	1,109,466	1,096,698	84,983	91,889	2,779,986	5,163,022	836,624	—	—	5,999,646
Segment operating profit	70,341	47,470	52,397	66,146	4,408	240,762	26,326	2,427	—	269,515
Finance income	7,331	687	6,735	1,323	214	16,290	1,595	—	(792)	17,093
Finance costs	(198)	(2,009)	(14)	(178)	(2,728)	(5,127)	(6,051)	—	792	(10,386)
Share of profits of joint ventures	107,333	413	2,425	—	—	110,171	—	—	—	110,171
Share of profits of associates	—	—	67	—	10,237	10,304	1,273	—	—	11,577
Segment profit before income tax	184,807	46,561	61,610	67,291	12,131	372,400	23,143	2,427	—	397,970
Income tax expenses	(18,392)	(9,439)	(16,839)	(11,820)	(109)	(56,599)	(6,364)	—	—	(62,963)
Segment profit after income tax	166,415	37,122	44,771	55,471	12,022	315,801	16,779	2,427	—	335,007
Balance sheet items:										
Total segment assets	1,954,085	1,041,329	339,761	174,873	511,991	4,022,039	790,319	83,358	(349,875)	4,545,841
Total segment assets include:										
— Joint ventures	507,688	12,281	5,374	—	—	525,343	—	—	—	525,343
— Associates	—	—	2,034	—	98,315	100,349	7,266	—	—	107,615
Total segment liabilities	478,102	476,912	95,151	62,750	296,631	1,409,546	562,786	—	(349,875)	1,622,457
Other items:										
Depreciation and amortisation, net of amount capitalised	14,281	2,769	270	211	—	17,531	1,224	—	—	18,755
Net reversal of provision for impairment of inventories	(1,013)	—	—	—	—	(1,013)	—	—	—	(1,013)
Net (reversal of provision)/ provision for impairment of trade receivables	(1,870)	4,059	—	—	—	2,189	—	—	—	2,189
Net provision/ (reversal of provision) for impairment of other receivables	—	88	—	—	—	88	(18,662)	—	—	(18,574)
Government subsidy income	(50,471)	—	—	—	—	(50,471)	—	—	—	(50,471)
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	148,688	24,802	54	620	—	174,164	138	—	—	174,302

	Year ended and as at 31st December 2014									
	Shipping services						General trading	All other segments	Inter-segment elimination	Total
	Coatings	Marine equipment and spare parts	Ship trading agency	Insurance brokerage	Marine fuel and other products	Total				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit and loss items:										
Segment revenue	1,391,004	1,050,377	128,710	91,356	4,191,541	6,852,988	948,568	—	(213,343)	7,588,213
Inter-segment revenue	—	(191)	—	(356)	(212,671)	(213,218)	(125)	—	213,343	—
Revenue from external customers	1,391,004	1,050,186	128,710	91,000	3,978,870	6,639,770	948,443	—	—	7,588,213
Segment operating profit	104,858	42,029	80,683	62,851	8,997	299,418	7,653	2,344	—	309,415
Finance income	9,374	1,367	7,876	1,530	214	20,361	2,247	—	—	22,608
Finance costs	(306)	(1,862)	(24)	(175)	(5,534)	(7,901)	(7,647)	—	—	(15,548)
Share of profits of joint ventures	64,738*	132	348	—	—	65,218	—	—	—	65,218
Share of profits of associates	—	—	2	—	16,272	16,274	742	—	—	17,016
Segment profit before income tax	178,664	41,666	88,885	64,206	19,949	393,370	2,995	2,344	—	398,709
Income tax expenses	(27,301)	(8,763)	(19,271)	(11,206)	(300)	(66,841)	(1,723)	—	—	(68,564)
Segment profit after income tax	151,363	32,903	69,614	53,000	19,649	326,529	1,272	2,344	—	330,145
Balance sheet items:										
Total segment assets	2,123,809	895,978	335,724	173,154	591,254	4,119,919	926,391	98,821	(240,858)	4,904,273
Total segment assets include:										
— Joint ventures	477,244	12,626	3,237	—	—	493,107	—	—	—	493,107
— Associates	—	—	2,091	—	73,387	75,478	7,042	—	—	82,520
Total segment liabilities	677,751	525,575	54,518	64,245	402,532	1,724,621	701,863	—	(240,858)	2,185,626
Other items:										
Depreciation and amortisation, net of amount capitalised	22,302	1,703	367	73	—	24,445	1,202	—	—	25,647
Net provision for impairment of inventories	1,978	—	—	—	—	1,978	—	—	—	1,978
Net reversal of provision for impairment of trade receivables	(22,180)	(1,080)	—	—	—	(23,260)	—	—	—	(23,260)
Provision for impairment of other receivables	—	36	—	—	—	36	18,943	—	—	18,979
Additions to non-current assets (other than available-for-sale financial assets and deferred income tax assets)	136,542	6,805	199	128	—	143,674	2,017	—	—	145,691

* This amount includes share of exchange gain realised by Jotun COSCO upon liquidation of its subsidiary of HK$14,345,000, which was reclassified from exchange reserve.

A reconciliation of the total of the reportable segments' profit before income tax to the Group's profit after income tax is as follows:

	2015	2014
	HK$'000	*HK$'000*
Profit before income tax for reportable segments	**395,543**	396,365
Profit before income tax for all other segments	**2,427**	2,344
Profit before income tax for all segments	**397,970**	398,709
Elimination of segment income from corporate headquarters	**(111)**	(95)
Elimination of segment finance costs to corporate headquarters	**6,608**	12,601
Corporate finance income	**98,070**	120,369
Corporate finance costs	**(17)**	(17)
Corporate expenses, net of income	**(74,696)**	(63,474)
Profit before income tax for the Group	**427,824**	468,093
Income tax expenses for all segments	**(62,963)**	(68,564)
Corporate income tax expenses	**(2,797)**	(4,767)
Profit after income tax for the Group	**362,064**	394,762

A reconciliation of the total of the reportable segments' assets to the Group's total assets is as follows:

	2015	2014
	HK$'000	*HK$'000*
Total assets for reportable segments	**4,812,358**	5,046,310
Total assets for all other segments	**83,358**	98,821
Elimination of inter-segment receivables	**(349,875)**	(240,858)
	4,545,841	4,904,273
Corporate assets (mainly deposits and cash and cash equivalents)	**5,223,410**	5,427,745
Elimination of corporate headquarters' receivables from segments	**(301,936)**	(666,684)
Total assets for the Group	**9,467,315**	9,665,334

A reconciliation of the total of the reportable segments' liabilities to the Group's total liabilities is as follows:

	2015	2014
	HK$'000	*HK$'000*
Total liabilities for reportable segments	**1,972,332**	2,426,484
Elimination of inter-segment payables	**(349,875)**	(240,858)
	1,622,457	2,185,626
Corporate liabilities	**47,170**	37,904
Elimination of segment payables to corporate headquarters	**(301,936)**	(666,684)
Total liabilities for the Group	**1,367,691**	1,556,846

The Company is domiciled in Hong Kong. The Group's revenue from external customers derived from Hong Kong and places other than Hong Kong are HK$815,756,000 (2014: HK$795,040,000) and HK$5,183,890,000 (2014: HK$6,793,173,000) respectively.

