COSCO Pacific Limited
中遠太平洋有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNUAL RESULTS ANNOUNCEMENT FOR 2015

RESULTS HIGHLIGHTS

- The Group's revenue fell by 8.3% to US$798,151,000 (2014: US$870,091,000).

- Revenue from the terminals business fell by 5.8% to US$486,772,000 (2014: US$516,993,000), mainly due to the depreciation of the Euro and Renminbi against the US dollar. Piraeus Container Terminal S.A. ("Piraeus Terminal") recorded a stable operational performance. Its revenue in Euro increased by 4.2%, but the US$156,126,000 equivalent represented a decrease of 12.5% (2014: US$178,466,000).

- Revenue from the container leasing, management and sale businesses fell by 11.6% to US$315,675,000 (2014: US$357,075,000). Due to the significant 55.3% decrease in the number of disposed returned containers and the 15.2% fall in the average resale prices of returned containers compared with last year, revenue from the sale of returned containers decreased substantially, by 62.1%. In addition, lease rates continued to be affected by the sluggish container leasing market, and revenue from container leasing dropped by 3.5%.

- The Group's gross profit declined by 7.3% to US$300,104,000 (2014: US$323,857,000). Gross profit margin rose by 0.4 percentage points to 37.6% (2014: 37.2%).

- Despite revenue from the terminals business having decreased by 5.8%, the operational performance of Piraeus Terminal and Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal") improved. Gross profit from the terminals business declined only slightly, by 0.1%.

- Gross profit from the container leasing, management and sale businesses recorded a 15.7% decrease compared with last year. As competition in the container leasing market remained fierce, market lease rates fell. This, combined with the decrease of 0.3 percentage points in the average utilisation rate of the Group to 95.0% (2014: 95.3%), caused the gross profit for container leasing to decline. As a result of the decrease in revenue from the sale of returned containers, gross profit from the sale of returned containers also decreased.

- Including the write back of provision on the disposal of 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC") in 2013, profit attributable to equity holders of the Company increased by 30.4% to US$381,644,000 (2014: US$292,759,000).

- Excluding the write back of provision on the disposal of 21.8% equity interest in CIMC in 2013, profit attributable to equity holders of the Company increased by 3.3% to US$302,492,000 (2014: US$292,759,000).

- The terminals business experienced slow growth in container throughput and profit due to a slowdown in global economic growth and negative growth of imports and exports in the PRC. Total throughput increased by 2.0% to 68,670,714 TEU (2014: 67,326,122 TEU). Equity throughput increased by 1.1% to 19,262,210 TEU (2014: 19,047,214 TEU). Profit rose by 5.7% to US$233,653,000 (2014: US$220,978,000).

- Profit from the container leasing, management and sale businesses dropped by 13.5% to US$82,849,000 (2014: US$95,757,000). The container fleet size increased by 1.9% to 1,944,654 TEU (2014: 1,907,778 TEU).

- The proposed final dividend is HK22.9 cents per share (2014: HK15.4 cents), and the dividend will be payable in cash and with a scrip dividend alternative. The full-year dividend amounted to HK40.2 cents (2014: HK31.0 cents), representing a payout ratio of 40.0% (2014: 40.0%).

FINAL RESULTS

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	**2015** *US$'000*	2014 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**4,007,824**	4,068,893
Investment properties		**28,860**	29,194
Land use rights		**218,989**	237,840
Intangible assets		**6,920**	7,361
Joint ventures	3	**1,191,686**	840,891
Loans to joint ventures		**41,752**	73,503
Associates		**853,140**	826,197
Loan to an associate		**27,409**	30,472
Available-for-sale financial asset		**24,000**	35,000
Finance lease receivables		**33,450**	25,324
Deferred income tax assets		**1,947**	2,470
Other non-current assets	4	**74,748**	109,752
		6,510,725	6,286,897
Current assets			
Inventories		**13,372**	23,683
Trade and other receivables	5	**237,745**	189,594
Current income tax recoverable		**445**	57
Restricted bank deposits		**220**	172
Cash and cash equivalents		**909,067**	1,116,307
		1,160,849	1,329,813
Total assets		**7,671,574**	7,616,710

CONSOLIDATED BALANCE SHEET (Continued)
AS AT 31 DECEMBER 2015

	Note	**2015**	2014
		US$'000	*US$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**38,090**	37,753
Reserves		**4,824,774**	4,704,694
		4,862,864	4,742,447
Non-controlling interests		**309,996**	316,215
Total equity		**5,172,860**	5,058,662
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**44,584**	44,285
Long term borrowings		**1,761,382**	1,430,431
Loans from non-controlling shareholders of subsidiaries		**50,000**	148,055
Other long term liabilities		**30,235**	31,897
		1,886,201	1,654,668
Current liabilities			
Trade and other payables	6	**337,717**	385,297
Current income tax liabilities		**13,815**	88,321
Current portion of long term borrowings		**55,402**	419,956
Short term borrowings		**205,579**	9,806
		612,513	903,380
Total liabilities		**2,498,714**	2,558,048
Total equity and liabilities		**7,671,574**	7,616,710

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015**	2014
		US$'000	*US$'000*
Continuing operations:			
Revenues	2	**798,151**	870,091
Cost of sales		**(498,047)**	(546,234)
Gross profit		**300,104**	323,857
Administrative expenses		**(77,028)**	(93,201)
Other operating income	7	**26,994**	22,949
Other operating expenses		**(23,370)**	(26,180)
Operating profit	8	**226,700**	227,425
Finance income	9	**21,127**	25,738
Finance costs	9	**(64,253)**	(72,506)
Operating profit after finance income and costs		**183,574**	180,657
Share of profits less losses of			
- joint ventures		**107,581**	99,729
- associates		**73,559**	71,496
Profit before income tax from continuing operations		**364,714**	351,882
Income tax expenses	10	**(41,153)**	(38,995)
Profit for the year from continuing operations		**323,561**	312,887
Discontinued operation:			
Write back of provision	2	**79,152**	-
Profit for the year		**402,713**	312,887
Profit attributable to:			
Equity holders of the Company		**381,644**	292,759
Non-controlling interests		**21,069**	20,128
		402,713	312,887
Earnings per share for profit attributable to equity holders of the Company			
Basic			
- from continuing operations	11	**US10.27 cents**	US10.01 cents
- from discontinued operation	11	**US2.69 cents**	-
		US12.96 cents	US10.01 cents
Diluted			
- from continuing operations	11	**US10.27 cents**	US10.01 cents
- from discontinued operation	11	**US2.69 cents**	-
		US12.96 cents	US10.01 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 *US$'000*	2014 *US$'000*
Profit for the year	**402,713**	312,887
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Fair value adjustment upon transfer from property, plant and equipment to investment properties	-	8,306
Items that may be reclassified to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**(179,260)**	(32,299)
Fair value (loss)/gain on an available-for-sale financial asset	**(11,000)**	8,000
Release of reserves upon liquidation of subsidiaries	-	(811)
Share of reserves of joint ventures and associates		
- exchange reserve	**(5,367)**	(3,817)
- other reserves	**58**	451
Other comprehensive loss for the year, net of tax	**(195,569)**	(20,170)
Total comprehensive income for the year	**207,144**	292,717
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**210,819**	273,890
Non-controlling interests	**(3,675)**	18,827
	207,144	292,717
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	**131,667**	273,890
Discontinued operation	**79,152**	-
	210,819	273,890

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention except that, available-for-sale financial assets and investment properties are carried at fair value.

(a) Adoption of HKFRS amendments and improvements

In 2015, the Group has adopted the following amendments and improvements to existing standards issued by the HKICPA which are mandatory for the financial year ended 31 December 2015:

New standards and amendments

HKAS 19 (2011) Amendment	Employee Benefits

Annual Improvements 2010-2012 Cycle

HKAS 16 Amendment	Property, Plant and Equipment
HKAS 24 Amendment	Related Party Disclosures
HKAS 38 Amendment	Intangible Assets
HKFRS 2 Amendment	Share-based Payment
HKFRS 3 Amendment	Business Combinations
HKFRS 8 Amendment	Operating Segments
HKFRS 13 Amendment	Fair Value Measurement

Annual Improvements 2011-2013 Cycle

HKAS 40 Amendment	Investment Property
HKFRS 1 Amendment	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 3 Amendment	Business Combinations
HKFRS 13 Amendment	Fair Value Measurement

The Group has assessed the impact of the adoption of these HKFRS amendments and improvements to existing standards and considered that there was no significant impact on the Group's results and financial position.

1. BASIS OF PREPARATION (Continued)

(b) Standards, amendments and improvements to existing standards that are not yet effective for the year ended 31 December 2015 and have not been early adopted by the Group

The HKICPA has issued the following new HKFRS, amendments and improvements to existing standards which are not yet effective for the year ended 31 December 2015 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
New standards and amendments		
HKAS 1 Amendment	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants	1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment entities: Applying the Consolidation Exception	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements 2012-2014 Cycle		
HKAS 19 Amendment	Employment Benefits	1 January 2016
HKAS 34 Amendment	Interim Financial Reporting	1 January 2016
HKFRS 5 Amendment	Non-current Assets Held for Sales and Discontinued Operations	1 January 2016
HKFRS 7 Amendment	Financial Instruments: Disclosures	1 January 2016

The Group will apply the above new standards, amendments and improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact of these new standards, amendments and improvements to existing standards to the Group and it is not yet in a position to state whether any substantial financial impact will be resulted.

