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

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

(Stock code: 1919)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS:

- Revenue of the Group for 2015 was RMB57,403,934,000, representing a decrease of RMB9,497,504,000 as compared to 2014.
- Profit attributable to equity holders of the Company for 2015 was RMB283,391,000 as compared to profit attributable to equity holder of the Company of RMB362,529,000 in 2014.
- The basic and diluted earnings per share for 2015 amounted to RMB0.0277.
- The Board resolved not to propose any final dividend for the year 2015.

The board of directors (the "**Board**") of China COSCO Holdings Company Limited* (the "**Company**" or "**China COSCO**") hereby announces the results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2014, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") as below.

CHINA COSCO HOLDINGS COMPANY LIMITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015** *RMB'000*	**2014** *RMB'000*
Continuing operations			
Revenues	3	57,403,934	66,901,438
Cost of services and inventories sold	5	(55,242,809)	(62,877,383)
Gross profit		2,161,125	4,024,055
Other income and subsidy, net	4	4,753,547	718,572
Gain on disposal of a subsidiary, a joint venture and an available-for-sale financial asset		615,118	608,330
Selling, administrative and general expenses	5	(4,292,982)	(4,308,227)
Operating profit		3,236,808	1,042,730
Finance income	6	859,362	998,500
Finance costs	6	(2,721,958)	(2,965,968)
Net related exchange (loss)/gain	6	(979,242)	66,214
Net finance costs	6	(2,841,838)	(1,901,254)
		394,970	(858,524)
Share of profits less losses of			
- joint ventures		732,994	654,494
- associates		627,841	711,317
Profit before income tax		1,755,805	507,287
Income tax (expense)/credit	7	(457,474)	1,043,534
Profit for the year from continuing operations		1,298,331	1,550,821

	Note	2015	2014
		RMB'000	*RMB'000*
Discontinued operation			
Write back of provision	3	493,173	—
Profit for the year		1,791,504	1,550,821
Profit attributable to:			
Equity holders of the Company	9	283,391	362,529
Non-controlling interests		1,508,113	1,188,292
		1,791,504	1,550,821
Profit attributable to equity holder of the Company arising from:			
- Continuing operations		62,302	362,529
- Discontinued operation		221,089	—
		283,391	362,529

	Note	2015	2014
		RMB	*RMB*
Earnings per share attributable to equity holder of the Company:			
Basic and diluted earnings per share			
-Continuing operations	9	0.0061	0.0355
-Discontinued operation	9	0.0216	—
		0.0277	0.0355

CHINA COSCO HOLDINGS COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	**2014**
	RMB'000	*RMB'000*
Profit for the year	1,791,504	1,550,821
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Fair value (loss)/gains on available-for-sale financial assets, net of tax	(95,293)	131,288
Share of other comprehensive loss of a joint venture and an associate	(33,348)	(20,925)
Release of reserves upon disposal of a joint venture and an associate	—	(87,244)
Currency translation differences	551,933	(84,079)
Item that may not be reclassified subsequently to profit or loss		
Remeasurements of post-employment benefit obligations	(51,330)	(221,851)
Total other comprehensive income/(loss)	371,962	(282,811)
Total comprehensive income for the year	2,163,466	1,268,010
Total comprehensive income for the year attributable to:		
- Equity holder of the Company	265,200	127,619
- Non-controlling interests	1,898,266	1,140,391
	2,163,466	1,268,010

CHINA COSCO HOLDINGS COMPANY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	**2015** *RMB'000*	**2014** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		84,648,757	80,097,345
Investment properties		311,542	476,432
Leasehold land and land use rights		1,854,420	1,934,852
Intangible assets		156,648	107,078
Joint ventures		8,656,044	6,051,578
Associates		7,660,767	6,096,396
Loans to joint ventures and an associate		449,107	636,219
Available-for-sale financial assets		1,555,253	1,640,570
Deferred income tax assets		128,660	109,129
Restricted bank deposits		4,366	1,482
Other non-current assets		920,306	917,629
Total non-current assets		106,345,870	98,068,710
Current assets			
Inventories		1,469,231	1,926,723
Trade and other receivables	10	7,097,143	7,722,068
Available-for-sale financial assets		270,000	500,000
Restricted bank deposits		320,370	865,429
Cash and bank balances		32,690,535	39,705,524
Total current assets		41,847,279	50,719,744
Total assets		148,193,149	148,788,454

CHINA COSCO HOLDINGS COMPANY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	**2015**	**2014**
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		10,216,274	10,216,274
Reserves		14,437,052	14,162,888
		24,653,326	24,379,162
Non-controlling interests		20,284,185	18,578,796
Total equity		44,937,511	42,957,958

CHINA COSCO HOLDINGS COMPANY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	**2015**	**2014**
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Long-term borrowings		75,047,047	68,056,685
Provisions and other liabilities		1,260,485	1,271,566
Deferred income tax liabilities		572,673	527,062
Total non-current liabilities		76,880,205	69,855,313
Current liabilities			
Trade and other payables	11	14,510,921	15,377,316
Short-term borrowings		2,867,943	3,127,600
Current portion of long-term borrowings		8,129,629	15,758,769
Current portion of provisions and other liabilities		126,262	493,489
Tax payable		740,678	1,218,009
Total current liabilities		26,375,433	35,975,183
Total liabilities		103,255,638	105,830,496
Total equity and liabilities		148,193,149	148,788,454

CHINA COSCO HOLDINGS COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 **General information**

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

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

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

The consolidated financial statements are presented in Renminbi ("RMB'') and all values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2016.

2 **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise mentioned.

(a) **Basis of preparation**

The consolidated financial statements for the year ended 31 December 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

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

(i) Amendments to standards which are effective in 2015 and adopted by the Group

HKICPA has issued some amendments to standards which are mandatory and adopted by the Group for the accounting periods on or after 1 January 2015. The adoption of those amendments does not have any significant impact to the Group's results for the year ended 31 December 2015 and the Group's financial position as at 31 December 2015.

(ii) New and amended standards and interpretation to standard that are relevant to the Group but not yet effective for the financial year beginning 1 January 2015 and have not been early adopted by the Group

New and amended standards and interpretation to standard		**Effective for accounting periods beginning on or after**
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKFRS15	Revenue from Contracts with Customers	1 January 2018
HKFRS9	Financial Instruments	1 January 2018

The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3 **Revenues and segment information**

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

	2015	2014
	RMB'000	*RMB'000*
Container shipping (note a)	43,985,056	49,491,862
Dry bulk shipping (note b)	7,777,150	11,250,265
Container terminal operations	2,796,844	2,926,171
Container leasing, management and sale (note c)	876,475	1,105,234
Crew service income	365,229	478,401
Others	1,603,180	1,649,505
Total revenues	57,403,934	66,901,438

Notes:

(a) Revenue from container shipping under time charterhire agreements was RMB 222,604,000 for the year ended 31 December 2015 (2014: RMB618,282,000).

(b) Revenue from dry bulk shipping under time charterhire agreements was RMB2,183,522,000 for the year ended 31 December 2015 (2014: RMB3,405,713,000).

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

	2015	2014
	RMB'000	*RMB'000*
Operating lease rentals	743,879	800,806
Finance lease income	11,443	11,036
Proceeds from sale of resaleable containers	121,153	293,392
	876,475	1,105,234

Operating segments

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

- Container shipping and related business

- Dry bulk shipping and related business

- Container terminal and related business

- Container leasing, management, sale and related business

- Corporate and other operations that primarily comprise investment holding, management services and financing

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

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

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

	Year ended 31 December 2015						
				Continuing operations			
	Container shipping and related business(#)	Dry bulk shipping and related business(#)	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement							
Total revenues	44,726,214	9,008,258	3,035,460	1,966,876	20,732	(1,353,606)	57,403,934
Inter-segment revenues	(6,525)	(18,064)	(238,616)	(1,090,401)	—	1,353,606	—
Revenues (from external customers)	44,719,689	8,990,194	2,796,844	876,475	20,732	—	57,403,934
Segment profit	1,049,839	1,142,817	876,703	656,161	(488,712)	—	3,236,808
Finance income							859,362
Finance costs							(2,721,958)
Net related exchange loss							(979,242)
Share of profits less losses of							
- joint ventures	25,920	36,769	670,305	—	—	—	732,994
- associates	13,330	16,569	458,324	—	139,618	—	627,841
Profit before income tax							1,755,805
Income tax							(457,474)
Profit for the year from continuing operations							1,298,331
Discontinued operation-write back of provision(##)							493,173
Profit for the year							1,791,504
Depreciation and amortisation	1,453,986	1,286,129	521,664	777,610	10,652	—	4,050,041
Provision/(reversal of provision) for impairment of trade and other receivables, net	(21,930)	19,619	—	1,844	—	—	(467)
Impairment loss on available-for-sale financial assets	—	3,532	—	—	—	—	3,532
Amortised amount of transaction costs on long-term borrowings	28,802	2,044	—	28,820	12,000	—	71,666
Additions to non-current assets	1,043,223	4,847,372	2,955,893	1,275,941	6,159	—	10,128,588

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

(##) Discontinued operation includes the write back of transaction cost provision in relation to the disposal of the entire 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC"), a then associate of the Group under container manufacturing business segment in year 2013.