The total of non-current assets, other than available-for-sale financial assets and deferred income tax assets, located in Hong Kong and places other than Hong Kong are HK$752,162,000 (2014: HK$672,509,000) and HK$494,594,000 (2014: HK$376,072,000) respectively.

Revenue of HK$2,333,298,000 (2014: HK$1,694,125,000) is derived from a single external customer of the marine fuel and other products segment.

5 OTHER INCOME AND GAINS

	2015	2014
	HK$'000	*HK$'000*
Gains on disposal of property, plant and equipment	**—**	409
Rental income	**1,790**	1,502
Fair value gains on investment properties	**4,585**	2,919
Reversal of provision for impairment of inventories, net of provision	**1,013**	—
Reversal of provision for impairment of trade receivables, net of provision	**—**	23,260
Reversal of provision for impairment of other receivables, net of provision	**18,574**	—
Dividend income from listed and unlisted investments	**2,604**	2,367
Net exchange gains	**—**	2,199
Government subsidy income#	**50,471**	—
Others	**6,896**	7,332
	85,933	39,988

Government subsidy income of HK$50,471,000 (2014: Nil) was recognised during the year in respect of a special subsidy granted by the Shanghai Municipal Government and the Baoshan District Government. Such subsidy was to compensate for the relevant costs and expenses incurred by 中遠關西塗料化工(上海)有限公司 (COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd.*) ("COSCO Kansai (Shanghai)") in relocating the existing production plant and settling the impacted staff.

6 EXPENSES BY NATURE

	2015	2014
	HK$'000	*HK$'000*
Cost of sales		
Cost of inventories sold	**5,308,924**	6,783,721
Selling, administrative and general expenses		
Selling expenses	**189,650**	217,460
Depreciation of property, plant and equipment	**2,797**	5,580
Amortisation of intangible assets	**1,930**	1,340
Amortisation of prepaid premium for land leases	**1,085**	1,086
Operating lease rental expenses	**28,729**	28,953
Administrative staff costs	**181,949**	180,010
Auditors' remuneration	**5,752**	5,569
Others	**125,597**	137,507
	537,489	577,505
Other expenses and losses		
Net losses on disposal of property, plant and equipment	**129**	—
Direct operating expenses for generating rental income	**145**	149
Provision for impairment of inventories, net of reversal	**—**	1,978
Provision for impairment of trade receivables, net of reversal	**2,189**	—
Provision for impairment of other receivables	**—**	18,979
Fair value losses on financial assets at fair value through profit or loss	**177**	23
Net exchange losses	**41,818**	—
	44,458	21,129

7 FINANCE INCOME — NET

	2015	2014
	HK$'000	*HK$'000*
Interest income from:		
— a fellow subsidiary	**15,274**	13,896
— a joint venture	**—**	234
— bank deposits	**99,889**	128,847
Total finance income	**115,163**	142,977
Interest expenses on bank loans	**(1,500)**	(703)
Other finance charges	**(2,295)**	(2,261)
Total finance costs	**(3,795)**	(2,964)
Finance income — net	**111,368**	140,013

8 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

The PRC income tax has been calculated on the estimated assessable profit derived from the Group's operations in the PRC for the year at 25% (2014: 25%) except for a subsidiary, which was taxed at a reduced rate of 15% (2014: 15%) based on different local preferential policies on income tax and approval by relevant tax authorities.

Other overseas taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 17% to 43% (2014:17% to 43%) during the year.

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**15,282**	18,649
— the PRC enterprise income tax	**19,966**	47,355
— other overseas taxation	**4,120**	4,608
— over-provision for Hong Kong profits tax in prior years	**(21)**	(21)
— under-provision for the PRC taxation in prior years	**1,070**	173
— under/(over)-provision for other overseas taxation in prior years	**129**	(254)
Deferred income tax charge — net	**25,214**	2,821
Income tax expenses	**65,760**	73,331

9 EARNINGS PER SHARE

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

	2015	2014
Profit attributable to equity holders of the Company	**HK$335,763,000**	HK$358,970,000
Weighted average number of ordinary shares in issue	**1,532,495,292**	1,514,624,908
Basic earnings per share	**21.91 HK cents**	23.70 HK cents

(b) Diluted earnings per share is calculated based on the weighted average number of ordinary shares in issue after adjusting for the potential dilutive effect of outstanding share options.

	2015	2014
Profit attributable to equity holders of the Company	**HK$335,763,000**	HK$358,970,000
Weighted average number of ordinary shares in issue	**1,532,495,292**	1,514,624,908
Adjustment for assumed issuance of shares on exercise of share options	**7,090,877**	24,230,231
Weighted average number of ordinary shares for diluted earnings per share	**1,539,586,169**	1,538,855,139
Diluted earnings per share	**21.81 HK cents**	23.33 HK cents

10 DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim dividend paid of HK$0.07 (2014: HK$0.03) per ordinary share	**107,307**	45,425
Final dividend proposed of HK$0.09 (2014: HK$0.10) per ordinary share	**137,966**	153,181
	245,273	198,606

At the board meeting held on 22nd March 2016, the directors of the Company proposed a final dividend of HK$0.09 per ordinary share for the year ended 31st December 2015. This proposed dividend has not been recognised as a liability in the financial statements for the year ended 31st December 2015, but will be recognised in shareholders' equity in the year ending 31st December 2016.

11 TRADE AND OTHER RECEIVABLES

As at 31st December 2015, trade and other receivables include trade receivables amounting to HK$769,366,000 (2014: HK$942,612,000).

The ageing analysis of trade receivables (including amounts due from related parties which are trading in nature) based on invoice date and after provision is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current–90 days	**483,415**	762,909
91–180 days	**161,643**	123,753
Over 180 days	**124,308**	55,950
	769,366	942,612

For sale of coatings, marine equipment, spare parts, marine fuel, asphalt and other products, the majority of sales are on credit terms from 30 days to 90 days. Other than those with credit terms, all invoices are payable upon presentation.

