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中 海 集 裝 箱 運 輸 股 份 有 限 公 司

China Shipping Container Lines Company Limited*

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

(Stock code: 02866)

**ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

FINANCIAL HIGHLIGHTS (UNDER HKFRS)

- Revenue amounted to RMB31,834,165,000
- Loss attributable to owners of parent of the Company amounted to RMB2,950,234,000
- Basic loss per share amounted to RMB0.253
- Loaded container volume amounted to 7,809,419TEU in the year 2015

The board of directors (the “**Board**”) of China Shipping Container Lines Company Limited (the “**Company**” or “**CSCL**”) is pleased to present the audited consolidated results prepared under Hong Kong Financial Reporting Standards (“**HKFRS**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015 (the “**Period**”), together with the audited comparative figures for the year ended 31 December 2014.

CHAIRMAN’S STATEMENT

In 2015, the world’s economy remained in a plight, while the container liner transport market suffered from an intensified supply-demand imbalance under the influence of a number of factors, i.e. global macroeconomic downturn, decreasing growth in demand and unstopping invasion of new capacity. The freights at mainstream routes remained at a low level, with that at the Asia-Europe route diving to a new low due to the effect of increasing large-scale capacity. The China Containerized Freight Index (“CCFI”) issued by Shanghai Shipping Exchange, dropped from 1,064.42 at the beginning of 2015 to 723.3 at the end of the Period, decreased by 32% as compared with the corresponding period of last year; year average was 872.5, decreased by 19.7% as compared with the corresponding period of last year. The international shipping industry presents such features as concentrated capacity, strengthened alliance, economies of scale and low-cost operations.

Facing the highly inactive market, CSCL actively accelerated the implementation of its operating measures, enhanced operational excellence, made every effort to “Strengthen Security, Reduce Costs, Improve Efficiency and Deepen Reform” and remained diligent and arduous in the adverse environment.

For the year of 2015, the Company’s revenue was RMB31.83 billion, representing a decrease of 11.8% as compared with 2014. The Company’s loaded container volume was approximately 7.809 million TEU, representing a decrease of 3.5% as compared with 2014. Loss attributable to owners of parent of the Company was RMB2.9 billion and the basic loss per share was RMB0.253.

REVIEW OF OPERATIONS

In 2015, facing the harsh market environment with a heavy build-up of pressure, the Company remained united and determined in carrying out its operational initiatives under the guideline of “striving for operating excellence”, and continuously improved its management expertise and competitive edge.

In view of the trend in the shipping market towards large container vessels, the Company adhered to its operating philosophy of low-carbon environment friendliness while constantly optimizing the structure of its fleet. The Company took in five new 19,100TEU vessels, while continuing to retire and dispose of small and aged vessels with excessive fuel consumption and incurring high maintenance costs, as a result of which, our fleet is gradually developing into a large, modern and low-carbon fleet with its overall competitiveness further enhanced. As at 31 December 2015, the Company had a fleet of 173 vessels, with a total operating capacity of 889,000TEU, representing an increase of 163,000TEU, or 22.4%, as compared with the same period of last year. The average capacity of our fleet was 5,141TEU per vessel, representing an increase of 542TEU as compared with the same period of last year.

In 2015, the Company focused on route benefits, optimized its route capacity allocation and adjusted its route services according to the market demand. During the peak season, we would take full advantage of our large vessels and make every effort to expand our market share while ensuring adequate route capacity and satisfactory customer service; during the low season, we would make rational arrangement for the surplus capacity by introducing low-season suspension plan based on our anticipation of the market development, so as to reduce our operating costs and improve freight space utilization.

The Company has always been committed to service quality improvement, and working vigorously to develop direct customer marketing and optimize the cargo source structure. The Company regards quality service as the cornerstone of cooperation with our customers, and fully perceives the customers' needs to win their trust and recognition, so as to constantly improve customer loyalty. There was a significant increase in the number of customers we secured in 2015, which has laid a solid foundation of cargo source for our large vessels and new route network. Meanwhile, the Company made a breakthrough last year in canvassing cargo with high added value, with the throughput of reefer containers, special containers and hazardous goods increasing by about 8% as compared with the same period of last year.