	Year ended 31 December 2014						
	Container shipping and related business(#)	Dry bulk shipping and related business(#)	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement							
Total revenues	50,324,187	12,556,490	3,176,914	2,192,976	14,577	(1,363,706)	66,901,438
Inter-segment revenues	(14,111)	(11,110)	(250,743)	(1,087,742)	—	1,363,706	—
Revenues (from external customers)	50,310,076	12,545,380	2,926,171	1,105,234	14,577	—	66,901,438
Segment profit/(loss)	1,015,538	(1,044,972)	718,653	739,461	(385,950)	—	1,042,730
Finance income							998,500
Finance costs							(2,965,968)
Net related exchange gain							66,214
Share of profits less losses of							
— joint ventures	(6,786)	48,794	612,486	—	—	—	654,494
— associates	9,183	(8,388)	439,092	—	271,430	—	711,317
Profit before income tax							507,287
Income tax							1,043,534
Profit for the year							1,550,821
Depreciation and amortisation	1,470,117	1,348,054	511,378	778,435	12,789	—	4,120,773
Provision/(reversal of provision) for impairment of trade and other receivables, net	19,684	(30,740)	—	1,717	—	—	(9,339)
Impairment loss on available-for-sale financial assets	—	32,039	—	—	—	—	32,039
Amortised amount of transaction costs on long-term borrowings	27,575	2,315	—	29,170	22,000	—	81,060
Additions to non-current assets	2,111,907	1,973,137	1,953,141	1,878,458	1,385	—	7,918,028

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

	As at 31 December 2015						
	Container shipping and related business	Dry bulk shipping and related business	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet							
Segment assets	51,143,445	36,457,783	17,497,300	13,928,813	25,170,405	(14,724,428)	129,473,318
Joint ventures	301,011	616,700	7,738,333	—	—	—	8,656,044
Associates	49,229	1,252,119	5,539,950	—	819,469	—	7,660,767
Loans to joint ventures and an associate	—	—	449,107	—	—	—	449,107
Available-for-sale financial assets	574,326	825,081	155,846	—	270,000	—	1,825,253
Unallocated assets							128,660
Total assets							148,193,149
Segment liabilities	44,417,811	33,415,578	7,005,415	4,375,299	21,026,740	(8,298,556)	101,942,287
Unallocated liabilities							1,313,351
Total liabilities							103,255,638

	As at 31 December 2014						
	Container shipping and related business	Dry bulk shipping and related business	Container terminal and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet							
Segment assets	55,296,737	35,191,351	17,385,341	13,487,977	25,934,705	(13,541,549)	133,754,562
Joint ventures	293,824	612,342	5,145,412	—	—	—	6,051,578
Associates	43,585	90,791	5,055,499	—	906,521	—	6,096,396
Loans to a joint venture and an associate	—	—	636,219	—	—	—	636,219
Available-for-sale financial assets	600,687	825,718	214,165	—	500,000	—	2,140,570
Unallocated assets							109,129
Total assets							148,788,454
Segment liabilities	49,751,676	30,426,846	10,999,482	6,693,697	19,755,273	(13,541,549)	104,085,425
Unallocated liabilities							1,745,071
Total liabilities							105,830,496

Geograghical Information

(a) *Revenues*

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

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

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

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

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

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

	2015	**2014**
	RMB'000	*RMB'000*
Container shipping and related business		
- America	15,422,400	15,520,660
- Europe	9,735,243	11,850,850
- Asia Pacific	7,591,923	8,435,475
- China domestic	9,088,738	11,425,183
- Other international market	2,881,385	3,077,908
Dry bulk shipping and related business		
- International shipping	7,471,143	9,962,007
- PRC coastal shipping	1,519,051	2,583,373
Container terminal and related business, corporate and other operations		
- Europe	972,724	1,094,607
- China domestic	1,844,852	1,846,141
Unallocated	876,475	1,105,234
Total	57,403,934	66,901,438

(b) *Non-current assets*

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

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

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

	As at 31 December 2015	**As at 31 December 2014**
	RMB'000	*RMB'000*
China domestic	26,376,540	26,992,510
Non-China domestic	9,354,559	5,461,323
Unallocated	68,046,401	63,010,765
Total	103,777,500	95,464,598

4 Other income and subsidy, net

	2015	**2014**
	RMB'000	*RMB'000*
Dividend income from listed and unlisted investments	86,173	160,119
Government subsidy for demolition of vessels and other subsidies included in other income, net	4,257,119	1,742,720
Gain/(loss) on disposal of/write off property, plant and equipment, net		
- container vessels	(242,623)	(1,041,206)
- dry bulk vessels	(90,716)	(28,277)
- containers	6,726	39,877
- others	3,869	10,941
Gain on disposal of available-for-sale financial assets	4,139	9,000
Net gain/(loss) on derivatives financial instruments	4,487	(33,510)
Reversal of provision for impairment of trade and other receivables	40,281	52,078
Provision for impairment of trade and other receivables	(39,814)	(42,739)
Net exchange gain/(loss)	618,747	(249,758)
Compensation expense	(40,328)	(136,287)
Compensation income	36,033	91,207
Donations	(517)	(346)
Impairment of available-for-sale financial assets	(3,532)	(32,039)
Gain on fair value change on share appreciation rights	6,115	14,379
Reversal of provision for litigation	33,643	183,357
Others	73,745	(20,944)
Total	4,753,547	718,572

5 Expenses by nature

	2015	2014
	RMB'000	*RMB'000*
Cost of services and inventories sold		
Container shipping and dry bulk shipping costs		
- Equipment and cargo transportation costs	19,203,224	19,133,576
- Voyage costs	12,122,111	16,501,546
- Vessel costs	14,339,449	15,418,821
- Provision for onerous contracts	72,622	387,380
- Others	1,103,323	1,473,283
Freight forwarding and shipping agency costs	4,771,321	5,987,147
Terminal operating and other direct costs	1,914,373	2,071,510
Cost of inventories sold	554,364	792,966
Container depreciation and other direct costs	1,086,024	1,021,703
Business tax	75,998	89,451
Total	55,242,809	62,877,383
Selling, administrative and general expenses		
Administrative staff costs	3,048,072	2,938,151
Depreciation and amortisation	176,772	199,502
Rental expense	262,307	244,669
Office expense	110,980	139,844
Transportation and travelling expense	104,122	126,550
Legal and professional fees	111,450	121,501
Auditors' remuneration		
-Audit services	40,954	40,785
-Non-audit services	15,520	4,592
Telecommunication and utilities	55,941	95,593
Repair and maintenance expense	46,455	51,821
Others	320,409	345,219
Total	4,292,982	4,308,227

6 Finance income and costs

	2015	2014
	RMB'000	*RMB'000*
Finance income		
Interest income from:		
- deposits with COSCO Finance	122,971	262,378
- loans to joint ventures and an associate	30,933	30,413
- banks	705,458	705,709
	859,362	998,500
Finance costs		
Interest expenses on:		
- bank loans	(1,577,093)	(1,753,380)
- other loans	(85,702)	(50,299)
- loans with COSCO Finance	(26,090)	(7,705)
- finance lease obligations	—	(8,911)
- notes/bonds	(748,847)	(871,772)
	(2,437,732)	(2,692,067)
Amortised amount of transaction costs on long-term borrowings	(71,666)	(81,060)
Amortised amount of discount on issue of notes	(1,576)	(1,689)
Other incidental borrowing costs and charges	(265,771)	(246,344)
Less: amount capitalised in construction in progress	54,787	55,192
	(2,721,958)	(2,965,968)
Net related exchange (loss)/gain	(979,242)	66,214
Net finance costs	(2,841,838)	(1,901,254)

7 Income tax expenses/(credit)

	2015	2014
	RMB'000	*RMB'000*
Current income tax (note a)		
- PRC enterprise income tax	255,884	279,167
- Hong Kong profits tax	8,863	5,578
- Overseas taxation	176,487	139,871
(Over)/under provision in prior years	(4,523)	676
	436,711	425,292
Deferred income tax	20,763	(1,468,826)
	457,474	(1,043,534)

Notes:

(a) Current income tax

Taxation has been provided at the appropriate rate of taxation prevailing in the countries in which the Group operates. These rates range from 12.5% to 46% (2014: 12.5% to 46%).

The statutory rate for PRC enterprise income tax is 25% and certain PRC companies enjoy preferential tax treatment with the reduced rates ranging from 12.5% to 25% (2014: 12.5% to 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

8 Dividend

The Board of Directors did not recommend the payment of interim or final dividend for the year ended 31 December 2015 and the year ended 31 December 2014.

9 **Earnings per share**

(a) *Basic*

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

	2015	**2014**
Profit from continuing operations attributable to equity holders of the Company (RMB)	62,302,000	362,529,000
Profit from discontinued operations attributable to equity holders of the Company (RMB)	221,089,000	—
	283,391,000	362,529,000
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Basic earnings per share (RMB)		
From continuing operations	0.0061	0.0355
From discontinued operations	0.0216	—
	0.0277	0.0355

(b) *Diluted*

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

10 Trade and other receivables

	2015	2014
	RMB'000	*RMB'000*
Trade receivables (note a)		
- third parties	3,293,534	3,384,336
- fellow subsidiaries	68,480	98,982
- joint ventures	78,981	46,251
- associates	3,385	754
- other related companies	57,427	63,071
	3,501,807	3,593,394
Bills receivables (note a)	127,940	165,741
	3,629,747	3,759,135
Prepayments, deposits and other receivables		
- third parties	2,631,929	2,912,923
- fellow subsidiaries (note b)	262,510	690,110
- joint ventures (note b)	231,356	152,521
- associates (note b)	23,207	17,058
- other related companies (note b)	271,676	156,846
	3,420,678	3,929,458
Current portion of financial lease receivables	46,718	33,475
Total	7,097,143	7,722,068

Notes:

(a) Trading balances with related parties are unsecured, interest free and have similar credit periods as third party customers. The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade receivables primarily consisted of shipping business receivables. As at 31 December 2015, the aging analysis of trade and bills receivables on the basis of the date of relevant invoice or demand note is as follows:

	2015	**2014**
	RMB'000	*RMB'000*
1-3 months	3,414,328	3,514,997
4-6 months	161,693	144,907
7-12 months	42,365	117,543
Over 1 year	191,919	155,342
Trade and bills receivables, gross	3,810,305	3,932,789
Less: impairment of		
1-3 months	(25,395)	(31,716)
4-6 months	(14,128)	(14,485)
7-12 months	(5,206)	(3,681)
Over 1 year	(135,829)	(123,772)
Provision for impairment	(180,558)	(173,654)
	3,629,747	3,759,135

As at 31 December 2015, the Group's trade and bills receivables of RMB2,946,578,000 (2014: RMB3,166,765,000) were considered fully collectible by management. Trade and bills receivables that were fully collectible mainly represent those due from customers with good credit history and low default rate.