12 TRADE AND OTHER PAYABLES

As at 31st December 2015, trade and other payables include trade payables amounting to HK$291,744,000 (2014: HK$446,804,000).

The ageing analysis of trade payables (including amounts due to related parties which are trading in nature) based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current–90 days	**253,298**	405,554
91–180 days	**32,842**	21,992
Over 180 days	**5,604**	19,258
	291,744	446,804

OVERALL ANALYSIS OF RESULTS

In 2015, the oversupply in the shipping industry still exist amid continued slowdown in the growth of international trade. Such industry downturn resulted in the pressure of stringent cost control by customers and delays in delivery of certain new build vessels faced by the Company. Facing the unfavorable business environment, the Group strived to develop more new customers and products by utilising its advantages in specialisation and economies of scale, as well as to strengthen cost control and receivable collection measures, so as to secure its overall income. Profit attributable to equity holders of the Company was HK$335,763,000 (2014: HK$358,970,000), representing a decrease of 6% as compared to 2014. Basic earnings per share was 21.91 HK cents (2014: 23.70 HK cents), representing a decrease of 8% as compared to 2014.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of HK$5,999,646,000 in 2015 (2014: HK$7,588,213,000), representing a decrease of 21% when compared to 2014. Revenue from the core shipping services businesses fell by 22% to HK$5,163,022,000 (2014: HK$6,639,770,000) and accounted for 86% (2014: 88%) of the Group's revenue, with the major declines coming from the marine fuel and other products, ship trading agency and coating segments. Revenue of general trading segment decreased by 12% to HK$836,624,000 (2014: HK$948,443,000) and accounted for 14% (2014: 12%) of the Group's revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year decreased by 14% to HK$690,722,000 (2014: HK$804,492,000) while overall average gross profit margin further improved from 10.6% to 11.5%. The improvement of overall average gross profit margin was mainly attributable to the improvement of gross profit margin of marine equipment and spare parts.

Other Income and Gains

The Group recorded other income and gains of HK$85,933,000 (2014: HK$39,988,000). Other income and gains primarily included: (i) government subsidy incomes of HK$50,471,000 recognised in respect of special subsidies granted by the Shanghai Municipal Government and the Baoshan District Government. Such special subsidies represented compensations to COSCO Kansai (Shanghai) for relocating the plant and part of the special subsidies were utilised to offset certain costs and expenses incurred by relocating the plant including settling the impacted staff; (ii) reversal of provision for impairment of other receivables (net of provision) of HK$18,574,000; and (iii) fair value gains on investment properties of HK$4,585,000 (2014: HK$2,919,000).

Other Expenses and Losses

The Group recorded other expenses and losses of HK$44,458,000 (2014: HK$21,129,000). Other expenses and losses primarily included provision for impairment of trade receivables (net of reversal) of HK$2,189,000 (2014: reversal of provision for impairment of trade receivables (net of provision) of HK$23,260,000), and net exchange losses of HK$41,818,000 (2014: net exchange gains of HK$2,199,000).

Selling, Administrative and General Expenses

The Group's selling, administrative and general expenses were HK$537,489,000 (2014: HK$577,505,000), decreased by 7% as compared to 2014. The main components of selling expenses comprised selling expenses payable to customers, sales staff remuneration, technology usage fees and transportation costs. Selling expenses for the year were HK$189,650,000 (2014: HK$217,460,000) and the decrease was primarily due to the lower volume of coating sales as compared to 2014. Administrative and general expenses also decreased by 3% to HK$347,839,000 (2014: HK$360,045,000) as all members of the Group strengthened their efforts to control cost and expenses.

Operating Profit

Due to the factors stated above, the Group's operating profit decreased by 21% to HK$194,708,000 (2014: HK$245,846,000).

Finance Income — Net

The Group's finance income of HK$115,163,000 (2014: HK$142,977,000) represented primarily interest income on bank deposits. The decrease in finance income was mainly attributable to lower cash deposit rates as compared to 2014. The Group's finance costs mainly represented interest expenses on bank loans of HK$1,500,000 (2014: HK$703,000) and other finance charges of HK$2,295,000 (2014: HK$2,261,000). The increase in finance costs was primarily due to the increase in average balance of bank borrowings used in the general trading businesses.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures increased by 69% to HK$110,171,000 (2014: HK$65,218,000). This item primarily represented the share of profit of Jotun COSCO of HK$107,333,000 (2014: HK$64,738,000) which was included in the coatings segment. The profit contribution from Jotun COSCO rose by 66% when compared to 2014 primarily as a result of the improvement of operating results.

Share of Profits of Associates

The Group's share of profits of associates decreased by 32% to HK$11,577,000 (2014: HK$17,016,000). This item primarily comprised the share of profit of Double Rich of HK$10,237,000 (2014: HK$16,272,000) which was included in the marine fuel and other products segment.

Income Tax Expenses

The Group's income tax expenses for the year decreased to HK$65,760,000 (2014: HK$73,331,000). The ratio of income tax expenses to profit before income tax, excluding the share of profits of joint ventures and associates, however increased from 19% in 2014 to 21% as a result of increase in land appreciation tax on PRC investment properties.

Profit Attributable to Equity Holders

Profit attributable to equity holders of the Company for the year decreased by 6% to HK$335,763,000 (2014: HK$358,970,000).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent but flexible approach towards financial management which aims at maintaining a healthy balance sheet, a relatively low level of borrowings and a high degree of liquidity. The Board believes this approach is beneficial to the Group's long term development as a major shipping services provider and ensures sufficient financial resources available for merger and acquisition opportunities that fit in well with the Group's strategic direction.

The Group's main sources of liquidity comprised cash, bank balances and non-committed unutilised banking facilities. The liquidity is primarily for financing of general working capital requirements, dividend payments and future capital expenditure. As at 31st December 2015, deposits and cash and cash equivalents held by the Group accounted for 77% (2014: 72%) of the Group's total current assets.

As at 31st December 2015, the Group's total assets decreased by 2% to HK$9,467,315,000 (2014: HK$9,665,334,000). Total liabilities decreased by 12% to HK$1,367,691,000 (2014: HK$1,556,846,000). The Group remained cautious about potential credit risks that surrounded the shipping services industry especially the bunker market. All business units refocused on internal management, intensified their efforts in working capital management and costs control. As a result, net cash generated from operating activities for the year reached HK$421,353,000, out of which HK$402,151,000 was attributable to the decrease of trade receivables and other receivables. The Group's selling, administrative and general expenses decreased by 7% as compared to 2014.