In 2015, the Company strengthened its overall cost control, and through comparison with the industry-leading liners, constantly optimized its cost control measures. In respect of fuel costs: the Company has been constantly reducing its fuel costs through a number of approaches, i.e. the increasing use of high viscosity fuel, optimization of low-price fuel-locking scheme, energy-saving technological upgrade and refined fuel consumption control. In respect of network costs: in view of the generally rising port costs, the Company actively negotiated with relevant parties as an effort to maintain and reduce its network costs. In respect of container management costs: the Company imposed effective control over the container management costs through reasonable arrangements for empty containers, good control of self-owned containers and strictly-limited use of new containers, etc.

The Company was actively exploring the path of diversified development, paying great attention to the chain services. In 2015, the Company continued to improve its sea-rail transport service and actively promoted it in the targeted markets while optimizing trailer management and standardizing the trailer operating systems and processes, as an effort to build up a door-to-door transport service system. Meanwhile, the Company continued to optimize its e-commerce platform and started to offer premium services such as domestic shipping booking, European freight pickup services and Sino-Brazil express in its E-Shipping Gateway platform, with our loading ports substantially covering all the major ports across the country.

Besides, the Company continuously refined its corporate governance to ensure that its operation was in compliance with applicable laws and regulations. The Company also reinforced the setting up of an environment management system, actively promoted each and every employee to practice green development, and continuously refined environment management mechanism, so as to ensure that the Company's commitment to environmental protection was fully integrated into shipping transportation and its daily operation.

Reform, Restructuring, Transition and Development

As an effort to stay abreast of the world's economic growth and the development of the industry, closely follow the state's development strategy of deepening reform in state-owned enterprises and the "one belt one road" initiative, and achieve our core target of growing stronger, better and bigger, the Company, with the approval of the shareholders at the general meeting, carried out a material asset restructuring on 1 February 2016. Through restructuring transactions, CSCL is expected to experience a strategic transformation, and change from a container liner operator into an integrated financial services platform with leasing businesses such as vessel leasing, container leasing and non-shipping leasing as core and shipping financing as feature.

Through the reorganization, CSCL will change into a listed financial services platform focusing on shipping finance services by leasing its containers and container vessels to COSCO and disposal of its equity interests in the container shipping supporting business and CS Ports, as well as acquisition of the leasing and financial assets and equity interests of COSCO Group and China Shipping Group. Through this transaction, CSCL is to shape its three core business segments, i.e. the diversified leasing segment which consists of container leasing and manufacturing, vessel leasing, medical services, education and new energy services; the investment segment which consists of equity investments and intra-group financial services; the other finance segment which consists of equity interests in CBHB, Shanghai Life and Helen Insurance. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 31 December 2015.

Upon completion of the restructuring, CSCL's vessel leasing operations will become in the forefront of the world in terms of scale, with the scale of container leasing business ranking third in the world and a bright future for its non-shipping finance leasing business. CSCL will take full advantage of the Group's existing resources in the shipping and logistics industry and financial services industry, and do the best it can to develop integrated financial services and enhance investor returns through optimization of its operating models, economies of scale, efficiency enhancement and profit growth.

Strategies for Future Development

At present, China's economy is entering into a new norm. China's central government has successively promulgated a series of strategies and policies, such as "one belt one road", "the Yangtze River Economic Belt," "Manufacturing Equipment Going Out" and "International Capacity Cooperation", as an effort to accelerate domestic economic restructuring and promote the structural reform at the supply side, which has created significant opportunities for the development of China's enterprises as well as for the globalization efforts of the shipping companies. In addition, while China's ship-building capacity has secured a world-leading position, its shipping finance industry is still in the early stage of development with great market potential, hence national and local policies encourage the development of shipping finance business. CSCL will take good advantage of the opportunities arising from China's initiatives to accelerate development of its finance leasing and financial leasing industries, and set up an integrated financial services platform on the basis of its shipping business, leveraging on its deep understanding and experience in the shipping industry accrued over decades. In the future, the Company will define clear business development strategies for all its business lines.

As a shipping finance platform, CSCL is to integrate premium resources and take advantage of the Group's numerous strengths, such as its background, to realize integration of its shipping and finance business, and promote the finance business with its shipping business as well as the operating efficiency and profit growth.

1. LEASING BUSINESS

The container leasing business is an extension of the industry chain of container manufacturing, which will be mainly engaged in container leasing and trading of various kinds. The Company will strive to become an industry-leading leasing company with unique competitive edges on the basis of the current container leasing business of Florens and Dong Fang International. In a short-term view, the Company is to follow the guideline of “consolidating core businesses while seizing market opportunities” and take advantage of the business combination to realize synergy among sales, cost and capability, so as to consolidate its core business. In a long-term view, the Company is to seize opportunities to develop its special container leasing business, optimize its contract patterns and improve capital structure, so as to increase returns.