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

11 **Trade and other payables**

	2015	**2014**
	RMB'000	*RMB'000*
Trade payables (note a)		
- third parties	3,544,687	3,471,235
- fellow subsidiaries	634,943	871,024
- joint ventures	74,145	96,830
- associates	16,504	5,937
- other related companies	34,948	384,839
	4,305,227	4,829,865
Bills payables (note a)	94,400	71,420
	4,399,627	4,901,285
Advances from customers	377,597	492,500
Other payables and accruals	8,478,047	8,992,782
Due to related companies		
- fellow subsidiaries (note b)	132,107	252,949
- joint ventures (note b)	313,356	238,054
- associates (note b)	15,092	13,307
- other related companies (note c)	795,095	486,439
	1,255,650	990,749
Total	14,510,921	15,377,316

Notes:

(a) As at 31 December 2015, the aging analysis of trade and bills payables on the basis of the date of relevant invoice or demand note is as follows:

	2015	**2014**
	RMB'000	*RMB'000*
1-6 months	4,243,265	4,515,959
7-12 months	70,177	149,320
1-2 years	60,011	158,800
2-3 years	9,417	37,711
Above 3 years	16,757	39,495
	4,399,627	4,901,285

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

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

(c) Other payables due to related parties, except for advances of US$8,395,000 (equivalent to approximately RMB 54,514,000) (31 December 2014: US$8,292,000(equivalent to approximately RMB50,739,000)) bears interest at 0.6% above 1-year US dollar LIBOR per annum. Balance of US$49,681,000 (equivalent to approximately RMB322,609,000) (2014: US$49,681,000(equivalent to approximately RMB303,998,000)) is interest free. Balance of US$15,400,000 (equivalent to approximately RMB100,001,000) (2014:Nil) bears interest at 6% per annum. Balance of US$30,799,000 (equivalent to approximately RMB199,996,000) (2014:Nil) bears interest at 4.1% per annum.

12 **Contingent liabilities**

The Group was involved in a number of claims and lawsuits, including but not limited to, the claims and lawsuits arising from damage to vessels during the transportation, delay in delivery, collision of vessels, early termination of vessel chartering contracts and dispute during impawning supevision business.

As at 31 December 2015, the Group is unable to ascertain the likelihood and amount of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the relation claims amounts should not be material to the Group's consolidated financial statements for the year ended 31 December 2015.

13 **Subsequent events**

Pursuant to the resolution approved at the board meeting dated 11 December 2015, the Company, on 31 December 2015, issued a circular to shareholders regarding several proposed major and connected transactions in connection with the asset restructuring of the Company and China Shipping (Group) Company and its subsidiaries ("China Shipping Group") (the "Transactions") that were composed of:

(1) the Company and COSCO entering into the share purchase agreement ("SPA") (the "COSCO Bulk SPA") of COSCO Bulk (representing the dry bulk shipping segment of the Group), pursuant to which the Company conditionally agreed to sell and COSCO conditionally agreed to acquire the 100% COSCO Bulk equity interest;

(2) the Group and China Shipping Group entering into the SPAs (the "Agency Companies SPAs") of certain agency companies ("Agency Companies"), pursuant to which the Group conditionally agreed to acquire and China Shipping Group conditionally agreed to sell certain equity interests in the agency companies;

(3) COSCO Pacific and China Shipping Group entering into a SPA (the "FCHL" SPA), pursuant to which COSCO Pacific conditionally agreed to sell all the equity interest in Florens

Container Holdings Limited ("FCHL shares") (representing the container leasing, management, sale and related business segment) and assign the FCHL shareholders' loans and China Shipping Group agreed to acquire the FCHL and take assignment of the FCHL shareholders' loans;

(4) COSCO Pacific and China Shipping Group entering into a SPA (the "CSPD SPA") of China Shipping Ports Development Co., Limited ("CSPD"), pursuant to which China Shipping Group has conditionally agreed to sell, and COSCO Pacific has conditionally agreed to acquire the equity interest of CSPD;

(5) the Company and China Shipping Container Lines Company Limited ("CSCL") entering into the lease agreement (the "Lease Agreement"), pursuant to which the Company conditionally agreed to lease from CSCL, and CSCL conditionally agreed to lease to the Company, vessels and containers owned or operated by CSCL.

The COSCO Bulk SPA, the Agency Companies SPAs, the FCHL SPA, the CSPD SPA, the Lease Agreement and other transactions in the Restructuring are inter-conditional upon each other.

On 1 February 2016, an extraordinary general meeting of shareholders was held by the Company and approval for the Transactions was obtained from the shareholders.

Up to the report date, the Company completed the disposal of COSCO Bulk to COSCO and the disposal of FCHL to China Shipping Group for considerations of approximately RMB6.67 billion and RMB7.78 billion respectively (subject to completion audits as of 29 February 2016 and 31 March 2016 for COSCO Bulk and FCHL respectively), with the results arising from the disposal depending on the net assets value and the exchange reserves to be recycled, with reference to the completion accounts, whereas the completion audits were not finished at the report date.

On 18 March 2016, the Company completed its acquisition of all the shares in CSPD from China Shipping Group for a total consideration of approximately RMB7.63 billion (subject to completion audit as of 31 March 2016). CSPD therefore became a subsidiary of the Company subsequent to the end of the financial year ended 31 December 2015.

Apart from the Transactions exhibited above, the circular issued on 31 December 2015 also referred to an equity contribution transaction where CSCL conditionally agreed to make capital contribution to COSCO Finance while the Company proposed not to exercise the right to contribute at the same proportion. Upon completion of the capital increase, the equity interest held by the Group in COSCO Finance shall be decreased from approximately 17.25% (without considering the equity interest held by the Group in COSCO Finance via COSCO Bulk Group, as COSCO Bulk Group will be disposed of pursuant to the COSCO Bulk SPA) to 14.23%.

The financial figures above in respect of the announcement of the Group's annual results for the year ended 31 December 2015 (the "Announcement") have been agreed by the company's international auditor, PricewaterhouseCoopers to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2015. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

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

In 2015, the international shipping sector still did not see substantial improvement in the imbalanced supply and demand. Under such difficult conditions, the Company had taken various measures to increase revenue and reduce costs and expenses. However, affected by the sluggish market situation, the overall performance of the Company was weakened as compared to last year.

In 2015, the Group's operating revenue amounted to RMB57,403,934,000, representing a decrease of RMB9,497,504,000 as compared to RMB66,901,438,000 in 2014. Realized net profit attributable to equity holders of parent company amounted to RMB283,391,000, representing a decrease of RMB79,138,000 or 21.83% as compared to RMB362,529,000 in 2014.

(I) Analysis of principal businesses

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

Unit: RMB'000

Items	Current year	Last year	Change (%)
Revenues	57,403,934	66,901,438	-14.20
Cost of services and inventories sold	(55,242,809)	(62,877,383)	-12.14
Selling, administrative and general expenses	(4,292,982)	(4,308,227)	-0.35
Net finance costs	(2,841,838)	(1,901,254)	49.47
Net cash flow from operating activities	6,716,850	6,037,356	11.25
Net cash flow used in investing activities	(6,770,485)	(634,842)	966.48
Net cash flow used in financing activities	(7,690,407)	(13,860,081)	-44.51

2. ***Revenues***

(1) *Analysis of reasons for changes in revenues*

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

In 2015, the Group's operating revenue amounted to RMB57,403,934,000, representing a decrease of RMB9,497,504,000 or 14.20% as compared to RMB66,901,438,000 in 2014. In particular:

Container shipping business

The operating revenue from container shipping and related business amounted to RMB44,719,689,000, representing a decrease of RMB5,590,387,000 or 11.11% as compared to last year. In 2015, container shipping volume amounted to 9,827,683 TEUs, representing an increase of 4.1% as compared to last year. Average container freight rate amounted to RMB3,995 per TEU, representing a decrease of 12.4% as compared to last year. In terms of US dollar, the average container freight rate amounted to US$641 per TEU, representing a decrease of 13.6%. During the Reporting Period, the supply and demand imbalance in global container shipping market had continued, leading to a sharp fall in market freight rates. Moreover, the freight rates of most of shipping routes once slipped to a record low. In the face of the challenging market conditions, the Company promptly responded and continuously improved shipping routes and supplier structure through comprehensive cooperation, so as to boost the shipping volume. It also strengthened marketing activities and minimized the decline of spot freight rates. In addition, revenue from non-maritime transportation increased which effectively contributed to the total revenue of the Company.

As at 31 December 2015, the Group operated 178 container vessels with a total capacity of 857,716 TEUs and the shipping capacity operated by the Group increased by 2.0% as compared to last year (exclusive of the chartered-out capacity of 2 container vessels with 2,244 TEUs). In 2015, there was no new container vessel delivered for operation.

In 2015, there were new orders of 11 container vessels with 19,000 TEUs. As at 31 December 2015, there were orders of 21 container vessels with a total of 326,960 TEUs.

Dry bulk shipping business

Revenue generated from the dry bulk shipping and related business amounted to RMB8,990,194,000, representing a decrease of RMB3,555,186,000 or 28.34%, as compared to last year. The decrease was mainly due to the decline in market freight rates, operating capacity shipping capacity and shipping volume of the Company. In 2015, the average value of the Baltic Dry Index ("BDI") was 718 points, representing a decrease of 387 points, or 35% as compared to 1,105 points in 2014.

During the Reporting Period, the dry bulk shipping business has completed a shipment of 154.7808 million tons, representing a decrease of 12.96% as compared to last year. Dry bulk shipment turnover amounted to 0.73 trillion ton-nautical miles, representing a decrease of 12.55% as compared to last year, of which the shipping volume of coal was 52,262,526 tons, representing a decrease of 20.24% as compared to last year; the shipping volume of metal ore amounted to 74,159,175 tons, representing a decrease of 1.76% as compared to last year; the shipping volume of grain amounted to 14,068,915 tons, representing a decrease of 30.62% as compared to last year; the shipping volume of other cargoes was 14,290,188 tons, representing a decrease of 13.54% as compared to last year.