Net asset value attributable to Shareholders was HK$7,729,155,000 (2014: HK$7,739,037,000). Net asset value per share was HK$5.04 (2014: HK$5.05), slightly decreased by 0.2% as compared to the end of 2014.

As at 31st December 2015, the Group's total bank borrowings increased to HK$36,062,000 (2014: HK$26,061,000), which was mainly for the purpose of working capital requirement for general trading business. For the maturity profile, please refer to the table below. The Group's total cash on hand and non-committed unutilised standby banking facilities increased by 2% to HK$6,260,730,000 (2014: HK$6,133,797,000) and decreased by 41% to HK$1,211,191,000 (2014: HK$2,039,361,000) respectively. The gearing ratio, which represented total borrowings over total assets, was 0.4% (2014: 0.3%).

Debt Analysis

	31st December 2015		31st December 2014	
	HK$'000	***%***	*HK$'000*	*%*
Classified by maturity:				
— repayable within one year	**36,062**	**100**	26,061	100
Classified by type of loan:				
— unsecured	**36,062**	**100**	26,061	100
Classified by currency:				
— Renminbi	**36,062**	**100**	—	—
— United States dollars	**—**	**—**	26,061	100
	36,062	**100**	26,061	100

Both the bank borrowings and the gearing ratio remained low since the end of 2014. While the corporate headquarters provided funds to the operating units, the use of more costly bank borrowings to support working capital requirement was reduced. Furthermore, the Group was successful in securing higher yields for liquid funds through explored channels of deposits with major financial institutions in China Mainland and Hong Kong.

The Group had restricted bank deposits of HK$597,000 (2014: HK$14,120,000) as security for bank credit facilities and other purposes.

In considering the Group's current level of cash and bank balances, funds generated internally from operations, the unutilised banking facilities available and a relatively low debt level, the Board is confident that the Group will have sufficient resources to meet its foreseeable capital expenditures and debt repayment requirements.

TREASURY POLICY

The Group operates principally in Hong Kong, China Mainland and Singapore, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars and Renminbi. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group managed its foreign exchange exposure through matching its operating costs and borrowings against its receivables on sales. Nevertheless, the Group is still exposed to relevant foreign exchange risk in respect of Renminbi and United States dollars exchange rate fluctuations such that the Group's profit margin might be impacted accordingly.

The Group continued to monitor and adjust its debt portfolio from time to time in light of market conditions, the objective of which is to reduce potential interest rate risk exposure, improve debt structure and lower interest expenses. The Group also maintained the policy of financial supports to major business units to reduce the level of external borrowings. The depreciation of Renminbi against other currencies from the third quarter of 2015 resulted in exchange losses on the Group's Renminbi deposits and the foreign currency liabilities of certain PRC subsidiaries. The Group therefore adjusted the debt portfolio by switching from foreign currency borrowings to local currency borrowings in order to reduce risk and uncertainty of further depreciation of Renminbi on the Group's financial results.

As at 31st December 2015, borrowings of the Group carried interests at rates calculated with reference to the benchmark interest rates announced by the People's Bank of China. The Group will consider using forward foreign exchange contracts to hedge its foreign currency exposure should the need arise.

As for cash management, the Group selects suitable cash investment instruments based on the balance among security, return and liquidity to ensure sufficient funds are available and an appropriate level of liquidity is maintained to meet all its obligations during different stages of the shipping cycle.

The Group maintained a healthy cash position. As at 31st December 2015, the Group had net cash, which represented total cash and deposits net of short-term borrowings, of HK$6,224,668,000 (2014: HK$6,107,736,000). To enhance the Group's revenue and to maintain availability of cash at appropriate times to meet the Group's commitments and needs, the Group, on the basis of balancing risk, return and liquidity, invested in a mixture of financial products, including overnight deposits, term deposits and offshore fixed deposits. Cash and deposits of the Group were placed with highly reputable financial institutions both in Hong Kong and China. During the year, the Group strengthened its funds management and had actively negotiated with bank to strive for higher deposit yields for the huge sum of liquid funds on hand. The Group achieved a 1.86% return on the Group's cash for the year, represented 125 basis points above 3-month US Dollar London Interbank Offered Rate as at the end of 2015.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December 2015, sales to the largest customer and aggregate sales to the five largest customers accounted for 39% and 47% respectively (2014: 22% and 49% respectively) of the total revenue of the Group, while purchases from the largest supplier and aggregate purchases from the five largest suppliers accounted for 64% and 75% respectively (2014: 32% and 57% respectively) of the total cost of sales of the Group.

None of the Directors or their associates had interests in any of the five largest customers and suppliers.

Save as disclosed above, to the knowledge of the Directors, none of the shareholders of the Company (the "Shareholders") owning more than 5% of the Company's shares had interests in the five largest customers and suppliers.

EMPLOYEES

As at 31st December 2015, excluding joint ventures and associates, the Group had 969 (2014: 835) employees, of which 102 (2014: 100) were Hong Kong employees. During the year, total employee benefit expenses, including directors' emoluments and provident funds, were HK$304,082,000 (2014: HK$302,911,000). Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary and a year-end discretionary bonus, which are determined with reference to market conditions and individual performance. During the year, all of the Hong Kong employees have participated in the Mandatory Provident Fund Scheme or recognised occupational retirement scheme.

On 10th May 2005, certain employees of a subsidiary of the Company were granted share options to subscribe for a total of 2,400,000 shares of the Company at a price of HK$1.21 per share. These share options were exercisable at any time from 6th June 2005 to 5th June 2015. On 9th March 2007, the directors of the Company (excluding independent non-executive directors) and certain employees of the Group and its joint venture were granted share options to subscribe for a total of 25,930,000 shares of the Company at a price of HK$3.666 per share. These share options were exercisable from 9th March 2009 to 8th March 2015 in the stipulated proportion at any time namely: (i) no share options shall be exercisable by the grantees within the first two years from 9th March 2007; (ii) up to a maximum of 30% of the share options can be exercised by the grantees from 9th March 2009 onwards; (iii) up to a maximum of 70% of the share options can be exercised by the grantees from 9th March 2010 onwards and (iv) all share options can be exercised by the grantees from 9th March 2011 onwards.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 9 HK cents (2014: 10 HK cents) per share for the year ended 31st December 2015 which will be payable on 28th June 2016 to the shareholders whose names appear on the register of members of the Company (the "Register of Members") on 13th June 2016 subject to the shareholders' approval in the annual general meeting of the Company to be held on 31st May 2016 (the "AGM"). The proposed final dividend together with the interim dividend of 7 HK cents per share, total dividends per share for the year 2015 are 16 HK cents (2014: 13 HK cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' right to attend and vote at the AGM, the Register of Members will be closed from 27th May 2016 to 31st May 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited (the "Branch Share Registrar") at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 26th May 2016.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from 8th June 2016 to 13th June 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend for the year ended 31st December 2015, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 7th June 2016.