(c) New Hong Kong Companies Ordinance

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.

2. SEGMENT INFORMATION

(a) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. The following operating segments were identified in accordance with the Group's continuing operations:

(i) terminals and related businesses including terminal operations, container handling, transportation and storage; and
(ii) container leasing, management, sale and related businesses.

The performance of the operating segments was assessed based on their segment profit/loss attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the consolidated financial statements.

Corporate assets comprise property, plant and equipment, investment properties, intangible assets, inter-segment loans, other receivables and prepayments and cash and cash equivalents.

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

Segment assets

	Terminals and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Segment total *US$'000*	Corporate *US$'000*	Inter-segment elimination *US$'000*	Total *US$'000*
At 31 December 2015						
Segment assets	**4,835,093**	**2,147,247**	**6,982,340**	**1,678,804**	**(989,570)**	**7,671,574**
Segment assets include:						
Joint ventures	**1,191,686**	**-**	**1,191,686**	**-**	**-**	**1,191,686**
Associates	**853,140**	**-**	**853,140**	**-**	**-**	**853,140**
Available-for-sale financial asset	**24,000**	**-**	**24,000**	**-**	**-**	**24,000**
At 31 December 2014						
Segment assets	4,649,728	2,204,278	6,854,006	1,807,860	(1,045,156)	7,616,710
Segment assets include:						
Joint ventures	840,891	-	840,891	-	-	840,891
Associates	826,197	-	826,197	-	-	826,197
Available-for-sale financial asset	35,000	-	35,000	-	-	35,000

2. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Continuing operations						Discontinued operation Note	
	Terminals and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Segment total *US$'000*	Corporate *US$'000*	Elimination of inter-segment (revenues) and finance (income)/costs *US$'000*	Sub-total *US$'000*	Container manufacturing and related businesses *US$'000*	Total *US$'000*
Year ended 31 December 2015								
Revenues - total sales	486,772	315,675	802,447	-	(4,296)	798,151	-	798,151
Segment profit/(loss) attributable to equity holders of the Company	233,653	82,849	316,502	(14,010)	-	302,492	79,152	381,644
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	1,162	761	1,923	46,747	(27,543)	21,127	-	21,127
Finance costs	(56,688)	(20,452)	(77,140)	(19,043)	31,930	(64,253)	-	(64,253)
Share of profits less losses of								
- joint ventures	107,581	-	107,581	-	-	107,581	-	107,581
- associates	73,559	-	73,559	-	-	73,559	-	73,559
Income tax expenses	(18,723)	(2,771)	(21,494)	(19,659)	-	(41,153)	-	(41,153)
Write back of provision	-	-	-	-	-	-	79,152	79,152
Depreciation and amortisation	(83,725)	(124,803)	(208,528)	(1,589)	-	(210,117)	-	(210,117)
Provision for inventories	(88)	(1,116)	(1,204)	-	-	(1,204)	-	(1,204)
Other non-cash expenses	(148)	(1,229)	(1,377)	-	-	(1,377)	-	(1,377)
Additions to non-current assets	(98,352)	(204,783)	(303,135)	(191)	-	(303,326)	-	(303,326)

Note: Discontinued operation represents the disposal of 21.8% equity interest in a then associate of the Group, CIMC, in 2013

2. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Continuing operations					
	Terminals and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Segment total *US$'000*	Corporate *US$'000*	Elimination of inter-segment (revenues) and finance (income)/costs *US$'000*	Total *US$'000*
Year ended 31 December 2014						
Revenues - total sales	516,993	357,075	874,068	-	(3,977)	870,091
Segment profit/(loss) attributable to equity holders of the Company	220,978	95,757	316,735	(23,976)	-	292,759
Segment profit/(loss) attributable to equity holders of the Company includes:						
Finance income	962	874	1,836	51,135	(27,233)	25,738
Finance costs	(61,728)	(22,782)	(84,510)	(19,163)	31,167	(72,506)
Share of profits of						
- joint ventures	99,729	-	99,729	-	-	99,729
- associates	71,496	-	71,496	-	-	71,496
Income tax expenses	(18,350)	(2,739)	(21,089)	(17,906)	-	(38,995)
Depreciation and amortisation	(83,266)	(126,750)	(210,016)	(1,709)	-	(211,725)
Provision for inventories	-	(7,568)	(7,568)	-	-	(7,568)
Other non-cash expenses	(88)	(2,451)	(2,539)	(13)	-	(2,552)
Additions to non-current assets	(107,680)	(305,863)	(413,543)	(188)	-	(413,731)

2. SEGMENT INFORMATION (Continued)

(b) Geographical information

(i) Revenues

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

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

	2015	2014
	US$'000	*US$'000*
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	**327,719**	336,096
- Europe	**156,126**	178,466
- Others	**2,902**	2,383
Unallocated	**311,404**	353,146
	798,151	870,091

2. **SEGMENT INFORMATION (Continued)**

(b) Geographical information (Continued)

(ii) Non-current assets

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

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

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

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

	2015	2014
	US$'000	*US$'000*
Mainland China (excluding Hong Kong)	**3,452,519**	3,623,862
Europe	**387,913**	366,132
Others	**763,564**	424,023
Unallocated	**1,778,171**	1,706,111
	6,382,167	6,120,128

3. **JOINT VENTURES**

In December 2015, the Group acquired 26% effective interest of Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş. ("Kumport Terminal") at a consideration of US$386,114,000 through the establishment of a joint venture, Euro-Asia Oceangate S.à r.l. with a 40% equity interest.

4. **OTHER NON-CURRENT ASSETS**

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

5. TRADE AND OTHER RECEIVABLES

	2015	2014
	US$'000	*US$'000*
Trade receivables		
- third parties	**62,595**	56,016
- fellow subsidiaries	**26,937**	36,251
- non-controlling shareholders of a subsidiary	**5,754**	4,997
- related companies	**595**	1,046
- a joint venture	**75**	-
	95,956	98,310
Bills receivable	**6,890**	3,450
	102,846	101,760
Less: provision for impairment	**(3,914)**	(4,240)
	98,932	97,520
Deposits and prepayments	**65,817**	15,402
Other receivables	**36,359**	46,321
Current portion of finance lease receivables	**7,194**	5,471
Loans to joint ventures	**19,225**	20,599
Amounts due from		
- fellow subsidiaries	**621**	163
- joint ventures	**6,456**	285
- associates	**2,148**	1,537
- non-controlling shareholders of subsidiaries	**993**	2,296
	237,745	189,594

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

	2015	2014
	US$'000	*US$'000*
Within 30 days	**50,751**	54,081
31 – 60 days	**31,236**	33,802
61 – 90 days	**9,563**	4,947
Over 90 days	**7,382**	4,690
	98,932	97,520

6. TRADE AND OTHER PAYABLES

	2015	2014
	US$'000	*US$'000*
Trade payables		
- third parties	**21,604**	40,650
- fellow subsidiaries	**148**	58
- non-controlling shareholders of subsidiaries	**3,046**	7,835
- related companies	**143**	52,720
	24,941	101,263
Accruals	**36,199**	37,742
Other payables	**120,709**	139,623
Current portion of other long term liabilities	**219**	903
Dividend payable	**7**	7
Loan from a joint venture	**30,030**	31,868
Loans from non-controlling shareholders of subsidiaries	**104,275**	57,973
Amounts due to		
- fellow subsidiaries	**200**	39
- non-controlling shareholders of subsidiaries	**10,080**	15,516
- joint ventures	**10,741**	351
- related companies	**316**	12
	337,717	385,297

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

	2015	2014
	US$'000	*US$'000*
Within 30 days	**12,164**	61,085
31 – 60 days	**2,372**	4,180
61 – 90 days	**833**	18,429
Over 90 days	**9,572**	17,569
	24,941	101,263

7. OTHER OPERATING INCOME

	2015	2014
	US$'000	*US$'000*
Management fee and other service income	**5,189**	5,321
Dividend income on an available-for-sale financial asset	**2,214**	2,034
Write back of provision for impairment of trade receivables	**895**	786
Bad debts recovered	**2,045**	-
Revaluation surplus of investment properties	**1,219**	-
Rental income from		
- investment properties	**1,139**	1,315
- buildings, leasehold land and land use rights	**736**	802
Gain on disposal of property, plant and equipment	**1,357**	8,354
Net gain on liquidation of subsidiaries	**-**	811
Government subsidies	**4,827**	1,300
Others	**7,373**	2,226
	26,994	22,949

8. OPERATING PROFIT

Operating profit is stated after charging the following:

	2015 *US$'000*	2014 *US$'000*
Charging:		
Amortisation of		
- land use rights	**5,353**	5,431
- intangible assets	**1,932**	2,069
- other non-current assets (Note 4)	**1,586**	1,889
Depreciation of		
- owned property, plant and equipment leased out under operating leases	**123,417**	125,089
- other owned property, plant and equipment	**77,829**	77,247
Exchange loss, net	**14,177**	7,600
Loss on disposal of property, plant and equipment and intangible assets	**171**	1,167
Cost of inventories sold	**16,001**	40,848
Revaluation deficit of investment properties	**-**	289
Outgoings in respect of investment properties	**28**	6
Provision for impairment of trade receivables	**1,022**	1,078
Provision for inventories	**1,204**	7,568
Rental expenses under operating leases of		
- land and buildings leased from third parties	**3,238**	2,764
- buildings leased from a fellow subsidiary	**1,726**	1,569
- buildings leased from a joint venture	**33**	33
- land use rights leased from non-controlling shareholders of subsidiaries	**2,053**	1,106
- plant and machinery leased from third parties	**184**	590
- containers leased from third parties	**44,121**	33,048
- Concession (Note 4)	**40,411**	46,790
Total staff costs (including directors' emoluments and retirement benefit costs)	**180,667**	195,214

9. FINANCE INCOME AND COSTS

	2015	2014
	US$'000	*US$'000*
Finance income		
Interest income on		
- bank balances and deposits	**15,228**	20,786
- deposits with COSCO Finance Co., Ltd. (''COSCO Finance'')	**934**	-
- loans to joint ventures and an associate	**4,965**	4,952
	21,127	25,738
Finance costs		
Interest expenses on		
- bank loans	**(43,446)**	(52,749)
- notes	**(13,128)**	(13,128)
- loans from COSCO Finance	**(1,637)**	-
- loans from non-controlling shareholders of subsidiaries	**(5,448)**	(6,204)
- loan from a joint venture	**(1,045)**	(1,034)
Amortised amount of		
- discount on issue of notes	**(253)**	(275)
- transaction costs on bank loans and notes	**(3,158)**	(3,342)
	(68,115)	(76,732)
Less: amount capitalised in construction in progress	**5,993**	6,700
	(62,122)	(70,032)
Other incidental borrowing costs and charges	**(2,131)**	(2,474)
	(64,253)	(72,506)
Net finance costs	**(43,126)**	(46,768)

10. INCOME TAX EXPENSES

	2015	2014
	US$'000	*US$'000*
Current income tax		
- Hong Kong profits tax	**(892)**	(101)
- Mainland China taxation	**(19,890)**	(19,963)
- Overseas taxation	**(20,314)**	(12,847)
- Over/(under) provision in prior years	**726**	(217)
	(40,370)	(33,128)
Deferred income tax charge	**(783)**	(5,867)
	(41,153)	(38,995)

The Group's shares of income tax expenses of joint ventures and associates of US$29,299,000 (2014: US$28,384,000) and US$16,813,000 (2014: US$14,764,000) are included in the Group's shares of profits less losses of joint ventures and associates respectively. The deferred income tax charge mainly represents the withholding income tax in respect of the undistributed profits for the year of the Group's subsidiaries, joint ventures and associates.

Hong Kong profits tax was provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits 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.

11. EARNINGS PER SHARE

(a) Basic

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

	2015	2014
Profit from continuing operations attributable to equity holders of the Company	**US$302,492,000**	US$292,759,000
Profit from discontinued operation attributable to equity holders of the Company	**US$79,152,000**	-
	US$381,644,000	US$292,759,000
Weighted average number of ordinary shares in issue	**2,945,443,161**	2,924,874,180
Basic earnings per share		
- from continuing operations	**US10.27 cents**	US10.01 cents
- from discontinued operation	**US2.69 cents**	-
	US12.96 cents	US10.01 cents

(b) Diluted

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share for the year ended 31 December 2015 and 2014 respectively, and the diluted earnings per share for the year ended 31 December 2015 and 2014 is equal to the basic earnings per share for the year ended 31 December 2015 and 2014 respectively.

12. DIVIDENDS

	2015	2014
	US$'000	*US$'000*
Interim dividend paid of US2.236 cents (2014: US2.016 cents) per ordinary share	**65,748**	58,712
Final dividend proposed of US2.948 cents (2014: US1.988 cents) per ordinary share	**87,454**	58,456
Additional dividends paid on shares issued due to issue of scrip dividends and exercise of share options before the closure of register of members:		
- 2015 interim	**17**	-
- 2014 interim	-	533
	153,219	117,701

Note:

At a meeting held on 29 March 2016, the directors recommended the payment of a final dividend of HK22.9 cents (equivalent to US2.948 cents) per ordinary share. The proposed dividend will be payable in cash and with a scrip dividend alternative. This proposed final dividend is not reflected as dividend payable in these consolidated financial statements until it has been approved at the annual general meeting, but will be reflected as an appropriation of retained profits for the year ending 31 December 2016.

13. CONTINGENT LIABILITIES

A statement of claim was issued on 19 October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("ADK") against the Company and Piraeus Terminal, a wholly-owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff had claimed approximately Euro 5,800,000 (equivalent to approximately US$6,300,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 November 2010.

The Court of First Instance of Athens had issued and pronounced judgment on the case and had dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and had awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$33,000) against the plaintiff (ADK). The plaintiff had filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law.

The Athens Court of Appeals had issued and pronounced judgment on ADK's appeal and had dismissed the aforementioned appeal in its entirety and had upheld fully the judgment of the Court of First Instance. In addition, the Court of Appeals had awarded to the Company and Piraeus Terminal part of the legal expenses with respect to the appellate proceedings in the amount of Euro 600 (equivalent to approximately US$700) against the appellant (ADK). The aforesaid Court of Appeal's judgment was final and was subject only to an appeal before the Supreme Court, which had to be exclusively based on legal grounds. The time limit for the filing of such an appeal before the Supreme Court by the losing party (ADK) was 30 days from the date that an official copy of the aforesaid decision, legalised by the Court itself, was served on the ADK by bailiff of the Court. Such copy of the judgement was served on ADK on 31 August 2015 and hence, the deadline for ADK to file an appeal was 30 September 2015. After confirming with its Greek legal counsel, the Group understands that ADK did not file an appeal during the aforementioned period. Therefore, the Court of Appeal's judgment was final and irrevocable. The Company and Piraeus Terminal had won the case and the ADK lawsuit was officially closed.

14. EVENT AFTER BALANCE SHEET DATE

On 18 March 2016, the Company completed its acquisition of all the shares in China Shipping Ports Development Co., Limited ("CSPD") for a total consideration of approximately US$1,163,770,000 (subject to completion accounts adjustments). The Company acquired 51% and 49% of the shares in CSPD from China Shipping (Hong Kong) Holdings Co. Limited and China Shipping Container Lines Company Limited, respectively. CSPD therefore became a wholly owned subsidiary of the Company subsequent to the end of the financial year ended 31 December 2015.

On 24 March 2016, the Company completed the disposal of all the shares in Florens Container Holdings Limited ("FCHL", representing the container leasing, management and sale, and related businesses of the Group) to China Shipping Container Lines (Hong Kong) Co., Limited ("CSCLHK") for a total consideration of approximately US$1,223,725,000 (subject to completion accounts adjustments). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 was transferred on the same day to CSCLHK at the consideration of US$285,000,000. Upon completion of the disposal, FCHL ceased to be a subsidiary of the Company.

Upon completion of the above transactions, a special cash dividend of HK80 cents per share is committed to be distributed.

AUDITOR'S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditor, PricewaterhouseCoopers, to the corresponding figures set out in the Group's draft consolidated financial statements for the year ended 31 December 2015 and found to be in agreement. 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 preliminary announcement.

FINAL DIVIDEND

The directors recommend the payment of a final dividend of HK22.9 cents (2014: HK15.4 cents) per share for the year ended 31 December 2015, with an option to receive new fully paid shares in lieu of cash ("Scrip Dividend Scheme").

The proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Friday, 27 May 2016. The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the final dividend by the shareholders of the Company at the Annual General Meeting to be held on Wednesday, 18 May 2016 ("2016 AGM") and the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be despatched by ordinary mail on or about Wednesday, 20 July 2016.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Thursday, 23 June 2016.

CLOSURES OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2016 AGM

The 2016 AGM of the Company is scheduled to be held on Wednesday, 18 May 2016. For determining the entitlement to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Monday, 16 May 2016 to Wednesday, 18 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2016 AGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 13 May 2016.

(b) For determining the entitlement to the proposed final dividend

The proposed final dividend for the year ended 31 December 2015 is subject to approval by the shareholders of the Company at the 2016 AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 25 May 2016 to Friday, 27 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 24 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In 2015, the terminals business of COSCO Pacific recorded steady development and stable profit performance. However, in respect of the container leasing business, lease rates and resale prices decreased due to the adverse market environment during the year, affecting the profit performance of the container leasing, management and sale businesses. Profit attributable to equity holders of COSCO Pacific for the year 2015 was US$381,644,000 (2014: US$292,759,000), a 30.4% increase compared with last year. Excluding the reversal of provision recognised for the discontinued container manufacturing business for the year of US$79,152,000 (2014: not applicable), profit attributable to equity holders of COSCO Pacific for 2015 amounted to US$302,492,000 (2014: US$292,759,000), a 3.3% increase compared with last year.