The vessel leasing business will focus on the operating lease or finance lease of container vessels and dry bulk cargo vessels. Upon completion of the transaction, the Company will be developing the vessel finance leasing as its core business on the basis of its existing shipping business. In a short-term view, CSCL is to mobilize its current fleet resources to revive its internal business; in the long run, it is to gradually increase the proportion of its foreign business and foreign trade business and work out a “one-stop” business model leveraging on the Group's advantages of full industrial chain deployment, in an attempt to establish a unique competitive edge in the industry.

The non-shipping leasing business will be engaged in various kinds of non-shipping leasing business, including health care, education and new energy. The Company sets its focus on the SME clients and strives to become a finance leasing industry leader by leveraging on its existing business, experience and capital to promote combination of shipping and finance business. In the industrial sector, the Company will support customer-oriented development and provide financial leasing value-added services, establishing a leasing business platform offering one-stop professional services with uniform standards.

2. INVESTMENT BUSINESS

The Company will devote itself to various equity and strategic investments, such as those in the financial sector, as an important supplement to the real industry, and dock the current volatile market conditions and trends with the national strategies (such as “one belt one road” and “Made in China 2025”), so as to better utilize various strategic investment opportunities and enhance the return on investment and the Company’s overall return on capital.

3. INTEGRATED FINANCIAL SERVICES

The Company will constantly seek suitable opportunities for expanding its investments in the financial sector, accelerate the growth in asset scale and income level, as an effort to build up a comprehensive financial services platform.

In addition, the Company will create a new management mechanism on the basis of its traditional shipping business and further construct and improve a comprehensive risk management system, so as to enhance its risk control capability from different aspects such as risk preference, organization and governance.

2016 marks the beginning of CSCL’s new journey to the future, and we will take a firm grip of market opportunities and give full play to our advantages to create a cross-selling financial ecosystem that combines shipping with finance and combines finance with finance, in an attempt to become China’s leading and the world’s first-class integrated financial services platform with distinct shipping logistic features.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		As at 31 December	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		38,336,163	36,369,808
Investment properties		2,037	2,093
Intangible assets		15,572	18,916
Investments in associates		3,954,706	3,754,380
Investments in joint ventures		56,243	52,402
Derivative financial instruments		–	4,026
Deferred tax assets		4,358	10,479
Total non-current assets		42,369,079	40,212,104
Current assets			
Inventories		898,955	1,185,498
Trade and notes receivables	4	1,930,882	2,384,511
Prepayments and other receivables		675,706	401,953
Derivative financial instruments		–	697
Restricted cash		1,410	500
Cash and cash equivalents		11,001,051	9,355,888
Total current assets		14,508,004	13,329,047
Total assets		56,877,083	53,541,151
EQUITY			
Equity attributable to owners of the parent			
Share capital		11,683,125	11,683,125
Special reserves		19,030	20,150
Other reserves		17,206,241	16,873,604
Accumulated losses		(6,734,162)	(3,784,442)
		22,174,234	24,792,437
Non-controlling interests		63,096	85,046
Total equity		22,237,330	24,877,483

	<i>Note</i>	As at 31 December	
		2015	2014
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings		17,807,972	13,463,254
Domestic corporate bonds		1,796,432	1,793,981
Finance lease obligations		7,276	150,281
Derivative financial instruments		691	–
Deferred tax liabilities		94	75
Total non-current liabilities		19,612,465	15,407,591
Current liabilities			
Trade payables	5	3,532,484	3,825,897
Other payables and accruals		889,433	658,358
Interest-bearing bank and other borrowings		10,557,263	8,690,651
Derivative financial instruments		147	–
Finance lease obligations – current portion		8,550	36,978
Tax payable		14,411	19,193
Provisions		25,000	25,000
Total current liabilities		15,027,288	13,256,077
Total liabilities		34,639,753	28,663,668
Total equity and liabilities		56,877,083	53,541,151
Net current (liabilities)/assets		(519,284)	72,970
Total assets less current liabilities		41,849,795	40,285,074