REVIEW OF BUSINESS OPERATIONS

In 2015, the global economy was struggling in an uncertain and uneven trend. As affected by the factors such as the sluggish demand, the fluctuation of global exchange rate and the slump in the commodity prices, the growth of world trade declined significantly. The overall oversupply situation of international shipping market remained unchanged. The pressure of oversupply yet eased resulting in the continuous conflict between the supply and demand side. In respond to the shrinking and insufficient market demand, shipowners decelerated fleet structure adjustment and maintained strict cost control. These brought forth considerable pressure to the operations of shipping services segment of the Group.

Facing the complicated and challenging operational environment, the Group adhered to focusing on development as its major objective. It further refined the development strategies, actively coped with market changes, spared no effort to extend existing businesses, focused on improving marketing services, enhanced lean management, continuously enhanced service awareness, moved forward transformation and upgrading and also actively built the shipping services industrial cluster. Thus it was able to record stable results despite the difficult business environment.

1. Core Business — Shipping Services

The Group's shipping services mainly include ship trading agency services, marine insurance brokerage services, supply of marine equipment and spare parts, production and sale of coatings, and trading and supply of marine fuel and related products.

During the year, the Group has reduced part of its marine fuel and related products business with relatively high risk for sake of risk avoidance. With the delays of vessel delivery schedule by some shipowners in the second half of 2015, the vessel scrapping volume decreased from the peak in 2014. In addition, the price of container coatings declined due to fierce price competition among suppliers in view of significant decrease in the volume of new build containers in China amid sluggish world trade demand. As such, revenue from the Group's shipping services during the year was HK$5,163,022,000 (2014: HK$6,639,770,000), representing a decrease of 22% as compared to 2014. The decrease was mainly attributable to significant decline in revenues of three business segments including marine fuel and other products, ship trading agency and coatings. Profit before income tax from shipping services was HK$372,400,000 (2014: HK$393,370,000), representing a decrease of 5% as compared to 2014. It was mainly attributable to marked decrease in profit before income tax from ship trading agency segment as compared to 2014.

1.1 *Ship Trading Agency Services*

COSCO International Ship Trading Company Limited, a wholly-owned subsidiary of the Company ("COSCO Ship Trading"), is principally engaged in the provision of agency services relating to ship building, ship trading and chartering for the fleet of COSCO and its subsidiaries (collectively "COSCO Group"), and is the sole platform for the ship trading of COSCO Group. COSCO Ship Trading also provides similar services for shipowners and shipping enterprises outside COSCO Group. COSCO Ship Trading mainly derives its revenue from agency services. In the case of new build vessels, commissions are paid by shipbuilders according to the work progress specified in the relevant contracts. For the trading of second-hand vessels, commissions are paid to COSCO Ship Trading according to the contracts after the vendors have delivered the vessels to the buyers.

During the year, the pace of adjustment to the fleet structure slowed down amid a depressed shipping market. The delivery of new build vessels ordered through COSCO Ship Trading reached 2,428,000 dead weight tonnages in aggregate (2014: 1,860,000 dead weight tonnages). For second-hand vessels, the sale and purchase of a total of 45 (2014: 82) second-hand vessels through COSCO Ship Trading were recorded, aggregating 3,710,000 dead weight tonnages (2014: 3,980,000 dead weight tonnages).

In addition, a total of 30 (2014: 58) new build vessels ordered through COSCO Ship Trading were recorded during the year, aggregating 3,793,000 dead weight tonnages (2014: 5,150,000 dead weight tonnages). As at 31st December 2015, the amount of new build vessels ordered through COSCO Ship Trading and pending delivery reached 10,570,000 dead weight tonnages, which were scheduled for delivery in the coming two to three years.

During the year, revenue from the ship trading agency segment decreased by 34% to HK$84,983,000 (2014: HK$128,710,000) as compared to 2014. Segment profit before income tax was HK$61,610,000 (2014: HK$88,885,000), representing a decrease of 31% as compared to 2014. The decrease in segment profit before income tax was mainly due to the decrease in new build vessel commission, second-hand vessel commission and other commission income during the year as compared to 2014.

1.2 *Marine Insurance Brokerage Services*

COSCO (Hong Kong) Insurance Brokers Limited, a wholly-owned subsidiary of the Company, and 深圳中遠保險經紀有限公司 (Shenzhen COSCO Insurance Brokers Limited*), a non-wholly owned subsidiary of the Company (collectively "COSCO Insurance Brokers"), are primarily engaged in the provision of insurance intermediary services including risk assessment, designing insurance programmes, placing insurance coverage, loss prevention and claims handling for the insured (including their various vessels) worldwide for service commissions.

During the year, COSCO Insurance Brokers opened up a new path to innovate new services and products and marketing model under the severe operating condition of large number of vessel scrapping. Focusing on the direction of "Establishing group insurance brokerage for COSCO Group's fleet", COSCO Insurance Brokers continued to carry forward two expansion strategies (expansion from business within COSCO Group to business outside COSCO Group, and expansion from marine insurance business to non-marine insurance business) as well as put efforts on innovations in two new expansion strategies (expansion from corporate business to individual business, and expansion from offline business to online business), making significant achievement. During the year, COSCO Insurance Brokers completed the overall renewal of the hull and machinery insurance and war risks insurance of COSCO Group's fleet, successfully explored the motor vehicle insurance and terminals comprehensive insurance businesses within COSCO Group, achieved favourable results in the ship repairer's liability insurance and ship builder's risks insurance businesses, and also successfully explored new businesses such as credit insurance and ship agents comprehensive liability insurance. In addition, COSCO Insurance Brokers strengthened its information construction and commenced online marketing to provide faster and more convenient claim settlement services, and thus to enhance its brand image. The claim settlement system has been officially put into operations. COSCO Insurance Brokers also achieved satisfactory results in online marketing, securing business in relation to the handling of certificates under The Nairobi International Convention on the Removal of Wrecks 《內羅畢國際船舶殘骸清除公約》through the successful launch of its WeChat public account, thus achieved stable growth in commission income from marine insurance brokerage services in general.

During the year, revenue from insurance brokerage segment was HK$91,889,000 (2014: HK$91,000,000), up by 1% as compared to 2014. Segment profit before income tax was HK$67,291,000 (2014: HK$64,206,000), representing an increase of 5% as compared to 2014.