Profit from the terminals business for 2015 was US$233,653,000 (2014: US$220,978,000), a 5.7% increase compared with last year. The throughput of container terminals was 68,670,714 TEU (2014: 67,326,122 TEU), a 2.0% increase compared with last year. Equity throughput increased to 19,262,210 TEU (2014: 19,047,214 TEU), a 1.1% increase compared with last year. During the year, the performace of Xiamen Ocean Gate Terminal improved, with an increase in container throughput of 28.4% compared with last year as a result of an increase in the number of shipping routes. In 2015, Xiamen Ocean Gate Terminal was able to return to profitability, recording a profit of US$137,000 (2014: loss of US$6,858,000). Piraeus Terminal in Greece showed stable performance during the year, with an increase of 1.6% in throughput as compared with last year, recording a profit of US$28,845,000 (2014: US$28,980,000), a slight 0.5% decrease compared with last year.

In respect of non-controlled terminals, profits from Yantian International Container Terminals Co., Ltd. (“Yantian Terminal”), Qingdao Qianwan Container Terminal Co., Ltd. (“Qingdao Qianwan Terminal”) and Antwerp Gateway NV (“Antwerp Terminal”) attributable to COSCO Pacific all increased in 2015, driven by increased throughput. In 2015, the throughput of Yantian Terminal increased by 4.2% compared with last year, and the share of profit of Yantian Terminal was US$53,667,000 (2014: US$49,446,000), an 8.5% increase compared with last year; the throughput of Qingdao Qianwan Terminal increased by 5.5% compared with last year, and the share of profit of Qingdao Qianwan Terminal was US$42,898,000 (2014: US$39,034,000), a 9.9% increase compared with last year; the throughput of Antwerp Terminal increased by 16.7% compared with last year, and the share of profit of Antwerp Terminal was US$5,529,000 (2014: US$4,469,000), a 23.7% increase compared with last year.

The container leasing, management and sale businesses recorded a profit of US$82,849,000 (2014: US$95,757,000) in 2015, a 13.5% decrease compared with last year. As at 31 December 2015, the fleet size of the Group was 1,944,654 TEU (31 December 2014: 1,907,778 TEU), a 1.9% increase compared with last year.

Financial Analysis

Revenues

The Group’s revenue for 2015 amounted to US$798,151,000 (2014: US$870,091,000), an 8.3% decrease compared with last year. The revenue was primarily derived from the terminals business of US$486,772,000 (2014: US$516,993,000) and the container leasing, management and sale businesses of US$315,675,000 (2014: US$357,075,000).

Total revenue from the terminals business for 2015 decreased by 5.8 % compared with last year, a decline was mainly attributable to Piraeus Terminal in Greece. The throughput of Piraeus Terminal was 3,034,428 TEU (2014: 2,986,904 TEU) in 2015, contributing a revenue of Euro140,573,000 (2014: Euro134,929,000) to the Group for the year, a 4.2% increase compared with last year. Due to the depreciation of the Euro, however, the revenue from Piraeus Terminal in 2015 was equivalent to US$156,126,000 (2014: US$178,466,000), a 12.5% decrease compared with last year. During the year, Xiamen Ocean Gate Terminal increased average revenue per TEU and the number of shipping routes, recording revenue for the year of US$48,833,000 (2014: US$39,199,000), a 24.6% increase compared with last year.

In respect of the container leasing, management and sale businesses, revenue generated in 2015 was US$315,675,000 (2014: US$357,075,000), an 11.6% decrease compared with last year, and primarily comprised container leasing income and revenues from the disposal of returned containers. As at 31 December 2015, the fleet capacity of owned containers and sale-and-leaseback containers was 1,189,939 TEU and 286,568 TEU respectively (31 December 2014: 1,083,756 TEU and 286,568 TEU respectively). As a result of a decrease in leasing rates, revenue from container leasing for 2015 was US$285,511,000 (2014: US$295,774,000), a decrease of 3.5% as compared with last year. In respect of the container sale business, the average resale price of returned containers during the year decreased by 15.2% as compared with last year, and the number of returned containers disposed of decreased by 55.3% to 22,747 TEU (2014: 50,860 TEU) compared with last year, as a result of which the revenue from the disposal of returned containers decreased by 62.1% as compared with last year to US$18,116,000 (2014: US$47,773,000).

Cost of sales

Cost of sales mainly comprises the operating expenses of the terminal companies in which the Group has controlling stakes, depreciation charges on owned containers, net carrying amount of returned containers disposed of and rental expenses of sale-and-leaseback containers. Cost of sales in 2015 was US$498,047,000 (2014: US$546,234,000), an 8.8% decrease compared with last year. Of this, the cost of sales of the terminals business was US$307,274,000 (2014: US$337,344,000), an 8.9% decrease compared with last year. The decrease was mainly attributable to Piraeus Terminal. In 2015, the cost of sales of Piraeus Terminal was US$106,465,000 (2014: US$126,223,000), a 15.7% decrease compared with last year that was mainly due to the depreciation of the Euro. The cost of sales for the container leasing, management and sale businesses was US$190,798,000 (2014: US$208,940,000), an 8.7% decrease compared with last year. During the year, sales of returned containers decreased by 55.3% compared with last year, causing the net carrying amount of returned containers to decrease to US$16,001,000 (2014: US$40,848,000), a 60.8% decrease compared with last year. In 2015, the depreciation charge for containers was US$122,723,000 (2014: US$124,329,000), a 1.3% decrease compared with last year.

Administrative expenses

Administrative expenses in 2015 were US$77,028,000 (2014: US$93,201,000), a 17.4% decrease compared with last year. The decrease was mainly attributable to strict cost control by the Group during the year.

Other operating income/(expenses), net

Net other operating income for the year was US$3,624,000 (2014: net other operating expenses of US$3,231,000), which included a net exchange loss of US$14,177,000 (2014: US$7,600,000) for 2015.

Finance costs

The Group's finance costs in 2015 were US$64,253,000 (2014: US$72,506,000), an 11.4% decrease compared with last year. The finance costs decreased mainly because the average balance of bank loans was reduced to US$1,812,699,000 (2014: US$1,984,945,000) for the year, an 8.7% decrease compared with last year. Taking into account capitalised interest, the average cost of bank borrowings in 2015, including the amortisation of transaction costs over bank loans and notes, was 3.52% (2014: 3.63%).

Share of profit of joint ventures and associates

The profit contribution from joint ventures and associates for 2015 amounted to US$181,140,000 (2014: US$171,225,000), representing an increase of 5.8% compared with last year. In 2015, the throughput of Yantian Terminal increased by 4.2% compared with last year, and share of profit of Yantian Terminal was US$53,667,000 (2014: US$49,446,000), an 8.5% increase compared with last year; the throughput of Qingdao Qianwan Terminal increased by 5.5% compared with last year, and share of profit of Qingdao Qianwan Terminal was US$42,898,000 (2014: US$39,034,000), a 9.9% increase compared with last year; the throughput of Antwerp Terminal increased by 16.7% compared with last year, and share of profit of Antwerp Terminal was US$5,529,000 (2014: US$4,469,000), a 23.7% increase compared with last year.

Income tax expenses

During the year, income tax expenses amounted to US$41,153,000 (2014: US$38,995,000), representing an increase of 5.5% compared with last year. This included a provision of approximately US$13,456,000 (2014: US$13,525,000) for withholding income tax in respect of the profit distribution made by certain of the Group's domestic investments.

Financial Position

Cash flow

Cash inflow of the Group remained steady in 2015. During the year, net cash generated from operating activities amounted to US$391,350,000 (2014: US$464,952,000). In 2015, the Group borrowed bank loans of US$861,292,000 (2014: US$266,050,000) and repaid loans of US$653,629,000 (2014: US$419,114,000).

During the year, an amount of US$365,309,000 (2014: US$376,759,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment, of which US$263,031,000 (2014: US$280,348,000) was for the purchase of new containers. In addition, COSCO Pacific's cash outflows for investments amounted to US$376,056,000 in 2015, representing the cash investment in Kumport Terminal in Turkey. The total cash outflow for capital investment by COSCO Pacific amounted to US$279,919,000 in 2014, comprising US$212,335,000 for the investment in Asia Container Terminals Limited ("Asia Container Terminal"), net equity investment of US$57,330,000 for Qingdao Port Dongjiakou Ore Terminal Co., Ltd. ("Dongjiakou Ore Terminal") and US$10,254,000 used for a capital injection into Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal").

Financing and credit facilities

As at 31 December 2015, the Group's total outstanding borrowings and cash balance amounted to US$2,022,363,000 (31 December 2014: US$1,860,193,000) and US$909,287,000 (31 December 2014: US$1,116,479,000) respectively. Banking facilities available but unused amounted to US$927,288,000 (31 December 2014: US$475,694,000).

Assets and liabilities

As at 31 December 2015, the Group's total assets and total liabilities were US$7,671,574,000 (31 December 2014: US$7,616,710,000) and US$2,498,714,000 (31 December 2014: US$2,558,048,000) respectively. Net assets were US$5,172,860,000, representing an increase of 2.3% as compared with US$5,058,662,000 as at 31 December of 2014. Net current assets at 31 December 2015 amounted to US$548,336,000 (31 December 2014: US$426,433,000). As at 31 December 2015, the net asset value per share of the Company was US$1.74 (31 December 2014: US$1.72).