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015

		Year ended 31 December	
		2015	2014
	<i>Notes</i>	RMB'000	RMB'000
CONTINUING OPERATIONS			
Revenue	3	31,834,165	36,077,425
Costs of services	7	(32,788,268)	(34,839,333)
Gross (loss)/profit		(954,103)	1,238,092
Selling, administrative and general expenses	7	(1,951,930)	(963,275)
Other income	8	715,009	788,350
Other (loss)/gains, net	9	(297,378)	898,527
Operating (loss)/profit		(2,488,402)	1,961,694
Finance costs	10	(605,787)	(468,294)
Share of profits of:			
Associates		193,185	77,915
Joint ventures		3,841	6,209
(Loss)/profit before income tax from continuing operations		(2,897,163)	1,577,524
Income tax expense	11	(41,972)	(547,530)
(Loss)/profit for the year from continuing operations		<u>(2,939,135)</u>	<u>1,029,994</u>
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		–	38,756
(LOSS)/PROFIT FOR THE YEAR		<u>(2,939,135)</u>	<u>1,068,750</u>
Attributable to:			
Owners of the parent		(2,950,234)	1,044,036
Non-controlling interests		11,099	24,714
		<u>(2,939,135)</u>	<u>1,068,750</u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
(Expressed in RMB per share)			
Basic and diluted			
– For (loss)/profit for the year	12	<u>RMB(0.253)</u>	<u>RMB0.089</u>
– For (loss)/profit from continuing operations		<u>RMB(0.253)</u>	<u>RMB0.086</u>

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
(Loss)/profit for the year	<u>(2,939,135)</u>	<u>1,068,750</u>
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	(5,682)	4,715
Share of other comprehensive income of associates and joint venture	39,841	(32,334)
Exchange differences on translation of foreign operations	<u>299,935</u>	<u>10,724</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	<u>334,094</u>	<u>(16,895)</u>
Total comprehensive (loss)/income for the year	<u>(2,605,041)</u>	<u>1,051,855</u>
Attributable to:		
Owners of the parent	(2,618,519)	1,027,451
Non-controlling interests	<u>13,478</u>	<u>24,404</u>
	<u>(2,605,041)</u>	<u>1,051,855</u>

NOTES:

1. GENERAL INFORMATION

China Shipping Container Lines Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 28 August 1997 as a company with limited liability under the Company Law of the PRC. On 3 March 2004, the Company was transformed into a joint stock limited company under the Company Law of the PRC. In 2004, the Company issued overseas public shares (“H Shares”), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) on 16 June 2004. In 2007, the Company issued PRC domestic public shares (“A Shares”), which were listed on the Shanghai Stock Exchange on 12 December 2007.

The address of the Company’s registered office is Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC.

The Company and its subsidiaries are principally engaged in holding, chartering and operating container vessels for the provision of international and domestic container marine transportation services. The information about subsidiaries is included in the consolidated financial statements.

On 11 December 2015, the Company has announced that a notification was received from China Shipping (Group) Company, the ultimate holding company of the Group, that the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “SASAC”) has granted its approval in principle of the restructuring of China Shipping (Group) Company and its subsidiaries (the “CS Group”) and China Ocean Shipping (Group) Company and its subsidiaries (the “COSCO Group”) in relation to their businesses in container shipping, vessel leasing, oil shipping, bulk shipping and the financial sectors (the “Restructuring”).

As part of the Restructuring, the Company or its relevant subsidiaries entered into a series of agreements with China Shipping (Group) Company, China Ocean Shipping (Group) Company or their relevant subsidiaries (the “Counterparties”) on 11 December 2015, whereby the Company or its relevant subsidiaries have agreed to acquire equity interests in certain companies’ operating container leasing businesses, shipping-related financial service business and other financial business from the Counterparties; and to sell equity interests in certain of its subsidiaries and associates operating port business and container shipping agency business to the Counterparties. As of 31 December 2015, the Restructuring and the relevant acquisition and sales transaction are still subject to the approval by the independent shareholders of the Company and the relevant regulatory authorities. Please refer to the Company’s circular dated on 31 December 2015 for further details of the Restructuring.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the “Board”) on 30 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which has been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The Group had net current liabilities of RMB519,284,000 as at 31 December 2015. The Directors are of opinion that based on the available unutilised banking facilities as at 31 December 2015, the Group will have necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the Directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and Amended Standards Adopted by the Group

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2011-2013 Cycle

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

New and Revised HKFRSs and New Disclosure Requirements under the Hong Kong Companies Ordinance not yet Adopted

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9

Amendments to HKFRS 10
and HKAS 28 (2011)

Amendments to HKFRS 10,
HKFRS 12 and
HKAS 28 (2011)