1.3 *Supply of Marine Equipment and Spare Parts*

COSCO Yuantong Operation Headquarters, which are composed of Yuantong Marine Service Co. Limited, a wholly-owned subsidiary of the Company, and its subsidiaries (including 新中鈴株式會社 (Shin Chung Lin Corporation*), Xing Yuan (Singapore) Pte. Ltd., Hanyuan Technical Service Center GmbH, 遠通海務貿易(上海)有限公司 (Yuantong Marine Trade (Shanghai) Co., Ltd.*), 中遠(北京)海上電子設備有限公司 (COSCO (Beijing) Marine Electronic Equipment Limited*) and Yuan Hua Technical & Supply Corporation), are principally engaged in the sale and installation of marine equipment and spare parts for existing and new build vessels, as well as equipment of radio communication systems, satellite communication and navigation systems for ships, offshore facilities, coastal stations and land users, marine materials supply and voyage repairs. Its existing business network covers Hong Kong, Shanghai, Beijing, Japan, Singapore, Germany and the United States.

During the year, facing the fierce market competition, COSCO Yuantong Operation Headquarters continued to intensify its marketing services by conducting proactive visits to customers and strived to increase revenue and save cost. Firstly, COSCO Yuantong Operation

Headquarters successfully obtained more discounts from suppliers leveraging the advantages of centralised procurement of COSCO Group. Secondly, it vigorously developed communications and navigation equipment, spare parts and new build vessel equipment businesses. During the year, non-COSCO Group businesses achieved further progress, representing a significant increase as compared to 2014. In addition, COSCO Yuantong Operation Headquarters actively launched additional services, such as ship repairs, safety inspection assistance and express spare parts ordering in response to market changes and customers' needs to ensure navigation safety. These services enhanced customers' satisfaction and also further enhanced corporate brand value. In terms of business expansion, a distribution center of marine materials was established in Singapore based on regional positioning and geographical advantages, to further strengthen the materials supply business.

During the year, revenue from marine equipment and spare parts segment was HK$1,096,698,000 (2014: HK$1,050,186,000), up by 4% as compared to 2014. Segment profit before income tax was HK$46,561,000 (2014: HK$41,666,000), representing an increase of 12% as compared to 2014.

1.4 *Production and Sale of Coatings*

The coating business of the Company primarily includes the production and sale of container coatings, industrial heavy-duty anti-corrosion coatings and marine coatings, comprising COSCO Kansai Paint & Chemicals (Tianjin) Co., Ltd., COSCO Kansai (Shanghai), COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd. and 中遠關西塗料(上海)有限公司 (COSCO Kansai Paint (Shanghai) Co., Ltd.*) ("COSCO Kansai Paint (Shanghai)"), all of which are non-wholly owned subsidiaries of the Company (collectively, "COSCO Kansai Companies"). COSCO Kansai Companies are principally engaged in the production and sale of container coatings and industrial heavy-duty anti-corrosion coatings. With the plant of COSCO Kansai (Shanghai) in Baoshan, Shanghai ceasing production during the year due to relocation, COSCO Kansai (Shanghai) has been granted approval by relevant authorities to amend its business scope and extend the term of joint venture contract, with its main business as sale of container coatings and industrial heavy-duty anti-corrosion coatings. Jotun COSCO, a 50/50 joint venture formed by the Company and the international coating manufacturer Jotun A/S, Norway, is principally engaged in the production and sale of marine coatings.

For container coatings, as a result of the downturn in shipping market during the year, the volume of new build containers in China declined as a whole as compared to 2014 and there was price war among coating suppliers. Facing such circumstances, COSCO Kansai Companies further consolidated the core customers and meanwhile successfully explored new customers. They carried out strategic marketing tailored to the needs of different markets and customers and provided differential services so as to maintain their leading position in China's container coating market. For marine coatings, Jotun COSCO put greater efforts into marketing and customer care. Its solutions of high-end environmental friendly and energy-saving products accompanying with comprehensive quality services were recognised and promoted in the market, which helped Jotun COSCO maintain its leading position in China's marine coating market and enhance its profitability. In addition, in order to meet the future development needs of the coating business units and maintain a sound market position in Mainland China, the Group had spared no effort to push forward and successfully completed the construction of new plants of two joint ventures, including the plant in Jinshan, Shanghai of COSCO Kansai Paint (Shanghai) which had commenced trial production and the coating plant in Qingdao of Jotun COSCO Marine Coatings (Qingdao) Co., Ltd. which had been officially put into operation.

During the year, revenue from coatings segment was HK$1,109,466,000 (2014: HK$1,391,004,000), representing a decrease of 20% as compared to 2014. The decrease was mainly due to the decline in sale volume and price of container coatings as compared to 2014. Segment profit before income tax was HK$184,807,000 (2014: HK$178,664,000), up by 3% as compared to 2014. Operating profit from coatings segment decreased by 33% as compared to 2014 as a result of the combined effect of lower gross profit margin for container coatings due to the fierce competition in container coating market, coupled with the one-off factors of additional cost incurred from the plant relocation of COSCO Kansai (Shanghai) during the year and the reversal of provision for impairment of trade receivables (net of provision) of HK$22,180,000 as trade receivables were successfully recovered in 2014. During the year, COSCO Kansai (Shanghai) recorded government subsidy incomes of HK$50,471,000 in relation to the specific subsidies granted by the Shanghai Municipal Government and the Baoshan District Government, which fully offset the additional cost incurred in the course of plant relocation. Moreover, the decrease in the operating profit from the coatings segment was fully offset by the significant increase in the share of profit from Jotun COSCO attributable to the Group.

1.4.1 Container Coatings and Industrial Heavy-duty Anti-corrosion Coatings

COSCO Kansai Companies have coating plants in Zhuhai, Shanghai and Tianjin respectively. These coating plants are respectively located in the Pearl River Delta, the Yangtze River Delta and the Pan-Bohai Rim Area, the three most economically developed regions of China.

Facing the tough market conditions, COSCO Kansai Companies, during the year, successfully gained new orders by segmenting their target customers, enhancing communication and improving their marketing services as well as consolidated their strategic relationship with container manufacturing enterprises to maintain the leading market share. They also actively expanded into the special container market and offered quality services to major container manufacturers and container owners through onsite technical services enhancement, which gained the support and trust from key customers. However, the sales volume of container coatings decreased by 23% from 49,516 tonnes in 2014 to 38,099 tonnes during the year, mainly due to the significant decrease in the volume of new build containers in China as compared to 2014.