As at 31 December 2015, the net debt-to-total-equity ratio was 21.5% (31 December 2014: 14.7%), and interest coverage was 7.9 times (2014: 5.9 times). As at 31 December 2015, certain other property, plant and equipment of the Group with an aggregate net book value of US$47,327,000 (31 December 2014: US$55,119,000) and the Company's interest in a subsidiary were pledged as securities against bank borrowings of US$249,766,000 (31 December 2014: US$241,967,000) granted to the subsidiary.

Debt analysis

	As at 31 December 2015		As at 31 December 2014	
By repayment term	**US$**	**(%)**	US$	(%)
Within the first year	**260,981,000**	**12.9**	429,762,000	23.1
Within the second year	**304,259,000**	**15.0**	142,804,000	7.7
Within the third year	**237,596,000**	**11.7**	371,953,000	20.0
Within the fourth year	**170,546,000**	**8.4**	159,648,000	8.6
Within the fifth year and after	**1,048,981,000**	**52.0**	756,026,000	40.6
	2,022,363,000 *	**100.0**	1,860,193,000 *	100.0
By category				
Secured borrowings	**249,766,000**	**12.4**	241,967,000	13.0
Unsecured borrowings	**1,772,597,000**	**87.6**	1,618,226,000	87.0
	2,022,363,000 *	**100.0**	1,860,193,000 *	100.0
By denominated currency				
US dollar borrowings	**1,388,455,000**	**68.6**	1,266,764,000	68.1
RMB borrowings	**384,142,000**	**19.0**	351,462,000	18.9
Euro borrowings	**249,766,000**	**12.4**	241,967,000	13.0
	2,022,363,000 *	**100.0**	1,860,193,000 *	100.0

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

Financial guarantee contracts

As at 31 December 2015, no external guarantee was provided by the Group. As at 31 December 2014, the Group provided guarantees on a loan facility granted to an associate of US$13,613,000.

Contingent liabilities

A statement of claim was issued on 19 October 2009 by ADK against the Company and Piraeus Terminal, a wholly-owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff had claimed approximately Euro 5,800,000 (equivalent to approximately US$6,300,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 November 2010.

The Court of First Instance of Athens had issued and pronounced judgment on the case and had dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and had awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$33,000) against the plaintiff (ADK). The plaintiff had filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law.

The Athens Court of Appeals had issued and pronounced judgment on ADK's appeal and had dismissed the aforementioned appeal in its entirety and had upheld fully the judgment of the Court of First Instance. In addition, the Court of Appeals had awarded to the Company and Piraeus Terminal part of the legal expenses with respect to the appellate proceedings in the amount of Euro 600 (equivalent to approximately US$700) against the appellant (ADK). The aforesaid Court of Appeal's judgment was final and was subject only to an appeal before the Supreme Court, which had to be exclusively based on legal grounds. The time limit for the filing of such an appeal before the Supreme Court by the losing party (ADK) was 30 days from the date that an official copy of the aforesaid decision, legalised by the Court itself, was served on the ADK by bailiff of the Court. Such copy of the judgement was served on ADK on 31 August 2015 and hence, the deadline for ADK to file an appeal was 30 September 2015. After confirming with its Greek legal counsel, the Group understands that ADK did not file an appeal during the aforementioned period. Therefore, the Court of Appeal's judgment was final and irrevocable. The Company and Piraeus Terminal had won the case and the ADK lawsuit was officially closed.

Treasury policy

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

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

As at 31 December 2015, 14.8% (31 December 2014: 16.1%) of the Group's total borrowings were at fixed rates. In light of market conditions, the Group continues to monitor and regulate its fixed and floating rate debt portfolio from time to time, with a view to minimising its potential interest rate exposure.

Event after the balance sheet date

On 18 March 2016, the Company completed its acquisition of all the shares in CSPD. The acquisition was for a total consideration of approximately US$1,163,770,000) (subject to completion accounts adjustments). The Company acquired 51% and 49% of the shares in CSPD from China Shipping (Hong Kong) Holdings Co. Limited and China Shipping Container Lines Company Limited, respectively. CSPD therefore became a wholly owned subsidiary of the Company subsequent to the end of the financial year ended 31 December 2015.

On 24 March 2016, the Company completed the disposal of all the shares in FCHL to CSCLHK for a total consideration of approximately US$1,223,725,000 (subject to completion accounts adjustments). The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 was transferred on the same day to CSCLHK at the consideration of US$285,000,000. Upon completion of the disposal, FCHL ceased to be a subsidiary of the Company.

Upon completion of the above transactions, a special cash dividend of HK80 cents per share is committed to be distributed.

OPERATIONAL REVIEW

Terminals

The economic growth rates of emerging markets and developing economies slowed further in 2015, while the recovery of the developed economies was sluggish. The International Monetary Fund estimates that the global economy grew by 3.1% in 2015, 0.3 percentage points less than in 2014. The growth of global trade slowed by 0.8 percentage points to 2.6% in 2015 as compared to 3.4% in 2014. Under the impact of the slowdown in global economic growth, growth in global port container throughput also slowed. According to the forecast made by Drewry in December 2015, the growth in global port container handling in 2015 decreased by 4.1 percentage points to 1.3%, from 5.4% in 2014.

A change in its structure, together with downward pressure from domestic and foreign trade, saw China's economic growth moderate to 6.9%. China's import and export trade decreased by 7.0% (2014: +4.9%), creating a challenging operating environment for the ports industry.

Sustaining Profit Growth through Stable Performance at our Major Terminals

In 2015, the container throughput and profit growth of the Group's terminals business slowed down. Equity throughput rose by 1.1% to 19,262,210 TEU (2014: 19,047,214 TEU). Profit from the terminals business rose by 5.7% to US$233,653,000 (2014: US$220,978,000), primarily due to Xiamen Ocean Gate Terminal achieving a turnaround, with robust growth in throughput and higher average revenue per TEU leading to a profit contribution of US$137,000 (2014: a loss of US$6,858,000). In addition, those terminals that account for relatively high proportions of the Group's terminals business profit had stable growth in both throughput and profit. Among them, the share of profit from Yantian Terminals increased by 8.5% to US$53,667,000 (2014: US$49,446,000). Thanks to the increase in its average revenue per TEU and throughput, the profit from Qingdao Qianwan Terminal increased by 9.9% to US$42,898,000 (2014: US$39,034,000). The profit from Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") increased by 4.0% to US$21,511,000. (2014: US$20,689,000).

Piraeus Terminal maintained profit growth momentum, with its profit in Euro rising by 18.1% following optimisation of its terminal operations. Due to the depreciation of the Euro against the US dollar compared with last year, its profit contribution in US dollar terms decreased slightly by 0.5% to US$28,845,000 (2014: US$ 28,980,000). Profit at COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") declined 0.7% to US$16,376,000 (2014: US$16,487,000). Profit at Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") declined 5.0% to US$8,503,000 (2014: US$8,948,000). Due to a 13.1% decline in throughput, profit from Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") decreased 21.1% to US$8,743,000 (2014: US$11,082,000).

On 13 March 2014, the Group acquired a 40% effective equity interest in Asia Container Terminal, whose profit and throughput have been included in the Group's accounts since 14 March 2014. The acquired company contributed a profit of US$2,254,000 (2014: US$1,599,000) and generated US$3,229,000 (2014: US$2,916,000) of shareholder's loan interest income to the Group during the year.

The revenue from the Group's terminals business is primarily generated by seven terminal subsidiaries. In 2015, the total revenue of these terminal subsidiaries amounted to US$486,772,000 (2014: US$516,993,000), down 5.8%. The revenue from the terminals business accounted for 61.0% (2014: 59.4%) of total Group revenue. The decline in terminals business revenue was mainly due to Piraeus Terminal being affected by the depreciation of the Euro against the US Dollar compared with last year. Piraeus Terminal delivered stable operational performance, with its revenue in Euro rising by 4.2%. However, its revenue in US dollar terms decreased 12.5% to US$156,126,000 (2014: US$178,466,000). The business volume of Xiamen Ocean Gate Terminal saw a continued increase. Combined with the revenue from its subsidiary, Xiamen Haitou Tongda Terminal Co., Ltd., this terminal reported an aggregate revenue of US$48,833,000 (2014: US$39,199,000), a 24.6% increase. Revenue from Guangzhou South China Oceangate Terminal rose 0.5% to US$144,796,000 (2014: US$144,138,000).

Achieving Higher Market Share through Continuing Volume Growth

On the basis of total throughput in the world's container terminal market in 2014 as shown in Drewry's Global Terminal Operator Report 2015, the total container throughput of COSCO Pacific's terminals accounted for approximately 9.9% of the world total, representing an increase in market share. COSCO Pacific's rank as Number Four among the world's container terminal operators has therefore been strengthened.

In 2015, the total throughput of the Group increased by 2.0% to 68,670,714 TEU (2014: 67,326,122 TEU). The equity throughput increased only modestly, by 1.1% to 19,262,210 TEU (2014: 19,047,214 TEU).

The Group's terminal companies in Mainland China (excluding Hong Kong and Taiwan) handled 54,786,540 TEU (2014: 53,787,323 TEU) in total, an increase of 1.9%, accounting for 79.8% of the Group's total throughput.