As at 31 December 2015, the Group operated 213 dry bulk vessels of 21.258 million DWT, and had 32 new dry bulk vessel orders of 3.0202 million DWT.

		January to December of 2015	**January to December of 2014**	**Change** *(%)*
Shipping volumes by routes (tons)	International shipping	129,458,213	145,665,758	-11.13
	PRC coastal shipping	25,322,591	32,151,333	-21.24
Shipping volumes by cargo type (tons)	Coal	52,262,526	65,523,795	-20.24
	Mineral ore	74,159,175	75,487,655	-1.76
	Foodstuff	14,068,915	20,278,157	-30.62
	Others	14,290,188	16,527,484	-13.54
Shipment turnover (thousand ton nautical miles)		727,294,508	831,626,160	-12.55

For the year ended 31 December 2015, China COSCO disassembled a total of 28 container and dry bulk vessels of 1.5297 million DWT.

Terminal and related business

Revenue generated from the terminal and related business amounted to RMB2,796,844,000, representing a decrease of RMB129,327,000 or 4.42% as compared to last year. The throughput of Piraeus Terminal in Greece increased to 3,034,428 TEUs (2014: 2,986,904 TEUs), which resulted in revenue of EUR140,573,180 (2014: EUR134,929,179), representing an increase of 4.2% as compared to last year. However, due to the depreciation of Euro, the revenue from Piraeus Terminal in 2015 amounted to RMB976,421,310.09 (2014: RMB1,099,416,433.25), representing a decrease of 11.19% as compared to last year. During the year, Xiamen Ocean Gate Terminal raised the freight rate and added new routes. As a result, in 2015, it recorded a revenue of RMB304,725,338.98 (2014: RMB240,990,049.74), representing an increase of 26.45% as compared to last year.

Container leasing business

Revenue from the container leasing business was RMB876,475,000, representing a decrease of RMB228,759,000 or 20.70% as compared to last year. Revenue from the container leasing business decreased as compared with the corresponding period of last year. The disposal of old containers upon expiry of relevant leases decreased to 22,747 TEUs (2014: 50,860 TEUs). Revenue from the disposal decreased by RMB180,523,000.

(2) *Major customers*

In 2015, sales to the top five customers of the Group and their respective percentages (as stated in the audited financial data of A Shares of the Group) are as follows:

Unit: RMB

Total sales to top five customers	2,123,136,719.47
Total revenue of the Group for the year	57,489,919,045.77
Percentage of the total revenue of the Group for the year (%)	3.69

3. Costs

(1) Cost analysis

Unit: RMB'000

By business segments

Business segment	**Components of cost**	**Current year**	**Percentage of total cost for the current year** (%)	**Last year**	**Percentage of total cost for last year** (%)	**Change** (%)
Container shipping and related business	Equipment and cargo transportation costs	19,203,224	34.76	19,133,576	30.43	0.36
	Voyage costs	8,503,819	15.39	11,813,821	18.79	-28.02
	Vessel costs	8,737,638	15.82	8,309,394	13.22	5.15
	Others	5,225,988	9.46	6,528,787	10.38	-19.95
	Subtotal	41,670,669	75.43	45,785,578	72.82	-8.99
Dry bulk shipping and related business	Voyage costs	3,618,292	6.55	4,687,725	7.46	-22.81
	Vessel costs	5,601,811	10.14	7,109,427	11.31	-21.21
	Others	1,175,945	2.13	1,860,663	2.96	-36.80
	Subtotal	10,396,048	18.82	13,657,815	21.72	-23.88
Container terminal and related business	Container terminal and related business cost	1,914,373	3.47	2,071,510	3.29	-7.59
Container leasing business		1,185,721	2.15	1,273,029	2.02	-6.86
Tax		75,998	0.14	89,451	0.14	-15.04
Total costs of operations		55,242,809	100.00	62,877,383	100.00	-12.14

In 2015, the operating cost of the Group amounted to RMB55,242,809,000, representing a decrease of RMB7,634,574,000 or 12.14% as compared to RMB62,877,383,000 of 2014. In particular:

The operating costs of container shipping and related business amounted to RMB41,670,669,000, representing a decrease of RMB4,114,909,000 or 8.99% as compared to last year. During the reporting period, with the combined effect of increased self-operating capacity and shipping volume as compared to last year, cargo and charter expenses increased correspondingly. Moreover, with the decline of international fuel prices, the fuel costs decreased by 36.83% as compared to last year.

The operating costs of dry bulk shipping and related business amounted to RMB10,396,048,000, representing a decrease of RMB3,261,767,000 or 23.88% as compared to last year. The capacity of chartered-in vessels was further reduced during the reporting period whereas the charter costs amounted to RMB2,469,935,000, representing a decrease of RMB1,157,735,000 or 31.91% as compared to last year. Due to the decline of international fuel prices, bunker costs was further reduced, representing a decrease of 35.16% as compared with the corresponding period of last year. In addition, the reversal of provisions for onerous contracts during the reporting period amounted to RMB392,832,000, as compared to the reversal of RMB599,998,000 last year.

The operating costs of terminal and related business amounted to RMB1,914,373,000, representing a decrease of RMB157,137,000 or 7.59% as compared to last year. During the reporting period, the decrease of operating costs was attributable to the decrease in business volume of controlling terminals and the depreciation of Euro which affected the performance of Piraeus Terminal.

The operating costs of container leasing business amounted to RMB1,185,721,000, representing a decrease of RMB87,308,000 or 6.86% as compared with the corresponding period of last year, mainly due to the decrease in returned containers sold upon expiry of lease.

(2) Major suppliers

In 2015, purchases from the top five suppliers of the Group and their respective percentages (as stated in the audited financial data of A Shares of the Group) are as follows:

Unit: RMB

Total purchases from top five suppliers	3,954,177,577.29
Total purchases of the Group for the year	55,108,227,484.34
Percentage of the total purchases of the Group for the year (%)	7.18

4. **Expenses**

Other income and subsidy, net

The net amount of other income and subsidy, net of the Group in 2015 was RMB4,753,547,000, representing an increase of RMB4,034,975,000 as compared to RMB718,572,000 in 2014. The government subsidies for items such as demolition of vessels amounted to RMB4,257,119,000, representing an increase of RMB2,514,399,000 as compared with RMB1,742,720,000 of the corresponding period of last year. A net loss of RMB322,744,000 was incurred for the disposal of vessels and other fixed assets during the reporting period as compared to the net loss of RMB1,018,665,000 of last year.

Selling, administrative and general expenses

In 2015, the administrative expenses of the Group amounted to RMB4,292,982,000, representing a decrease of RMB15,245,000 or 0.35%, which was similar to the level of last year.

Finance income

The finance income of the Group was mainly interest income from bank deposits. In 2015, the finance income of the Group amounted to RMB859,362,000, representing a decrease of RMB139,138,000 or 13.93% as compared to 2014. Such decrease was mainly attributable to the decrease in the balances of bank deposits during the current year.

Finance expenses

In 2015 the Group incurred finance expenses of RMB2,721,958,000, representing a decrease of RMB244,010,000 or 8.23% as compared to last year. The decrease was mainly due to a decrease in the amount of borrowings.

Net related exchange (loss)/gain

In 2015, the Group incurred exchange losses of RMB979,242,000 as compared to RMB66,214,000 of the corresponding period of last year, which was mainly due to the appreciation of U.S dollar against RMB.

Share of profits less losses of joint ventures and associates

The Group's share of profits of joint ventures and associates in aggregate amounted to RMB1,360,835,000 in 2015, representing a decrease of RMB4,976,000 as compared to RMB1,365,811,000 in 2014.

Income tax

Income tax expenses of the Group in 2015 amounted to RMB457,474,000, representing an increase of RMB1,501,008,000 as compared to RMB1,043,534,000 in 2014. Such increase was mainly due to the fact that an overseas subsidiary of the Company no longer distributed retained profit of the previous years in response to the capital needs for the business development last year, resulting in the reversal of deferred tax liabilities of the Company recognized previously in last year.

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

(1) Breakdown of R&D expenses

Unit: RMB'000

R&D expenses in the current year	20,266
Capitalised R&D expenses in the current year	0
Total R&D expenses	20,266
Percentage of total R&D expenses over net assets (%)	0.08
Percentage of total R&D expenses over operating revenue (%)	0.04

(2) Description

In 2015, China COSCO accelerated corporate development through innovation of technologies. It continued to upgrade the application of technologies, management approaches, service types, operating philosophies and business models, and conducted the research and development of software including shipping logistics management software, onshore operation management software, e-commerce transaction platform for container shipping. AI pier, intelligent LED lighting system, aerodynamic pier tractor and marine liquid loading and unloading equipment were also developed. In order to integrate the production, research and development, China COSCO carried out the research and application of key technology of magnesium-based vessel exhaust-gas scrubbing and desulfurization equipments and system (基於鎂基法的船舶廢氣洗滌脱硫設備及系統設計關鍵技術), and formulated technical specifications and standards.

6. **Cash flow**

As at 31 December 2015, cash and cash equivalents of the Group amounted to RMB32,690,535,000, representing a decrease of RMB7,014,989,000 or 17.67% as compared with 31 December 2014.

In 2015, the Group's net cash inflow from operating activities amounted to RMB6,716,850,000 while the net cash inflow amounted to RMB6,037,356,000 in 2014. During the reporting period, the government subsidy for demolition and replacement of vessels received by China COSCO from COSCO Group increased as compared with the corresponding period of last year, resulting in a continuous improvement to the cash inflow from operating activities.

In 2015, the Group's net cash used in investing activities amounted to RMB6,770,485,000, while the net cash outflow of last year amounted to RMB634,842,000. During the Reporting Period, the Group's cash received from and used in wealth management decreased as compared to the corresponding period of last year; net cash from the disposal of fixed assets, intangible assets and other long-term assets decreased as compared to last year.