In addition, COSCO Kansai Companies continued to vigorously develop the business of industrial heavy-duty anti-corrosion coatings, actively formulated sales and marketing strategies for each business sector, established project team on industry orientation to enhance business expansion, deployed sales networks, optimised human resources allocation, focused on key customers and key projects, and increased market development efforts, resulting in breakthroughs in bridges, steel structure, nuclear plant, wind farm and special truck markets. They also actively commenced development into new sectors such as electrophoretic coatings and decorative coatings on a pilot basis and had made significant achievements. During the year, the sales volume of industrial heavy-duty anti-corrosion coatings together with workshop primer amounted to 16,081 tonnes (2014: 15,061 tonnes), representing an increase of 7% as compared to 2014.

During the year, COSCO Kansai Companies were awarded "The Top 10 Anti-Corrosion Coating Brands Awards of China" by 慧聰塗料網 (HC Coating Network) for the sixth straight year.

1.4.2 Marine Coatings

Jotun COSCO is principally engaged in the production and sale of marine coatings in the region of China including China Mainland, Hong Kong and Macau Special Administrative Regions.

During the year, a large number of new build vessels projects have commenced construction. Jotun COSCO has seized market opportunities. On the one hand, it increased customer visits so as to proactively maintain and reinforce the customer relationship with domestic major shipyards and shipowners and to segment the market and its target customers based on the market trend and requirement of marketing services in order to establish a service system with differentiated products, services and marketing. On the other hand, it strived to obtain coating orders with better terms for new build vessels through selective market development and spared no effort to strengthen coatings for repair and maintenance business with a view to maintaining its market share as well as further improving its profitability. Meanwhile, in order to adapt to the market needs, Jotun COSCO has strived for product enhancement, facilitated energy saving and emission reduction of vessels while focusing on the promotion of HPS (Hull Performance Solution) as well as the combination of vessel maintenance concept with maintenance coating products. Jotun COSCO also offered solutions to its customers according to their business need so as to maintain its leading position in China's marine coating market. During the year, sales volume of Jotun COSCO's coatings for new build vessels amounted to 62,890,400 litres, up by 31% as compared to 2014. Sales volume of coatings for repair and maintenance was 20,545,600 litres, representing an increase of 28% as compared to 2014. The sales volume of Jotun COSCO's marine coatings amounted to 83,436,000 litres (equivalent to approximately 112,639 tonnes) (2014: 63,932,000 litres (equivalent to approximately 86,308 tonnes)), up by 31% as compared to 2014. During the year, the Group's share of profit from Jotun COSCO was HK$107,333,000 (2014:

HK$64,738,000), representing a substantial increase of 66% as compared to 2014. Such increase was mainly attributable to significant improvement in the gross profit margin of Jotun COSCO as a result of increase in the sales volume of marine coatings and the decrease in raw material prices during the year as compared to 2014.

In addition, as at 31st December 2015, Jotun COSCO had coating contracts in hand for new build vessels amounting to 37,360,000 dead weight tonnages pending delivery. The coatings were scheduled to be delivered in the coming two years, which guaranteed steady development of Jotun COSCO's future business.

1.5 *Trading and Supply of Marine Fuel and Related Products*

Sinfeng Marine Services Pte. Ltd., a wholly-owned subsidiary of the Company ("Sinfeng"), is primarily engaged in the supply of marine fuel, trading and brokerage services of marine fuel and related products. Currently, its business network primarily covers major oil ports such as Singapore and Malaysia.

During the year, Sinfeng adopted prudent business strategies by expanding oil supply business of low risks and conducting business with reputable customers in order to establish stable and long-term business cooperations in response to the complex market environment. During the year, total sales volume of marine fuel products was 1,146,911 tonnes, increased by 33% as compared with 864,335 tonnes in 2014. Revenue from the marine fuel and other products segment was HK$2,779,986,000, down by 30% as compared with HK$3,978,870,000 in 2014, which was mainly due to a sharp fall in oil prices.

Double Rich, in which the Group owns 18% equity interest, is principally engaged in the trading of fuel and oil products and marine fuel supply services in Hong Kong and at the same time sourcing products like light diesels and fuel oil. Its major customers are shipowners and ship operators. During the year, the Group's share of profit from Double Rich was HK$10,237,000 (2014: HK$16,272,000), down by 37% as compared to 2014, which was mainly due to the decrease in finance income during the year.

Profit before income tax from marine fuel and other products segment was HK$12,131,000 (2014: HK$19,949,000), representing a decrease of 39% as compared to 2014, which was mainly attributable to the decrease in share of profit of associates.

2. General Trading

中遠國際貿易有限公司 (COSCO International Trading Company Limited*), a wholly-owned subsidiary of the Company ("CITC"), is principally engaged in the trading of asphalt and other comprehensive trading.

During the year, CITC proactively responded to intensifying market competition and had adjusted its business strategies in a timely manner. Firstly, it continued to focus on regional markets by consolidating the asphalt supply business for highway. Secondly, whilst enhancing risk control, CITC gradually participated in urban infrastructure and asphalt retail areas so as to expand business scope and seek new profit drivers. By leveraging such strategies, CITC had achieved remarkable success in exploring retail business in the East China region market. During the year, the sales volume of asphalt of CITC amounted to 173,061 tonnes, representing an increase of 27% as compared to 136,159 tonnes in 2014.

During the year, revenue from general trading segment was HK$836,624,000 (2014: HK$948,443,000), down by 12% as compared to 2014. The decrease in revenue was mainly due to lower selling prices of asphalt which offset the increase of sales volume. Segment profit before income tax was HK$23,143,000 (2014: HK$2,995,000), increased by 673% as compared to 2014. The improvement in segment profit before income tax was mainly attributable to the reversal of provision for impairment of other receivables of HK$18,662,000 due to successful collection of other receivables in default during the year.

PROSPECTS

Looking forward to 2016, the global economy will experience deepening adjustment with sluggish recovery. The growth of international trade will slow down and the financial market and commodity market are expected to fluctuate. The global shipping market will remain depressed, it is difficult to expect the situation of overcapacity will have a fundamental change in a short term, and the competition among the shipping enterprises will become more intense. It is expected that shipowners will maintain strict cost control, and the shipping services will still be confronted with substantial operating pressure. However, 2016 is the beginning year of the "Thirteenth Five-year Plan" of China. Facing with opportunities arising from the active implementation of strategic plans of "Supply-side Structural Reform" and "One Belt and One Road" in China, as well as the great opportunity brought by the establishment of China COSCO Shipping Corporation Limited, COSCO International will embrace a critical year of transformation and upgrading, of which opportunities and challenges will coexist. COSCO International will conform the new market situation to grasp the opportunities and seek for innovation while fully utilising its enhanced scale effect and bargaining power, so as to strive to realise the transformation of an enterprise from serving for corporations to serving for the whole sector.