Amendments to HKFRS 11

HKFRS 14

HKFRS 15

Amendments to HKAS 1

Amendments to HKAS 16
and HKAS 38

Amendments to HKAS 16 and HKAS 41

Amendments to HKAS 27 (2011)

Annual Improvements 2012-2014 Cycle

*Financial Instruments*²

*Sale or Contribution of Assets between an Investor and
its Associate or Joint Venture*⁴

*Investment Entities: Applying the Consolidation Exception*¹

*Accounting for Acquisitions of Interests in
Joint Operations*¹

*Regulatory Deferral Accounts*³

*Revenue from Contracts with Customers*²

*Disclosure Initiative*¹

*Clarification of Acceptable Methods of Depreciation
and Amortisation*¹

*Agriculture: Bearer Plants*¹

*Equity Method in Separate Financial Statements*¹

Amendments to a number of HKFRSs¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁴ No mandatory effective date yet determined but is available for adoption

3. REVENUE AND SEGMENT INFORMATION

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

The chief operating decision-maker assesses the performance of the operating segments based on a measure of operating profit/(loss), which is reconciled to profit/(loss) before income tax.

For the years ended 31 December 2015 and 2014, all the (losses)/profits from continuing operations are generated through container shipping and related business.

Revenue from the major trade districts and shipping lanes is set out below:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Pacific	9,075,983	9,366,710
Europe/Mediterranean	7,161,068	8,921,941
Asia Pacific	6,011,170	6,777,882
China Domestic	4,706,247	5,772,195
Other Lanes	1,689,539	1,064,590
Logistic Services and Others	3,190,158	4,174,107
Revenue	31,834,165	36,077,425

The directors of the Company consider that the nature of the Group's business precludes a meaningful allocation of the Group's non-current assets of container shipping business to specific geographical segments as they mainly include container vessels and containers which are utilised across geographical markets for shipment of cargoes throughout the world.

No revenue derived from a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the years ended 31 December 2015 and 2014.

4. TRADE AND NOTES RECEIVABLES

	2015	2014
	RMB'000	RMB'000
Trade receivables		
– Fellow subsidiaries	247,526	333,418
– Third parties	1,481,062	1,858,108
	1,728,588	2,191,526
Notes receivable	202,294	192,985
	1,930,882	2,384,511

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2015 RMB'000	2014 RMB'000
Within 3 months	1,816,116	2,344,821
4 to 6 months	166,337	56,954
7 to 9 months	815	49,410
10 to 12 months	326	222
Over 1 year	819	952
	1,984,413	2,452,359
Less: Provision for impairment of receivables	(53,531)	(67,848)
	1,930,882	2,384,511

Credit policy

Credit terms in a range within three months are granted to those customers with a good payment history. There is no concentration of credit risk with respect to trade receivables, as the Group and the Company have a large number of customers, internationally dispersed.

5. TRADE PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables		
– Fellow subsidiaries	772,974	873,069
– Third parties	2,759,510	2,952,828
	3,532,484	3,825,897

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

	2015 RMB'000	2014 RMB'000
Within 3 months	3,393,596	3,782,579
4 to 6 months	27,586	8,961
7 to 9 months	45,308	11,196
10 to 12 months	21,055	14,847
1 to 2 years	44,939	8,314
	3,532,484	3,825,897

The carrying amounts of the trade payables approximated their fair values as at the end of the reporting period.

6. DISPOSAL OF SUBSIDIARIES

	2014 RMB'000
Net assets disposed of:	
Property, plant and equipment	1,689,362
Leasehold land and land use rights	90,306
Intangible assets	3,431
Available-for-sale financial assets	1,145,642
Investments in associates	44,151
Investments in joint ventures	1,238,676
Inventories	10,867
Trade and notes receivables	117,756
Prepayments and other receivables	78,741
Cash and bank balances	492,648
Interest-bearing bank and other borrowings – non-current	(372,000)
Trade payables	(29,436)
Other payables and accruals	(220,066)
Interest-bearing bank and other borrowings – current	(707,000)
Tax payable	208
Non-controlling interests	(422,270)
	<u>3,161,016</u>
Special reserves	(883)
Other reserves	(6,395)
	<u>947,456</u>
Gain on disposal of subsidiaries	<u>4,101,194</u>
	<u><u>4,101,194</u></u>
Satisfied by:	
Cash	678,134
Interests in associates	3,423,060
	<u>4,101,194</u>
	<u><u>4,101,194</u></u>

On 22 November 2013, the Company, put up its 100% equity interest in its subsidiary, Shanghai China Shipping Yangshan International Container Storage and Transportation Co., Ltd. (“CS Yangshan”) on the Shanghai United Assets and Equity Exchange (“SUAEE”) for open bidding by public bidders in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC. On 3 January 2014, China Shipping Logistics Co., Ltd. bid the equity interest at a consideration of RMB305,411,000 and entered into the equity transfer agreement with the Company. The equity transaction certificate by SUAEE with respect to the disposal has been issued and the agreement has become effective on 6 January 2014.