In 2015, the Group's net cash outflow in financing activities amounted to RMB7,690,407,000, while the net cash outflow of last year amounted to RMB13,860,081,000. Cash payments for repayment of borrowings by the Group increased by RMB2,522,670,000 as compared to last year. The cash received from borrowings increased by RMB7,879,518,000 as compared to last year.

7. **Others**

(1) **Material change in profit due to non-principal businesses**

In 2015, the international shipping sector still did not see substantial improvement for the imbalance between supply and demand. Under such difficult conditions, the Company had taken various measures to increase revenue and reduce costs and expenses. Realized net profit attributable to the equity holder of the Company amounted to RMB283,391,104.76 representing a decrease of RMB79,137,521.13 or 21.83% as compared to RMB362,528,625.89 in 2014. During the period, the net amount of other income and subsidy of the Group was RMB4,753,547,000, representing an increase of RMB4,034,975,000 as compared to RMB718,572,000 in 2014, among which the subsidy received for the demolition of vessels amounted to RMB4,257,119,000, representing an increase of RMB2,514,399,000 as compared with RMB1,742,720,000 in the corresponding period of last year. The net losses on disposal of fixed assets, including vessels, was RMB322,744,000 (2014: net losses of RMB1,018,665,000).

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

Industry Operation Information Analysis

Container shipping business

In 2015, in face of the sluggish growth of the global economy and trade, weak market demand for container shipping and excessive shipping capacity, the shipping price slipped to a record low and the shipping market was full of challenges. The average China Containerised Freight Index ("CCFI") during the year was 872, representing a decrease of 19.7% as compared with 1,086 of last year. During the reporting period, COSCON adhered to its customer-oriented and cost-saving strategy to enhance the full trip transportation in order to make quick response to changes and maximize the synergy. The Company continued to analyse the market conditions and make decisive adjustments to its route structure. Improvements measures were carried out for underperformed routes. Moreover, efforts were made to boost its marketing capacity and refine cargo source structure. The Company seized opportunities to resume the shipping price and maintained its profitability during the year.

During the reporting period, the Company continued to promote the effectiveness of joint cooperation with CKYHE in order to promptly adapt to the changes in the European market. Although operation cost was lowered by reducing shipping capacity, its service coverage maintained its leading market position. Product structure of the Pacific Ocean routes was further enhanced as shipping capacity was shifted gradually to regions with higher performance. In addition, the Company introduced its large-size vessels and two-way routes for maintaining its service competitiveness in the Pacific Ocean.

The Company put more resources to develop and invest in emerging markets and regional markets. During the reporting period, the shipping capacity of routes for Africa, South America and the Persian Gulf was adjusted to save operation cost and expand network coverage. The operation base of European routes was relocated to Europe. Several new domestic routes were established during the year, which further exerted the functions of the Piraeus Port in Greece as a strategic hub. The Company further developed regional markets, including the Southeast Asian market. Efforts were made to enhance operation, transhipment and container diversity of the regional markets. New companies were set up in Mexico to strengthen marketing efforts and increase the competiveness and market share in Central America.

The Company analyzed the shipping capacity arrangement and route design in advance in order to refine fleet structure and raise its own core competitiveness. During the reporting period, the Company placed orders for 11 container vessels with 19,000 TEUs. Environmental protection, energy-saving and decrease in unit cost resulted from the adoption of new technologies ensured the provision of higher quality services to customers.

The Company endeavoured to raise the contract fulfilment rate of long-term customers so as to effectively minimize the shipping price fluctuation at spot market. Furthermore, by exploring the potential cargo sources of existing customers and developing new customers, the Company aimed to increase the general cargo volume. As such, the proportion of principal customers was increased and the cargo source structure was improved.

During the reporting period, the Company focused on establishing the railway-shipping passage by adding 20 special routes. In response to the "One Belt and One Road" strategy of China, the Company actively participated in Sino-European railway business. Business procedures were optimized for seamless transit among different means of transportation in order to develop full-trip transportation competitiveness and enhance differentiated services. Also, the

Company put greater efforts on recovery of demurrage fee to increase the actual yield. The non-shipping income, including the annual demurrage fee and extended service income grew significantly, supplementing the total revenue of the Company under the market condition with low shipping price.

The Company put much emphasis on cost-control with specific control targets. During the reporting period, special management initiatives were adopted on fuel, port, cargo and transhipment fee with satisfactory results. By monitoring procurement and daily fuel usage of the Company, coupled with the decline in the international oil price, the fuel expense decreased by 36.8% as compared to last year. The Company strived to overcome the mounting pressure over the port fee around the world by boosting the efficiency of vessels at ports. Port fee was controlled effectively and was basically maintained with a slight drop as compared to last year.

Terminal business

In 2015, the global economic growth remained moderate. Recovery progress of developed economies was slow, while the growth of emerging economies continued to decrease. As the financial market experienced significant fluctuation, bulk commodity-exporting economies were under difficulty and the global economic development faced numerous challenges and downward pressure. In the PRC, economic growth further slowed down and the decreases in both import and export trades posed more uncertainties to the trading condition. In 2015, in face of the sluggish shipping market as well as more frequent mergers and acquisitions among container liners and larger size of container vessels, the Company's terminal leasing business faced new challenges.

Amid the new state of the development of shipping industry, COSCO Pacific strived to improve the overall marketing capabilities and business strengths through improving its management, restructuring and extending its synergies to facilitate transformation and upgrades, aiming to improve efficiency and maintain sustainable development.

As at 31 December 2015, COSCO Pacific owned 28 terminal companies, including 7 subsidiaries and 21 associated companies.

In 2015, COSCO Pacific handled 68,671,000 TEUs, representing an increase of 2% as compared to last year, which was lower than the growth rate of 9.9% of last year. According to Drewry, the market share of COSCO Pacific in the container shipping industry is 9.5%, remaining as the fourth largest container terminal operator in the world.

Throughput of terminals

Throughput of terminals (TEU)	**2015**	**2014**	**Changes** *(%)*
Bohai Rim	25,653,747	25,130,274	2.1
Yangtze River Delta	9,876,808	9,902,712	-0.3
Southeast coastal and other regions	4,129,030	3,767,499	9.6
Pearl River Delta	19,480,987	19,099,473	2.0
Overseas	9,530,142	9,426,164	1.1
Total throughput	68,670,714	67,326,122	2.0

(III) **Analysis of assets and liabilities**

As at 31 December 2015, the total assets of the Group amounted to RMB148,193,149,000, representing a decrease of RMB595,305,000 as compared to RMB148,788,454,000 at the beginning of the year. Total liabilities of the Group amounted to RMB103,255,638,000, representing a decrease of RMB2,574,858,000 as compared to RMB105,830,496,000 at the beginning of the year. Equity attributable to equity holders of the Company amounted to RMB24,653,326,000, representing an increase of RMB274,164,000 as compared to RMB24,379,162,000 at the beginning of the year.

As at 31 December 2015, bank deposits and cash and cash equivalents of the Group were RMB32,690,535,000, mainly denominated in RMB and US dollar and others denominated in Euro, Hong Kong dollar and other currencies.

As at 31 December 2015, the total amount of outstanding borrowings of the Group was RMB86,044,619,000, representing a decrease of RMB898,435,000 as compared to RMB86,943,054,000 at the beginning of the year. As at 31 December 2015, net current assets amounted to RMB15,471,846,000, representing an increase of RMB727,285,000 as compared to the beginning of the year. The net debt as at 31 December 2015 amounted to RMB53,354,084,000, representing an increase of RMB6,116,554,000 as compared to RMB47,237,530,000 at the beginning of the year. As at 31 December 2015, the net liability to equity ratio was 118.73% as compared to 109.96% as at 31 December 2014.

The interest coverage ratio in 2015 was 1.72 times as compared to 1.19 times in 2014. Certain property, plant and equipment of the Group with net book value of RMB35,454,069,000 (31 December 2014: RMB34,776,361,000) were pledged to banks and financial institutions as collaterals for borrowings in the total amount of RMB21,438,977,000 (31 December 2014: RMB21,475,272,000), representing 41.88% of the total value of the property, plant and equipment (31 December 2014: 43.42%).

Debt analysis

	As at 31 December 2015 *RMB'000*	**As at 31 December 2014** *RMB'000*
Categories		
Short-term borrowings	2,867,943	3,127,600
Long-term borrowings		
Less than 1 year	8,129,629	15,758,769
1 to 2 years	15,211,367	22,713,238
3 to 5 years	41,160,716	21,849,275
Over 5 years	18,674,964	23,494,172
Sub-total	83,176,676	83,815,454
Total	86,044,619	86,943,054

Classification by categories of borrowings

The secured borrowings of the Group amounted to RMB21,438,977,000 and unsecured borrowings amounted to RMB64,605,642,000, representing 24.92% and 75.08% respectively of the total borrowings.

The borrowings of the Group denominated in US dollars amounted to RMB67,722,218,000, borrowings denominated in RMB amounted to RMB13,870,094,000, and borrowings denominated in other currencies amounted to RMB4,452,307,000, representing 78.71%, 16.12% and 5.17% respectively of the total borrowings. Save for the issued medium-term notes and bonds, most of the borrowings of the Company bear floating interest rate.

Company guarantee and contingent liabilities

As at 31 December 2015, the Group did not provide any guarantee. (2014: RMB83,298,000). Details of the Group's contingent liabilities are disclosed in Note 12.

Significant disposal of assets and equity interests

1. During the year, the Group disposed of (i) 8 container vessels with a net carrying value of RMB311,815,759.94 and net loss on disposal of vessels of RMB236,944,555.87, and (ii) 20 dry bulk vessels with a net carrying value of RMB393,090,526.03 and net loss on disposal of vessels of RMB90,714,701.83.