On one hand, the Group will be committed to building a "shipping services industrial cluster" in line with the development strategy of China COSCO Shipping Corporation Limited. The Group will fully capitalise on its own strengths, further refine the business coverage of shipping services and optimise its service boundary and scope. In the meantime, the Group will facilitate the expansion and development of the products and services and the exploration of new business sector of shipping services by integrating and acquiring the relevant assets under the new group, while making efforts to expand business outside the group and inject potential projects in due course, so as to expand the business footprint of the Group.

On the other hand, all the business units of COSCO International will proactively respond to market changes while being committed to expanding business chains according to their own circumstances, so as to improve the profitability of each segment. For the ship trading agency, COSCO Ship Trading will endeavor to co-ordinate with the shipyards and shipowners to ensure smooth delivery of new build vessels, and to further strengthen the communication with ship breaking yards for carrying out joint monitoring over scrapped vessel dismantling amidst the downward situation of ship building market and sluggish global economy. Meanwhile, it will seize market opportunities and develop new business actively, to lay a solid foundation for the future development of COSCO Ship Trading. For the marine insurance brokerage services, given the challenging business environment, COSCO Insurance Brokers will put more efforts in developing non-COSCO customers business and further expand its business channels and scope. For supply of marine equipment and spare parts, the continuing cost control and cost reduction of shipping companies will have impacts on the demand of marine equipment and spare parts. COSCO Yuantong Operation Headquarters will expand its business scope from sales of products to functional services by transforming to the new marketing model of providing systematic solution to its customers, reinforcing technical communication between suppliers and customers and its onsite services on ships and enhancing its service quality in customer-oriented manner. Besides, they will further optimise network establishment and strengthen the cooperation with large stated-owned enterprises in the same industry in order to enhance the global procurement capability, consummate the management of suppliers, optimise the operation process, reduce overall procurement costs and boost the overall effectiveness, with a view to gradually developing its core competitiveness. For container coatings, demand is expected to remain depressed. COSCO Kansai Companies will fully utilise the effectiveness of the new plant in Jinshan, Shanghai, actively maintain their existing customers, consolidate their close relationship with container manufacturing enterprises and container owners and promote the application and upgrading of environmental friendly coatings so as to capture more sales orders in terms of container coating types and quantity in order to maintain their leading positions in terms of the market share in the container coating market. Meanwhile, COSCO Kansai Companies will also increase their efforts in exploring the reefer container and special container market to enhance the market share. For industrial heavy-duty anti-corrosion coatings, growth in the industry is expected to remain slow and moderate. COSCO Kansai Companies will improve the marketing network with priority on market development in the areas such as the Southern, Eastern, Central and Northern China, guided by industry segments. They will endeavor to consolidate the presence in the existing industries and customers and at same time, actively explore new customers and new regions based on the existing industries. Meanwhile, they will put more efforts into developing and follow-up work of key customers and project developments in order to increase the success rate of projects. For marine coatings, given the decline in new build vessel orders, Jotun COSCO will conduct proper market and competitor analysis, strengthen its marketing and customer care efforts to enhance customers' satisfaction. It will also selectively expand markets, strike for orders of marine coatings for new build vessels with better terms, and improve the market share of vessel repairs. It will continue to focus on the promotion of HPS (Hull Performance Solution) and maintenance coating products that deliver the vessel maintenance concept. For the trading and supply of marine fuel and related products, in response to the operating pressure and risks faced by shipping enterprises, Sinfeng will continue to control risk and adopt prudent business strategy, and solicit business from new customers prudently and cautiously while retaining its existing quality customers, so as to expand its business under the premise of strict risk control. For the general trading, facing fierce competition, CITC will continue to strengthen the construction of the marketing networks and facilitate the business connection between various regions, in order to enhance its ability of coordination and risk mitigation of the asphalt business. In addition, CITC will also devote greater efforts to expanding the development of supplying asphalt to municipal government departments.

Looking forward, the Group will continue to pursue the objective of maximising the return of the Shareholders. By seizing the opportunity presented by the business reorganisation of China COSCO Shipping Corporation Limited, the Group will accelerate the building of shipping services industrial cluster to provide reliable support services for the fleet transportation, in order to maximize the return to Shareholders.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2015.

CORPORATE GOVERNANCE

Maintaining high standards of corporate governance has always been one of the Company's priorities. This is achieved through an effective, timely disclosure of information by the Board and a proactive investor relations programme. The Company will continue to implement measures in order to further strengthen its corporate governance and overall risk management.

During the year, in accordance with the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") relating to the risk management and internal control which, inter alia, require the board to oversee the same on an ongoing basis, the terms of reference of audit committee and risk management committee were revised to reflect the changes in order to ensure an effective system of risk management be maintained to safeguard the Company's assets and the Shareholders' interests.

The Board believed that the Company has complied with the code provisions of Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules during the year ended 31st December 2015.

The audit committee of the Company (the "Audit Committee") consists of three Independent Non-executive Directors and the chairman of which is a certified public accountant. The main duties of Audit Committee include reviewing the accounting policies and the Company's financial reporting; monitoring the performance of both the internal and external auditors; reviewing and examining the effectiveness of the financial reporting, risk management and internal control system; ensuring compliance with applicable statutory accounting and reporting requirements. The Audit Committee has discussed the internal controls and financial reporting matters with management of the Company and reviewed the results announcement and the audited consolidated financial statements of the Group for the year ended 31st December 2015. The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "Securities Code") no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. In order to ensure the Directors' dealings in the securities of the Company are conducted in accordance with the Model Code and the Securities Code, a committee currently comprising the Chairman, the Vice Chairman, the Managing Director and a Director was set up to deal with such transactions.

The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code and the Securities Code during the year ended 31st December 2015, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Securities Code during the year.

By Order of the Board
COSCO International Holdings Limited
LIU Xianghao
Managing Director

Hong Kong, 22nd March 2016

As at the date of this announcement, the Board comprises nine directors with Mr. Ye Weilong (Chairman), Mr. Zhang Liang (Vice Chairman), Mr. Feng Jinhua and Mr. Liu Xianghao (Managing Director) as Executive Directors; Mr. Wu Shuxiong and Mr. Wang Wei as Non-executive Directors and Mr. Tsui Yiu Wa, Alec, Mr. Jiang, Simon X. and Mr. Alexander Reid Hamilton as Independent non-executive Directors.

* *for identification purpose only*