The throughput of the Bohai Rim region reached 25,653,747 TEU (2014: 25,130,274 TEU), an increase of 2.1% and accounting for 37.3% of the Group's total throughput. Thanks to the increased foreign trade cargo volume, the throughput at Qingdao Qianwan Terminal reached 16,995,934 TEU (2014: 16,108,145 TEU), up 5.5%. Affected by adjustments to shipping routes, throughput at Dalian Port Container Terminal Co., Ltd. and Yingkou Container Terminals Company Limited decreased by 8.7% to 2,495,053 TEU (2014: 2,732,136 TEU) and by 9.1% to 1,560,138 TEU (2014: 1,716,128 TEU) respectively.

The throughput of the Yangtze River Delta region declined 0.3% to 9,876,808 TEU (2014: 9,902,712 TEU), accounting for 14.4% of the Group's total throughput. Thanks to the increases in shipping routes, the throughput of Shanghai Pudong Terminal rose 5.7% to 2,508,121 TEU (2014: 2,373,620 TEU). From the beginning of July 2015, the number of terminal berths in operation at Ningbo Yuan Dong Terminal decreased from five to three. With decreased operating capacity, the terminal's throughput dropped by 5.4% to 3,040,762 TEU (2014: 3,214,703 TEU). The throughput of Zhangjiagang Win Hanverky Container Terminal Co., Ltd. decreased 15.8% to 672,295 TEU (2014: 798,773 TEU) as a result of a decline in the volume of transshipment and foreign trade import cargo.

The combined throughput of the Southeast Coast and others reached 4,129,030 TEU (2014: 3,767,499 TEU), representing an increase of 9.6% and accounting for 6.0% of the Group's total throughput. With enhanced customer service and marketing efforts, throughput at Xiamen Ocean Gate Terminal surged 28.4% to 1,034,753 TEU (2014: 806,183 TEU). Thanks to the introduction of new shipping routes and increased domestic transshipment cargoes, throughput at Quan Zhou Pacific Container Terminal Co., Ltd. ("Quan Zhou Pacific Terminal") rose 5.3% to 1,221,692 TEU (2014: 1,160,480 TEU). However, because certain shipping companies shut down their operations due to the difficult operating environment for domestic trade, throughput at Jinjiang Pacific Ports Development Co., Ltd. decreased by 25.7% to 347,226 TEU (2014: 467,610 TEU).

The throughput of the Pearl River Delta region reached 19,480,987 TEU (2014: 19,099,473 TEU), representing an increase of 2.0% and accounting for 28.4% of the Group's total throughput. With increases in cargo volumes brought about by transshipments and exports to the United States, as well as a rise in the volume of empty containers, the throughput of Yantian Terminals rose 4.2% to 12,165,687 TEU (2014: 11,672,798 TEU). Guangzhou South China Oceangate Terminal began handling foreign cargoes only in 2015, following completion of a transition period for the diversification of its cargo handling to include both domestic and foreign trade. Its throughput declined 3.5% to 4,486,627 TEU (2014: 4,647,266 TEU). COSCO-HIT Terminal was impacted by shipping route adjustments and its throughput declined 3.9% to 1,575,858 TEU (2014: 1,639,995 TEU). The profit and throughput of Asia Container Terminal have been included in the Group's accounts since 14 March 2014. The throughput of the terminal was 1,252,815 TEU (2014: 1,139,414 TEU) in 2015.

The throughput of overseas terminals reached 9,530,142 TEU (2014: 9,426,164 TEU), representing an increase of 1.1% and accounting for 13.9% of the Group's total throughput. Although the Far East - Mediterranean shipping market saw a downturn, the throughput of Piraeus Terminal recorded steady growth of 1.6% to 3,034,428 TEU (2014: 2,986,904 TEU) during the year, on the back of its enhanced efforts to introduce new routes from shipping alliances and to offer network services as a Mediterranean hub port. Antwerp Terminal in Belgium continued to deliver consistent services, thereby attracting greater support from its clients. As a result, the operations of a number of shipping routes have been optimised, leading throughput to rise by 16.7% to 2,015,306 TEU (2014: 1,727,116 TEU). With COSCO-PSA Terminal Private Limited effectively optimising its service, its customers also increased their shipping routes at the terminal, leading to a 16.4% surge in throughput to 1,526,328 TEU (2014: 1,311,747 TEU). The throughput of Suez Canal Terminal in Egypt fell by 13.1% to 2,954,080 TEU (2014: 3,400,397 TEU), as a result of shipping route adjustments.

Throughput of Terminals

Terminal companies	2015 (TEU)	2014 (TEU)	Change (%)
Bohai Rim	**25,653,747**	**25,130,274**	**+2.1**
Qingdao Qianwan Container Terminal Co., Ltd. [Note 1]	16,995,934	16,108,145	+5.5
Tianjin Five Continents International Container Terminal Co., Ltd.	2,570,233	2,569,695	0.0
Tianjin Port Euroasia International Container Terminal Co., Ltd.	2,032,389	2,004,170	+1.4
Dalian Port Container Terminal Co., Ltd.	2,495,053	2,732,136	-8.7
Yingkou Container Terminals Company Limited	1,560,138	1,716,128	-9.1
Yangtze River Delta	**9,876,808**	**9,902,712**	**-0.3**
Shanghai Pudong International Container Terminals Limited	2,508,121	2,373,620	+5.7
Ningbo Yuan Dong Terminals Limited	3,040,762	3,214,703	-5.4
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	672,295	798,773	-15.8
Yangzhou Yuanyang International Ports Co., Ltd.	482,106	481,704	+0.1
Taicang International Container Terminal Co., Ltd.	539,771	538,304	+0.3
Nanjing Port Longtan Container Co., Ltd.	2,633,753	2,495,608	+5.5
Southeast Coast and others	**4,129,030**	**3,767,499**	**+9.6**
Quan Zhou Pacific Container Terminal Co., Ltd.	1,221,692	1,160,480	+5.3
Jinjiang Pacific Ports Development Co., Ltd.	347,226	467,610	-25.7
Xiamen Ocean Gate Container Terminal Co., Ltd.	1,034,753	806,183	+28.4
Kao Ming Container Terminal Corp.	1,525,359	1,333,226	+14.4
Pearl River Delta	**19,480,987**	**19,099,473**	**+2.0**
Yantian International Container Terminals Co., Ltd.	12,165,687	11,672,798	+4.2
COSCO-HIT Terminals (Hong Kong) Limited	1,575,858	1,639,995	-3.9
Asia Container Terminals Limited [Note 2]	1,252,815	1,139,414	+10.0
Guangzhou South China Oceangate Container Terminal Company Limited	4,486,627	4,647,266	-3.5
Overseas	**9,530,142**	**9,426,164**	**+1.1**
Piraeus Container Terminal S.A.	3,034,428	2,986,904	+1.6
Suez Canal Container Terminal S.A.E.	2,954,080	3,400,397	-13.1
COSCO-PSA Terminal Private Limited	1,526,328	1,311,747	+16.4
Antwerp Gateway NV	2,015,306	1,727,116	+16.7
Total Throughput	**68,670,714**	**67,326,122**	**+2.0**

Note 1: Throughput at Qingdao Qianwan Terminal included the throughput at Qingdao Qianwan United Container Terminal Co., Ltd. and Qingdao Qianwan United Advance Container Terminal Co., Ltd. and these two terminals are joint ventures of Qingdao Qianwan Terminal. The throughput of the two terminals was 5,123,715 TEU (2014: 4,497,490 TEU) and 1,539,128 TEU (2014: 1,482,543 TEU) respectively.

Note 2: Throughput at Asia Container Terminal is included since 14 March 2014.

Note 3: The total throughput of bulk cargo in 2015 was 74,269,200 tons (2014: 75,145,381 tons), representing a decrease of 1.2%. The bulk cargo throughput at Dongjiakou Ore Terminal is included since 1 March 2014, while its total throughput was 50,739,130 tons, representing an increase of 48.2% during the year (2014: 34,231,067 tons). The throughput of Dalian Automobile Terminal Co., Ltd. reached 480,088 vehicles (2014: 454,219 vehicles), an increase of 5.7%.

Strengthening the Mediterranean Terminal Network

As of 31 December 2015, there were 113 berths (2014: 108 berths) under the Group's operating container terminals and the total annual handling capacity was 68,370,000 TEU (2014: 65,750,000 TEU). There were 13 bulk berths (2014: 13 berths) in operation, with a total annual handling capacity of 46,050,000 tons (2014: 46,050,000 tons). Newly-added berths during the year included the six berths of Kumport Terminal (2,100,000 TEU) and one berth at Piraeus Terminal.