2. The 19th meeting of the fourth session of the Board considered and approved the proposal regarding the capital increase by Shanghai Ocean Industrial Company ("Shanghai Ocean Industrial") to Tianjin Ocean Plaza Co. Ltd. (which was then a wholly-owned subsidiary of the Company), pursuant to which Shanghai Ocean Industrial shall make a cash contribution in a lump sum of RMB1,196,611,300. The capital increase, which constitute a connected transaction and deemed disposal of the Company, was completed during the year, upon which Shanghai Ocean Industrial and COSCO Tianjin Transportation Company Limited (a wholly-owned subsidiary of the Company) held 51% and 49% equity interests of Tianjin Ocean Plaza Co. Ltd., respectively. Upon the capital increase, the Group recognized a gain from equity disposal of RMB615,117,480.09.

Events after the balance sheet date

On 11 December 2015: (1) the Company and China Ocean Shipping (Group) Company* ("COSCO") entered into a sale and purchase agreement ("COSCO Bulk SPA"), pursuant to which the Company conditionally agreed to sell and COSCO conditionally agreed to acquire 100% of the equity interest in China COSCO Bulk Shipping (Group) Co., Ltd.* ("COSCO Bulk") (the "Dry Bulk Disposal"); (2) the Group and the China Shipping Container Lines Company Limited* and its subsidiaries ("CSCL Group") entered into sale and purchase agreements (the "Agency Companies SPAs"), pursuant to which the Group conditionally agreed to acquire and the CSCL Group conditionally agreed to sell certain equity interest in 33 agency companies (the "Agency Companies Acquisitions"); (3) COSCO Pacific Limited ("COSCO Pacific") and China Shipping Container Lines (Hong Kong) Co., Limited ("CSHK") entered into the sale and purchase agreement ("FCHL SPA"), pursuant to which COSCO Pacific conditionally agreed to sell the entire issued share capital in Florens Container Holdings Limited ("FCHL") ("FCHL Shares") and assign the relevant shareholders' loans ("FCHL Shareholders' Loans") and CSHK agreed to acquire the FCHL Shares and take assignment of the FCHL Shareholders'

Loans (the "Florens Disposal"); (4) COSCO Pacific, CSCL and China Shipping (Hong Kong) Holdings Co., Limited ("CS Hong Kong") entered into the sale and purchase agreement ("CSPD SPA"), pursuant to which CSCL and CS Hong Kong have conditionally agreed to sell, and COSCO Pacific has conditionally agreed to acquire, the entire issued share capital of China Shipping Ports Development Co., Limited ("CSPD") (the "Terminal Acquisition"); and (5) the Company and CSCL entered into the lease agreement (the "Lease Agreement"), pursuant to which the Company conditionally agreed to lease from CSCL, and CSCL conditionally agreed to lease to the Company, vessels and containers owned or operated by CSCL (the "Leasing Transactions"). The COSCO Bulk SPA, Agency Companies SPAs, the FCHL SPA, the CSPD SPA, the Lease Agreement and other transactions in the restructuring are inter-conditional upon each other.

The Leasing Transactions commenced in February 2016, and the Dry Bulk Disposal, the Agency Companies Acquisitions (except for two onshore agency companies), the Florens Disposal and the Termination Acquisition have been completed as at the date of this announcement.

(IV) **Analysis of core competitive edges**

1. **Comprehensive advantages in scale: overall strength of principal businesses leading the world**

   China COSCO provides a wide range of services covering the shipping value chain, including container shipping and terminal service to international and domestic customers through its subsidiaries. The Company maintains one of the front-ranking positions in the world in terms of business scale. Advantage in scale does not only serve as a basis to provide more diversified services for its customers, but also enhances the competitiveness of China COSCO in terms of professionalism, standardization, cost and service quality.

2. **Network advantages: service network in China and around the world**

   China COSCO maintained its presence in China and expanded to the global market. With its advantages in market experience and network, it continues to expand the market coverage of its core businesses and enhance its integrated service capability.

3. **Brand value and advantages: well-known "COSCO" brand in the world**

As one of the pioneers which complied with the "Go-Out" policy, COSCO Group successfully gained wide recognition in China and overseas by capitalizing on its quality services and commitment of social responsibility. The influence of its brand has gone beyond the shipping industry. In the international market, "COSCO" has a wide range of popularity and recognition. "COSCO" brand has become an important intangible asset of COSCO. Vessels and containers containing the "COSCO" trademark are operating around the world and the trademark carries a symbolic representation of COSCO.

4. **Advantages in business model: promoting win-win cooperation and expanding e-commerce business**

Through the customer-oriented strategy and transformation of business models such as alliance cooperation and e-commerce, China COSCO has shifted towards a sustainable and healthy development from its original situation when its businesses and performance were vulnerable to the cyclical changes of market.

As for the customer-oriented strategy, China COSCO has been actively engaged in transformation of business models. On one hand, through developing long-term and stable strategic partnership with major customers, large and long-term contracts were secured. On the other hand, by enhancing the cooperation with mutual benefits, China COSCO strived to strengthen the development of domestic and overseas markets, in particular emerging markets, as well as maintain relationship with its customers. Structures of market, logistics, cargo sources and customers were continuously refined to reduce the reliance in a particular market and steadily increase the proportion of basic cargo sources. Internally, China COSCO refined its organization and systems by adhering to its operating principle of "being customer-centric" so as to enhance the public relations of the Company at the company level and at the business level. As the capability of formulating marketing and service strategies was enhanced while construction of marketing and services teams was improved, China COSCO was able to meet the needs of customers for diversified services.

As for alliance cooperation, since 1 January 2015, the cooperation of CKYHE alliance has been expanded from Asia-Northwest Europe routes and Asia-Mediterranean routes to Asia-American routes. The capacity of Pacific routes and Asia-Europe routes ranked first and second in the world, respectively. As a result, the coverage of services of container shipping business has been further expanded, while the frequency and quality of the services were also enhanced, and the operating costs and risks were reduced correspondingly.

As for e-commerce business, COSCON continued to create a new business model of Pan-Asian electronic commerce platform by promoting the integration of traditional industries and electronic commerce, the influence of which has been steadily expanding. With the continuous innovation of new products and the launch of internet marketing campaigns, COSCON was able to extend the coverage of its sales channels.

5. **Advantages in business synergy: providing comprehensive logistic solutions**

China COSCO has placed emphasis on strengthening its business synergy and optimised integration of internal resources to provide customers with comprehensive logistics solutions. COSCON has provided additional value-added services to customers by strengthening internal coordination in order to continuously enhance the level of customer service. COSCO Bulk has relied on the support from COSCO Group to utilize upstream and downstream business resources so as to provide "integrated resolutions for goods transportation" to the customers.

(V) **Investment analysis**

1. **Analysis of external equity investment**

In 2015, the total external equity investment of the Group amounted to RMB2,415,588,441.47. The Group made additional investments of RMB1,709,081.01 to COSFI J.V. Company (越南遠飛公司). The Group also invested in two investment companies with an investment amount of RMB2,413,879,360.46.

Invested companies	**Principal business**	**Proportion of the equity interest held in the invested companies**	**Investment Costs**
Dalian Shentie Yuangang Logistic Limited Company* (大連沈鐵遠港物流有限公司)	Cargo agency service	29%	8,120,000.00
Euro-Asia Oceangate S.a.r.l	Shipping port	40%	2,405,759,360.46

(1) *Financial assets at fair value*

Unit: RMB

Stock code	Short name of securities	Initial investment cost	Percentage of equity in the company (%)	Book value as at the end of the period	Gain/loss for the reporting period	Change in owner's equity during the reporting period	Accounting item	Sources of shares
600837.SS	Haitong Securities	7,016,563.46	0.05	77,039,223.52	1,217,434.00	-30,094,968.48	Available-for-sale financial assets	Acquired by promotion
600821.SS	Tianjin Quanye Bazaar	99,300.00	0.02	941,673.60	0.00	322,228.94	Available-for-sale financial assets	Original legal person shares purchased
000597.SS	Northeast Pharmaceutical	200,000.00	0.03	1,292,755.31	0.00	-20,569.40	Available-for-sale financial assets	Original legal person shares purchased
000792.SS	Qinghai Salt Lake	7,500,000.00	0.07	27,322,133.28	91,499.35	4,234,505.08	Available-for-sale financial assets	Swap
005880KS	KOREA LINE CORP	80,232,737.98	0.51	80,232,737.98	-3,532,462.06	0.00	Available-for-sale financial assets	Other
601328.SS	Bank of Communications	676,413.00	0.00	3,289,835.36	137,927.88	-137,927.88	Available-for-sale financial assets	Original legal person shares purchased
	Tianjin Five Continents International Container Terminal Co., Ltd.	129,004,988.40	14.00	155,846,400.00	13,795,988.08	-68,537,700.00	Available-for-sale financial assets	Original legal person shares purchased
Total		224,730,002.84	/	345,964,759.05	15,242,849.31	-94,234,431.74	/	/

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

(1) *Entrusted wealth management*

Entrusted party	Entrusted wealth management product type	Entrusted wealth management amount	Entrusted wealth management start date	Entrusted wealth management end date	Remuneration determination method	Actual principal recovered	Actual profit obtained	Going through legal procedures	Impairment provision amount provided	Related party transactions or not	Litigation	Relationship
CITIC CP	Specific asset management plan	300,000,000	2014-11-6	2015-2-2	Expected	300,000,000	4,038,356.16	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	200,000,000	2014-11-6	2015-2-2	Expected	200,000,000	4,000,000.00	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	200,000,000	2015-1-27	2015-4-24	Expected	200,000,000	3,336,986.30	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	500,000,000	2015-2-2	2015-5-6	Expected	500,000,000	9,170,808.02	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	200,000,000	2015-4-24	2015-7-24	Expected	200,000,000	3,490,410.96	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	500,000,000	2015-5-6	2015-11-11	Expected	500,000,000	15,900,000.00	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	200,000,000	2015-7-24	2015-1-29	Expected			Yes	No	No	No	Others
CITIC CP	Specific asset management plan	50,000,000	2015-8-6	2015-11-6	Expected	50,000,000	882,191.78	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	25,000,000	2015-8-7	2015-10-19	Expected	25,000,000	354,794.52	Yes	No	No	No	Others
CMB Wealth Management（招行理財）	Bank wealth management	200,000,000	2015-8-19	2015-11-19	Expected	200,000,000	1,070,000.00	Yes	No	No	No	Others
CITIC CP	Specific asset management plan	25,000,000	2015-10-21	2016-2-17	Expected			Yes	No	No	No	Others
CITIC CP	Specific asset management plan	20,000,000	2015-11-6	2016-3-2	Expected			Yes	No	No	No	Others
CITIC CP	Specific asset management plan	10,000,000	2015-11-19	2016-3-29	Expected			Yes	No	No	No	Others
CITIC CP	Specific asset management plan	15,000,000	2015-11-24	2016-5-25	Expected			Yes	No	No	No	Others
CMB Wealth Management（招行理財）	Bank wealth management	400,000,000	2015-11-23	2015-12-25	Expected	400,000,000	870,000.00	Yes	No	No	No	Others
Total		2,845,000,000	/	/	/	2,575,000,000	45,240,947.09	/		/	/	/

3. ***Use of proceeds from raised funds***

Not applicable.