During the year, the Group capitalized on the strategic opportunities from the initiatives of "One Belt, One Road" and the Yangtze River Economic Belt to expand its terminal network around the globe. On 17 September 2015, the Group acquired a 26% effective equity interest at Kumport Terminal in Turkey at a total consideration of US$386,114,000. Kumport Terminal is in the Ambarli Port Complex, on the European shore of Istanbul. It has always been an important strategic location at the crossroads of Europe and Asia, which is just 35 km away from the portal to the Black Sea, the Strait of Bosporus, which is the only passage to the Black Sea for shipping. Local goods are mainly supplied by the European side of Istanbul, which contains its main commercial and industrial areas. Most transshipments are shipped to the Black Sea. The current annual handling capacity of Kumport Terminal is 2,100,000 TEU. The annual handling capacity can be increased to 3,500,000 TEU through the transformation of the existing berths (included extending berths) and a container depot as well as the enhancement and upgrading of equipment. This acquisition was completed on 9 December 2015, and the terminal's throughput and profit will be included in the Group's accounts from 1 January 2016.

In addition, the expansion project at Piraeus Terminal includes enhancing the operational capacity of Pier 2 and building the Western Part of Pier 3, bringing an additional 2,500,000 TEU annual handling capacity to the terminal, thereby raising total annual handling capacity to 6,200,000 TEU. Piraeus Terminal held the inauguration ceremony for the construction of the Western Part of Pier 3 in late January 2015 and the operating capacity enhancement of Pier 2 was gradually completed during 2015. The annual handling capacity of Piraeus Terminal thus increased to 4,300,000 TEU at the end of 2015. The construction and instalment of mechanical equipment at the Western Part of Pier 3 is scheduled to be completed by 2021. Once complete, the expansion project will enhance the facilities and operating capacity of the container terminals in Piraeus Port, strengthen the port's position as an international transshipment hub and improve the revenue generating capacity of Piraeus Terminal.

Container Leasing, Management and Sale

In 2015, the container leasing market suffered from the weak global economy and worse-than-expected overcapacity in the shipping industry. According to Drewry's estimate, the TEU capacity of global container ships increased by 8.5% year-on-year in 2015, 1.3 percentage points higher than the original prediction of 7.2%. However, container demand grew by only 0.9% year-on-year, significantly lower than the 5.3% originally predicted. The gross margin of the container leasing industry was therefore pressured by intense competition resulting from oversupply, lower new container prices and lease rates, declining resale prices, as well as the expiry of certain container leases at higher rates.

During the year, the number of the Group's leased containers increased, while overall lease rate declined year-on-year, resulting in a slight decline in revenue from the container leasing business. In addition, the number of disposed returned containers declined, while there was continued pressure on resale prices. These factors negatively affected the profit from the container leasing, management and sale businesses, which decreased by 13.5% to US$82,849,000 (2014: US$95,757,000).

Long-term leases accounted for 96.7% (2014: 96.2%) of the Group's total revenue from the container leasing business in 2015, while revenue from master leases accounted for 3.3% (2014: 3.8%). With a strategic focus on long-term leasing, the Group enjoyed stable income growth. The overall average utilisation rate of the Group's containers remained stable during the year, at 95.0% (2014: 95.3%), higher than the industry average of approximately 93.0% (2014: approximately 94.0%).

Uitilisation Rate Remained Steady

In 2015, revenue from the Group's container leasing, management and sale businesses reached US$315,675,000 (2014: US$357,075,000), representing a decrease of 11.6%. The decline was mainly attributable to the decrease in revenue from disposal of returned containers. Revenue from the container leasing business was US$285,511,000 (2014: US$295,774,000), a decrease of 3.5%, and accounted for 90.4% (2014: 82.8%) of the total revenue from the container leasing, management and sale businesses. The fleet size of owned containers and sale-and-leaseback containers grew 7.7% to 1,476,507 TEU (2014: 1,370,324 TEU). However, the market lease rates were relatively low, which dragged down the Group's revenue growth.

Resale prices declined and the number of disposed returned containers dropped by 55.3% to 22,747 TEU (2014: 50,860 TEU). As a result, revenue from the disposal of returned containers decreased by 62.1% to US$18,116,000 (2014: US$47,773,000), accounting for 5.7% of the total revenue of the container leasing, management and sale businesses (2014: 13.4%). In addition, the number of containers returned from COSCO Container Lines Company Limited ("COSCON") was 4,456 TEU (2014: 43,382 TEU).

During the year, the fleet size of managed containers was down 12.9% to 468,147 TEU (2014: 537,454 TEU). As a result, revenue from managed containers deceased by 27.7% to US$4,612,000 (2014: US$6,377,000), accounting for 1.5% (2014: 1.8%) of the total revenue of container leasing, management and sale businesses.

The Group has a prudent and comprehensive customer risk management framework to evaluate the credit risk attaching to individual customers. Core customers of the Group are reliable container shipping lines. In 2015, 80.2% (2014: 79.5%) of the Group's container leasing revenue was contributed by the world's top ten container shipping lines.

As of 31 December 2015, the Group's container fleet had reached 1,944,654 TEU (2014: 1,907,778 TEU), up 1.9%. COSCO Pacific was one of the world's four largest container leasing companies with a market share of approximately 10.5% (2014: approximately 11.0%). The average age of containers in the fleet was 6.9 years (2014: 6.5 years).

Balancing the Development of the Container Fleet, Effectively Reducing Operational Risk

During the year, the Group purchased 120,414 TEU (2014: 161,106 TEU) of new containers. Among these, 87,032 TEU (2014: 137,830 TEU) were purchased for COSCON, accounting for 72.3% (2014: 85.6%) of total new containers. A further 33,382 TEU (2014: 23,276 TEU) were purchased for international customers, accounting for 27.7% (2014: 14.4%) of total new containers. The capital expenditure on new containers amounted US$204,020,000 (2014: US$305,803,000).

Breakdown of Owned, Sale-and-leaseback and Managed Containers

As of 31 December	Leasing customers	2015 (TEU)	2014 (TEU)	Change (%)
Owned containers	COSCON	**579,709**	519,492	**+11.6**
Owned containers	International customers	**610,230**	564,264	**+8.1**
Sale-and-leaseback containers	COSCON	**286,568**	286,568	**--**
Managed containers	International customers	**468,147**	537,454	**-12.9**
Total		**1,944,654**	1,907,778	**+1.9**

As of 31 December	Leasing customers	2015 Percentage of total	2014 Percentage of total	Change (pp)
Owned containers	COSCON	**29.8**	27.2	**+2.6**
Owned containers	International customers	**31.4**	29.6	**+1.8**
Sale-and-leaseback containers	COSCON	**14.7**	15.0	**-0.3**
Managed containers	International customers	**24.1**	28.2	**-4.1**
Total		**100.0**	100.0	**--**

The Group's investment strategy is to expand its container fleet, while keeping a balanced fleet development between owned containers, sale-and-leaseback containers and managed containers to minimise operational risk as well as achieve overall business stability. The Group's owned container fleet amounted 1,189,939 TEU (2014: 1,083,756 TEU), representing 61.2% (2014: 56.8%) of the total container fleet. The fleet size of sale-and-leaseback containers and managed containers was 754,715 TEU (2014: 824,022 TEU), representing 38.8% (2014: 43.2%) of the total fleet size.

The Group's customers are global container shipping lines and COSCON is a major customer. By customer, COSCON leased 866,277 TEU (2014: 806,060 TEU), while international customers took up 1,078,377 TEU (2014: 1,101,718 TEU), which represented 44.5% (2014: 42.2%) and 55.5% (2014: 57.8%) of the total fleet size respectively.

CORPORATE GOVERNANCE

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules'') throughout the year ended 31 December 2015.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises three independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the consolidated financial statements for the year ended 31 December 2015.

Remuneration Committee

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

Nomination Committee

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

Other Board Committees

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the year.

OVERALL MANAGEMENT AND AWARDS

COSCO Pacific's efforts in the fields of corporate governance and investor relations have been widely acclaimed externally and in 2015, our high level of corporate transparency and good corporate governance continued to earn market recognition.

- "Special Mention in the H-share Companies and Other Mainland Enterprises Category" in the "2015 Best Corporate Governance Disclosure Awards" by the Hong Kong Institute of Certified Public Accountants for the second consecutive year;
- "Gold Awards for Financial Performance, Corporate Governance, Environmental Responsibility and Investor Relations" from The Asset magazine for the second consecutive year;
- "Outstanding China Enterprise Award" from Capital magazine for the fourth consecutive year;
- "Best Investor Relations Company" from Corporate Governance Asia magazine for the fourth consecutive year;
- "Shipping In-House Team of the Year" from Asian Legal Business, a well-recognised professional magazine, for the third consecutive year;
- "Best Managed Listed Companies" award at the 5th China Securities Golden Bauhinia Awards;
- The 2014 Annual Report was recognised with "Bronze in the Cover Design" in shipping services category at 2015 ARC Awards;
- Piraeus Container Terminal S.A. was awarded "Excellent Performance in Transport & Logistics Awards 2015", jointly organised by Supply Chain Institute of Southeastern & Central Europe Ltd and Boussia Communications in Greece;
- Mr. QIU Jinguang, Vice Chairman & Managing Director, awarded "Best CEO (Investor Relations)" from Corporate Governance Asia magazine;
- Ms. Michelle HUNG, General Counsel & Company Secretary, named among the top 15 general counsels of the 2015 China's Top General Counsel Rankings by Asian Legal Business Magazine; and
- Miss Charlotte SO, Investor Relations Department Senior Manager, won "Best Investor Relations Professional" from Corporate Governance Asia magazine.

INVESTOR RELATIONS

The Group pays high attention to its investor relations. Management of the Company introduces the Group's operation, management, development strategy and prospect to its corporate stakeholders through activities such as press conferences, road shows and individual meetings. During the year, the Company met with a total of 244 investors and related personnel, 58% of which were fund managers, 24% of which were analysts, 1% of which were investment bankers and 17% were media representatives. Besides, the Company conducted three road shows and attended three investor forums as well as organised one visit to its terminals for investors.

CORPORATE SUSTAINABLE DEVELOPMENT

Environmental Protection

COSCO Pacific has implemented measures and policies to protect and improve the environment. While developing our business, we have kept to this commitment and striven to minimise environmental impacts brought about by our business operations. The Group supports and leads its subsidiaries in actively promoting technological renovation and innovation with the aim of protecting the environment, achieving a low carbon footprint, saving energy and reducing emissions, as well as cutting costs and enhancing efficiency.

The Group has continued to push forward energy saving and emissions reduction. Since 2014, it has been replacing high-voltage sodium lamps with LED at the terminals it controls. As at the end of 2015, a total of 1,455 sets of lamps had been replaced, resulting in an annual power consumption saving of 1,100,000 kWh and an annual reduction in carbon emissions of 139 tons of standard coal equivalent. The fully-intelligent automated terminals at Xiamen Ocean Gate Terminal have entered the final stage of system optimisation and improvement. Once they are in use, it is expected that 2,035 tons of standard coal equivalent can be saved annually when compared to traditional terminal operations, representing an energy saving ratio of 84%. With the upgrading of rubber tired gantries by substituting bunker fuel-powered equipment with electrical-powered equipment at the terminals in recent years, an annual reduction in oil consumption of more than 6,000 tons and in carbon emissions of over 20,000 tons of standard coal equivalent have been achieved. Furthermore, the Group is advancing its research and development of air hybrid power drop deck semi-trailers, which are expected to reduce energy use by 20% and carbon emissions by 30%. Excluding variable factors such as changes in throughput, it is estimated that the terminals in which the Group has controlling stakes achieved an approximately 10% reduction in carbon emissions during 2015. FCHL and its subsidiaries ("Florens") completed trial production of eco-friendly and lightweight containers in 2015. Being made of environmentally-friendly materials, eco-friendly containers can drastically reduce the emission of harmful substances. Lightweight containers are 10% lighter than ordinary ones, contributing to a reduction in fuel consumption in the course of transportation and an expected reduction in carbon emissions of 800kg/TEU per annum.

Caring for the Community

The Group embraces its corporate citizenship by promoting trustworthiness and actively participating in charities and community services, exerting a positive influence on the local communities in which it operates. In 2015, Piraeus Terminal made donations in kind through the Greek government to refugees arriving in Europe and provided aid to poor local families and primary schools in Greece. Staff from Quan Zhou Pacific Terminal visited local elderly people and conveyed greetings to them. The Group's other terminals also supported community affairs in various ways, thereby contributing to building harmonious and prosperous communities.

Employee-oriented Philosophy

As at 31 December 2015, COSCO Pacific had a total of 2,916 employees.

Employees are regarded as COSCO Pacific's most valuable asset and our vision is to build a team of dedicated staff members who pursue excellence. The expansion of the Group's businesses has provided valuable and sustainable career development opportunities for employees. During the year, the Group arranges a wide range of training programmes to enhance the management skills and professionalism of its staff. The Group also focused on improving its incentive mechanism, optimising the staff assessment system and implementing an internal job rotation system, with the aim of strengthening talent training and helping employees fully to realise their potential.

The Group is dedicated to providing a safe and healthy working environment for its staff. Adhering to the safety philosophy that "development should not be promoted at the expense of human life", the Group strives to optimise its safety management system, upgrade equipment to reduce the labour intensity of terminal workers, increase resource inputs to enhance safety management, and raise awareness of occupational health and safety among its employees through various kinds of safety education and drills, in order to provide its staff with comprehensive health and safety protection.

As part of our commitment to foster a corporate culture that encourages harmony, mutual understanding and the pursuit of excellence, the Group promotes cultural integration across regions. Though various activities aimed at facilitating better communication and understanding among employees in different positions and from different cultural backgrounds, we enhanced the sense of belonging among our employees, which translates into a driving force for corporate sustainable development. In 2015, the "Piraeus Cup" is an event highlighting adherence to core values and five-star practices. It was launched to select and recognise those outstanding teams or staff members who have made the most remarkable contributions to the Group's production, operations and corporate culture, thus guiding subsidiaries in building corporate culture and promoting the core values of the Group, which in turn results in greater cohesion and the spread of a positive spirit.

Commitment to Better Sustainable Development

In March 2015, COSCO Pacific published its first Corporate Sustainability Report, with the aim of enhancing the Group's information disclosure on environmental, social and corporate governance and demonstrating the Group's commitment to environmental protection and social responsibility.

The essence of sustainable development lies in the appropriate incorporation of environmental, social and administrative considerations into overall business strategy and operations. As part of our commitment, we need to enhance our operational efficiency, brand value and reputation, as well as the trust of our shareholders, customers, clients and the communities in which we operate, with a view to maintaining economic efficiency, securing competitive advantages for our business and creating value for shareholders.

PROSPECTS

As a result of the faltering recovery in global trade, the IMF has adjusted down its 2016 forecast for global economic growth by 0.2% to 3.4% and for global trade growth by 0.7% to 3.4%. China's foreign trade therefore continues to face downward pressure and overall, the macroeconomic conditions for port-related industries in 2016 are not encouraging.

The Group capitalised the opportunities arising from the reorganisation of China Ocean Shipping (Group) Company and its subsidiaries ("COSCO Group") and China Shipping (Group) Company ("China Shipping Group") to announce a strategic acquisition and disposal on 11 December 2015. The Group proposed to acquire a 100% equity interest in CSPD and dispose its 100% equity interest in Florens, to transform itself into a pure terminal operator. The transactions were overwhelmingly passed by independent shareholders at the special general meeting of the Company held on 1 February 2016 and was completed on 24 March 2016. COSCO Pacific will proactively devote its efforts to completing the post-reorganisation work, so as to focus resources on terminals business development and unlock fully the Company's intrinsic value.

COSCO Pacific's leading position in terminal industry will be further strengthened with enlarged terminal portfolio and global market share following the acquisition. Based on the total throughput of the world's container terminals market in 2014, the Group's total global market share thus increases from 9.9% to 11.6%, making it the second largest operator in the world, while its global market share in terms of equity throughput increases from 2.8% to 3.6%, making it the sixth largest globally, advancing the Group's position in the global market. In addition, the Group's position in the Greater China area has been strengthened, with its market share increasing from 27.0% to 32.2%. Furthermore, its terminal network in China has been extended to the Southwestern coastal region, encompassing China's five main coastal port clusters.

COSCO Pacific has enjoyed a privileged position among its peers thanks to the long-standing support of the container shipping fleet of COSCO Group. Following the reorganisation of COSCO Group and China Shipping Group, according to the figures provided by China COSCO Holdings Company Limited, the parent company, the capacity of its container shipping fleet will reach 1,600,000 TEU, representing world market share of approximately 8%. COSCO Pacific, being the listed terminal flagship of the parent company, will therefore receive even greater support from one of the world's top tier container shipping fleets with enlarged scale. Benefiting from synergies with its parent company, the Group's global competitiveness will become more pronounced.

Looking at the year ahead, COSCO Pacific will seize opportunities for development, expand its capacity and strengthen its competitiveness given slow economic growth and more intense competition in the ports industry. COSCO Pacific is committed to capitalizing on the strategic opportunities from the initiatives of "One Belt, One Road" and the Yangtze River Economic Belt. It will administer risk management while seizing investment opportunities and focus on the development of its global terminal network and improve its global container hub network through adherence to its four strategic focuses, with a view towards sustainable development and growth in profitability.

As backed by the shareholders and shipping companies over the years, the Group's container fleet size has been increasing since COSCO Pacific's listing on the Stock Exchange in 1994, from 261,570 TEU to 1,944,654 TEU as at the end of 2015. It was ranked the world's fourth largest container leasing company with a market share of approximately 10.5%. After the reorganisation of COSCO Group and China Shipping Group, the expanded container shipping fleet will continue to support Florens, and, Florens' container leasing business will be further strengthened in terms of scale, competitiveness and the aspect of cost optimization, paving the way to be the leader among the world's container leasing enterprises.

MEMBERS OF THE BOARD

As at the date of this announcement, the board of directors of the Company comprises Mr. WAN Min[2] (Chairman), Mr. QIU Jinguang[1] (Vice Chairman & Managing Director), Mr. DENG Huangjun[1], Mr. TANG Runjiang[1], Mr. FENG Bo[1], Mr. WANG Wei[2], Mr. WANG Haimin[2], Mr. ZHANG Wei[2], Dr. WONG Tin Yau, Kelvin[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3], Mr. IP Sing Chi[3], Mr. FAN Ergang[3] and Mr. LAM Yiu Kin[3].

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

By Order of the Board
COSCO Pacific Limited
QIU Jinguang
Vice Chairman & Managing Director

Hong Kong, 29 March 2016