4. ***Analysis of principal subsidiaries and companies with equity interest***

The following is stated according to the audited financial report of A share of the Company prepared in accordance with PRC GAAP.

COSCO Container Lines Co., Ltd ("COSCON"), a wholly-owned subsidiary of China COSCO, is principally engaged in international and domestic container shipping services and related businesses. Its registered capital is RMB11,088,763,082.40. As at 31 December 2015, its total assets and total equity amounted to RMB51,042,629,001.49 and RMB6,448,231,503.70 respectively. Total equity attributable to owners of the parent company amounted to RMB6,137,100,317.53 (31 December 2014: RMB5,732,110,700.89). Revenue, operating profit, gross profit and net profit in 2015 were RMB44,726,214,375.6, RMB-1,415,649,231.82, RMB216,858,368.77 and RMB65,318,811.47 respectively. Net profit attributable to the equity holder of the parent company amounted to RMB36,554,760.98 (2014: RMB52,027,471.59).

China COSCO Bulk Shipping (Group) Company Ltd. ("COSCO Bulk"), a wholly-owned subsidiary of China COSCO established in 2011, is principally engaged in cargo transportation service of dry bulk cargo to the customers such as grain, minerals, coal, chemical fertilizer, steel, timber, agricultural products and cement. Its current registered capital is RMB25,968,025,394.50. As at 31 December 2015, its total asset and total equity amounted to RMB39,171,035,141.91 and RMB5,589,283,744.14 respectively. Total equity attributable to equity holders of the parent company amounted to RMB5,006,080,071.45 (31 December 2014: RMB5,820,473,570.70). Revenue, operating profit and net profit in 2015 were RMB9,008,573,763.07, RMB-2,183,838,852.16 and RMB76,896,491.96 respectively. Net profit attributable to the equity holder of the parent company amounted to RMB38,233,125.01 (2014: RMB-1,696,655,574.15).

COSCO Pacific Limited ("COSCO Pacific") and its subsidiaries are principally engaged in the businesses of terminals management and operation and container leasing, management and sales. COSCO Pacific is a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 December 2015, COSCO Pacific was owned as to 44.83% by China COSCO. As at 31 December 2015, the authorized share capital of COSCO Pacific was

HK$400,000,000 and its issued share capital and paid up capital was HK$296,655,943.90. As at 31 December 2015, the total asset and total equity of COSCO Pacific amounted to RMB49,736,130,136.35 and RMB33,509,757,465.45 respectively. Total equity attributable to equity holders of the parent company amounted to RMB31,496,774,852.94 (31 December 2014: RMB28,949,708,704.87). Revenue, operating profit and net profit in 2015 were RMB5,065,492,731.54, RMB2,223,617,557.40 and RMB2,499,351,622.19 respectively. Net profit attributable to equity holders of the parent company amounted to RMB2,368,076,684.60 (2014: RMB1,795,666,947.76).

5. ***Projects financed by funds not raised from financing activities***

Not applicable.

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

(I) Competition in the industry and development trend

Container shipping market

Competition landscape

Mega vessels and the reshuffling of cooperation alliances will dominate the competition landscape of the container shipping market. On the one hand, along with the increasing delivery of mega container vessels, the cost competition in the shipping market will be further intensified. It is estimated that low-cost strategy will remain as the core competitiveness of liners under the slow growth of demand, oversupply of shipping capacity and limited income growth in 2016. In addition, the intensifying competition of cooperation alliances will significantly stimulate the development of mega vessels and the cost competition in the industry. On the other hand, with the acquisition of American President Lines by CMA CGM, changes will occur in the competition landscape of the four major shipping alliances, namely 2M, O3, CKYHE and G6. Members of the cooperation alliance will reshuffle and a new competition landscape will be formed.

Market outlook

The global economic recovery will remain lacklustre in 2016 and the container shipping market will grew slowly. According to Alphaliner, the global container volume is anticipated to grow at 1.6% in 2016 as compared with 1.3% in 2015. However, the capacity will increase by 4.6% as compared with the increment of 8.5% in 2015. The capacity of newly delivered vessels is expected to reach approximately

1,356,000 TEUs, and the newly delivered vessels with a capacity of 10,000 TEUs will account for 69% of the total capacity. The gap between supply and demand will be still severe, the freight rates will remain low and the income of shipping industry will be materially affected.

Development trend

Oversupply will last for a while but the gap between supply and demand will narrow gradually. Mega vessels, operation alliances and industrial integration will result in high concentration and high entry barrier in the industry. The trend of mega vessels will push liner companies to refine their capacity structure and network which will result in the enhancement of operating capacity of hub ports. In face of the sluggish container shipping market, industrial integration has become the development trend of container shipping industry and an effective way to achieve scale effect and enhance competitiveness.

Terminal market

Competition landscape

The trend of liner alliance and mega vessels will propose higher requirements on terminal service quality and efficiency such as terminal operation efficiency and port turnround of ships. Moreover, the alliance of shipping companies will develop their own hub ports and transhipment systems by leveraging major and branch routes network, which will affect the competitive landscape of the port market.

Market outlook

In light of the overall global economic slowdown and deteriorating supply and demand in shipping market, the growth of port container throughput will be hard to record a significant improvement globally as compared with 2015. On the regional front, the North America market is likely to realize an improvement along with the continuous economic recovery. Despite the steady growth, the economies in Southeast Asia, including China, will see a slow down in growth rate. In addition, the growth rate of port throughput in China will further decelerate due to factors including reduced demand for commodities and tough foreign trade conditions.

Development trend

Regional terminal operators continue to expand their international presence. Meanwhile, terminal operators will continue to invest in emerging markets, especially to promote or bring favourable opportunities for the development of ports of countries in ASEAN, the Middle East and Africa, which are involved in the national strategy of "One Belt and One Road".

(II) Development strategy

In December 2015, China COSCO announced its restructuring plan. Through this restructuring, the strategic position has changed by shifting the focus from integrated shipping services to the development of supply chain of container shipping services. China COSCO aims to be the top container shipping and terminal service provider in the world and provide integrated solutions to customers by refining the global network in order to create a greater return for shareholders.

China COSCO will focus on boosting profitability, business expansion, globalisation and strengthening the stability/anti-periodic capability to comprehensively pursue its strategic goals and enhance its corporate value.

(III) Operation plan

Container shipping business

In 2016, the container shipping market will still experience a tough operating environment and the supply and demand will remain imbalanced. Meanwhile, the Company will face complicated challenges in reform and restructuring. To cope with these challenges, the Company will always adhere to the four strategic focuses of increase in scale, globalization, anti-periodic capability and profitability so as to constantly enhance its own strength and corporate value.

Subsequent to the restructuring, the Company will leverage the scale advantage to optimize resource allocation, adjust layout of routes and shipping capacity, and improve fleet structure and operating efficiency. It will also strive to establish more pendulum routes and expand the coverage of routes to further reduce the unit cost of the network. Moreover, it will further establish foothold in the global market to foster the network of routes and strengthen the balance of route layout. Continuous efforts will also be invested to develop the regional markets and emerging markets, and more services will be rendered for third-party countries.

The marketing and promotion of the Company will be strengthened to explore new customers and new markets. The Company will also expand the sources of supply by various ways and provide customers with more diversified and quality services. The Company will optimize supply structure and customer structure and develop and own a batch of small and medium customers with higher contribution. In addition, the Company aims to maintain balanced global logistics through marketing efforts. Capitalizing on the synergic effect of the restructuring and the advantages of its scale and shipments, the Company will carry out low-cost strategies effectively.

Capitalizing opportunities brought by "One Belt and One Road" and the Yangtze River Economic Belt and other strategies of China, the Company will diversify its business into derivative services business and enlarge its market shares. The Company will further improve its profitability by further investing resources in onshore key transportation node stations and storage infrastructure. The Company aims to retain customers and increase income from extended services through integrating its resources and improving full trip transportation solutions services provided to customers. In face of expected decline in freight rate, the Company will exert efforts in increasing non-shipping fee income, such as demurrage.

Adhering to its customer-oriented strategy, the Company will set up a high quality and effective service system, so as to provide its customers with diversified services and improve customers' experience. The Company will also speed up its innovation and keep trying and exploring new business model, in order to further develop e-commerce business and establish a "customer-driven" business model. In order to replenish the effectiveness of the Company, the Company will develop sales business of tugmaster, "Zhiqibao (滯期寶)" and insurance.

Terminal business

Competition landscape

The trend of liner alliance and mega vessels will propose higher requirements on terminal service quality and efficiency such as terminal operation efficiency and port turnround of ships. Moreover, the alliance of shipping companies will develop their own hub ports and transhipment systems by leveraging major and branch routes network, which will affect the competitive landscape of the port market.

Market outlook

In light of the overall global economic slowdown and deteriorating supply and demand in shipping market, the growth of port container throughput will be hard to record a significant improvement globally as compared with 2015. On the regional front, the North America market is likely to realize an improvement along with the continuous economic recovery. Despite the steady growth, the economies in Southeast Asia, including China, will see a slowdown in growth rate. In addition, the growth rate of port throughput in China will further decelerate due to factors including reducing demand for bulk commodities and tough foreign trade conditions.

Development trend

Regional terminal operators continue to expand their international presence. Meanwhile, terminal operators will continue to invest in emerging markets, especially to promote or bring favourable opportunities for the development of ports of countries in ASEAN, the Middle East and Africa, which are involved in the national strategy of "One Belt and One Road".

(IV) **Potential risks**

1. ***Risk of Macroeconomic Environment***

   In 2016, the overall global economy will show a rapid growth. However, imbalance will intensify and the economic performance will vary among different regions. This situation will bring positive and negative effect to the Company. Among others, as the demand from China and other emerging economies declines, the trade in China will be tough and the overall import and export will show a slow growth or even record a decline. Enterprises will face various challenges.

2. ***Risk of shipping market***

   In 2016, the oversupply in shipping market will still exist. The imbalance of supply and demand in container shipping market has not been solved completely. Slow growth in demand may become a general situation of the industry and enterprises are put under pressure by the trend of mega vessels. The growth of the global throughput will slow down. The growth throughput of ports in China will also slow down due to the decline in demands for bulk commodity, intensifying the operational risk of terminals.

III. PROFIT DISTRIBUTION OF ORDINARY SHARES OR CAPITALIZATION OF SURPLUS RESERVES PROPOSALS

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

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

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

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

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

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

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

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

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

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

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

Although the Company achieved profits in 2015, the negative value of accumulated undistributed profits had not been reversed. Upon the consideration by the Board, it was proposed that profits realized in the current year would not be distributed but would be used to supplement working capital to improve the financial conditions.

(II) Proposals or budgets for profit distribution and capitalization of surplus reserves of the Company in the recent three years (including the reporting period)

Unit: RMB

Year of Distribution	Number of bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (tax inclusive)	Number of scrip shares for every 10 shares (share)	Cash dividend (tax inclusive)	Net profit attributable to shareholders of listed companies in consolidated financial statements of the bonus distribution year	Ratio to net profit attributable to shareholders of listed companies in consolidated financial statements (%)
2015	—	—	—	—	283,391,000	—
2014	—	—	—	—	362,529,000	—
2013	—	—	—	—	235,470,000	—

(III) Cash repurchase offer which is credited to cash dividend

Not applicable.

(IV) **During the reporting period, the earnings and profits available for distribution to holders of ordinary shares of parent company were positive. However, if there was no proposed cash profits distribution for ordinary shares, the Company shall disclose the details of reasons and uses or proposed uses of undistributed profits.**

Reasons for no proposed cash profits distribution for ordinary shares in case of positive earnings and profits available for distribution to holders of ordinary shares of parent company during the reporting period	**Uses or proposed uses of undistributed profits**
According to the consolidated financial statements, the undistributed profits were negative.	Replenishing working capital and improving financial position

IV. **Fulfillment of social responsibility**

(1) **Performance of social responsibility**

1. As a participant of United Nations Global Compact, China COSCO devotes itself in boosting the development of the global economy, promoting the United Nations Global Compact and encouraging sustainable development. The Company presents its philosophy and the principle of the management and make undertakings to the public through various channels and in different places. From 6 to 9 July 2015, as the leader of the Chinese representatives for BRICS Business Council, Mr. Ma Zehua, the then Chairman of China COSCO, attended several meetings of the BRICS Business Council in 2015 held in Moscow and Ufa, and stated in the meetings that communication and trust should be enhanced inside BRICS Business Council while the Council should provide pragmatic opinions and strategies to the governments and facilitate project cooperation. Mr. Ma also hoped that all of the countries would continue to support the establishment of the "BRICS Information Sharing and Exchanging Platform". At the conclusion of the meetings, several consensus were reached in relation to promoting pragmatic business cooperation among BRICS.

2. During 2015, China COSCO continued to deepen its energy-saving and emission reduction programs. Attaching great importance to energy saving and emission reduction and environment protection, it put theories into practice to facilitate its comprehensive and coordinated sustainable development. Its new technologies and measures for energy saving and emission reduction were successful in ensuring the green and sustainable development of China COSCO. China COSCO engaged itself in actions that met the principles under the United Nations Global Compact and fulfilled its commitments to the community by actively building an energy-saving and environment-friendly enterprise that protects the environment and saves marine resources. It continued to move forward its energy conservation programs by effectively reducing fuel consumption and emission, implementing the emission reduction accountability system, mobilizing its staff to embrace green operations and requesting the management to strictly follow this requirement. In 2015, through the implementation of energy-saving measures, such as sailing at a reduced speed, optimizing route and reforming of energy-saving technologies, China COSCO saved 165,400 tonnes of bunkers in total, reduced the total emission of CO_2 by 514,400 tonnes, the total emission of SO_X by approximately 8,400 tonnes, and the total emission of NOx by 14,400 tonnes.

3. Besides the creation and allocation of economic value, China COSCO also put significant emphasis on investment that mainly served for the benefit of the public. All of China COSCO's staff, onshore and offshore, carried forward their international corporation in humanitarian actions. It would render assistance to the vessels of other liners when their property and people were in danger. People always come first. Such acts demonstrate the professionalism and unselfish hearts and devotion of China COSCO's seamen. At 08:50 a.m. on 12 January 2015, when COSCO Bulk's Xinfa vessel (新發海輪) was around the Great Barrier Reef, it received an emergency message from the AUS RCC that a business ship had exhausted its engine, at 60 sea miles from the west of Xinfa vessel (新發海輪), with the risk of stranding and grounding. Upon receiving such notification, Xinfa vessel changed its course and hurried to the water area to assist the AUS RCC in rescuing the business ship in danger. At 23:52 p.m. (local time), the business ship was pulled to a safe water area and the rescue attempt was successful. Thereafter, AUS RCC expressed their high appreciation to Xinfa vessel's help.

4. In 2015, China COSCO and its subsidiaries received various honors for their performance of social responsibilities:

Main international and national awards received in 2015

Award Time	**Awards**
23 March 2015	COSCO Bulk was awarded the title of 2014 Safe and Advanced Production Unit in Transportation Industry in Tianjin (天津市交通運輸行業2014年度安全生產先進單位)
13 April 2015	China COSCO won three awards in the 5th Asian Excellence Recognition Awards 2015, namely the Best Investor Relations Company (最佳投資者關係企業獎), Asia's Best CEO (Investor Relations) (亞洲最佳CEO (投資者關係)) and Best Investor Relations Professionals (最佳投資者關係專業人員)
18 June 2015	COSCO (Hong Kong) Shipping Co., Ltd was awarded the 2014 Best Performance in Port State Control Awards (2014年港口國檢查卓越成就獎)
24 June 2015	COSCO Pacific was honored for the fourth consecutive year with an "Outstanding China Terminal Award" by CAPITAL
13 July 2015	COSCO Bulk was awarded the title of 2014 Top 100 Enterprises by Tianjin Airport Area of China (Tianjin) Pilot Free Trade Zone

(2) **Description of environmental protection regulations in relation to listed companies and its subsidiaries of heavy pollution industries as required by the state environmental protection department**

Not applicable.

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from 25 April 2016 to 24 May 2016, both days inclusive, during which period no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on 22 April 2016 at 4:30 p.m. are entitled to attend the annual general meeting of the Company to be held on Tuesday, 24 May 2016.

Corporate Governance

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

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

None of the Directors is aware of any information that would reasonably indicate that the Company had not been in compliance with the Code for any part of the period for the year ended 31 December 2015.

Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issued (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for securities transactions by the Directors and supervisors of the Company (the "**Supervisors**"). Having made specific enquiries of all Directors and Supervisors, each of them has confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2015.

Board Committees

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

Audit Committee

The audit committee of the Company (the "**Audit Committee**"), established in April 2005, comprises two independent non-executive Directors and one non-executive Director. It is chaired by Mr. KWONG Che Keung, Gordon and the other two members are Ms. SUN Yueying and Mr. YANG, Liang Yee Philip. All members of the Audit Committee are competent and experienced in understanding, analyzing and reviewing the financial reports of listed companies.

The annual results of the Company have been reviewed by the Audit Committee.

Repurchase, Sale or Redemption of Shares of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries had repurchased or sold any listed securities of the Company. The Company had not redeemed the Company's securities during the Reporting Period.

Service Contracts

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

Pre-emptive Rights

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

Auditors

The Company has appointed PricewaterhouseCoopers and Ruihua Certified Public Accountants, LLP as the international and PRC auditors of the Company respectively for the year ended 31 December 2015. PricewaterhouseCoopers has conducted the audit of the Group's financial statements which are prepared in accordance with HKFRSs. Resolutions for the re-appointment of PricewaterouseCoopers and Ruihua Certified Public Accountants, LLP as the international and PRC auditors of the Company respectively will be proposed at the forthcoming annual general meeting of the Company to be held on Tuesday, 24 May 2016.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

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

PUBLICATION OF ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.chinacosco.com). The annual report for the year ended 31 December 2015 containing the information required by the Listing Rules will be despatched to Shareholders and will be available for review on the same websites in due course.

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

Beijing, the People's Republic of China
30 March 2016

As at the date of this announcement, the directors of the Company are Mr. WAN Min[2] (Chairman), Ms. SUN Yueying[2], Mr. SUN Jiakang[1], Mr. YE Weilong[1], Mr. WANG Yuhang[2], Mr. XU Zunwu[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. KWONG Che Keung, Gordon[3], Mr. Peter Guy BOWIE[3] and Mr. YANG, Liang Yee Philip[3].

[1] *Executive director*
[2] *Non-executive director*
[3] *Independent non-executive director*

* *For identification purpose only*