On 22 November 2013, the Company, put up its 100% equity interest in its subsidiary, Shanghai Zhengjin Industrials Co., Ltd. (“Zhengjin”) on SUAEE for open bidding by public bidders in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC. On 3 January 2014, China Shipping Investment Co., Ltd. bid the equity interest at a consideration of RMB372,723,000 and entered into the equity transfer agreement with the Company. The equity transaction certificate by SUAEE with respect to the disposal has been issued and the agreement has become effective on 6 January 2014.

On 20 June 2014, the Company disposed of its 100% equity interest in its subsidiary, China Shipping Terminal Development Co., Ltd. (“CSTD”) to China Shipping Terminal Development (H.K.) Co., Ltd. (“CSTD HK”) after approval by State-owned Assets Supervision and Administration Commission of the State Council of the PRC which was settled through the issuance of 2,782,975,935 new shares which is equal to 49% equity interest in CSTD HK to the Company. The consideration of the subscription which equals to the valuation result was RMB3,423,060,000. The net assets attributable to the Group disposed amounted to RMB2,770,845,000. The Group had a gain on disposal of RMB652,215,000.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2014 RMB'000
Cash consideration	678,134
Cash and bank balances disposed of	(447,083)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	231,051

7. COSTS AND EXPENSES BY NATURE

Costs of services, and selling, administrative and general expenses of continuing operations are analysed as follows:

	2015 RMB'000	2014 RMB'000
Costs of services		
Container repositioning and management	10,530,909	10,473,533
Bunkers consumed or sold	5,872,398	9,315,693
Operating lease rentals	4,405,750	2,958,644
Port charges	2,152,374	2,024,404
Depreciation	1,784,202	1,531,369
Employee benefit expenses	1,347,252	1,289,719
Sub-route costs and others	6,695,383	7,245,971
	32,788,268	34,839,333
	2015 RMB'000	2014 RMB'000
Selling, administrative and general expenses		
Employee benefit expenses	540,953	554,912
Rental expenses	85,884	95,325
Telecommunication and utilities expenses	74,929	67,008
Depreciation	39,704	25,217
Repair and maintenance expenses	2,569	5,925
Auditors' remuneration	14,723	12,800
Provision for impairment of fixed assets	821,982	—
Amortisation	7,669	6,194
Reversal for impairment of trade receivables and other receivables	(9,466)	(210)
Office expenses and others	372,983	196,104
	1,951,930	963,275
	34,740,198	35,802,608

8. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Interest income	173,547	199,594
Government grant related to income	257,720	279,784
Refund of value-added tax ("VAT") (Note a)	255,044	295,002
Information technology services fees and others	28,698	13,970
	<u>715,009</u>	<u>788,350</u>

Note:

- (a) Starting from 1 January 2012, the Company, Shanghai Puhai Shipping Lines Co., Ltd. and Yangshan International Container Storage & Transportation Co., Ltd., subsidiaries of the Group, are entitled to a refund of VAT, in accordance with "Circular of the Ministry of Finance and the State Administration of Taxation on Tax Policies in the Nationwide Pilot Collection of Value Added Tax in Lieu of Business Tax in the Transportation Industry and Certain Modern Services Industries" ("the Circular").

9. OTHER (LOSS)/GAINS, NET

	2015 RMB'000	2014 RMB'000
Losses on disposal of items of property, plant and equipment	(253,337)	(18,399)
Gains on disposal of subsidiaries	–	947,456
Net foreign exchange losses	(51,606)	(30,530)
Others	7,565	–
	<u>(297,378)</u>	<u>898,527</u>

10. FINANCE COST

	2015 RMB'000	2014 RMB'000
Interest expenses:		
– Borrowings and domestic corporate bonds	608,409	499,845
– Finance lease obligations	7,608	12,230
	<u>616,017</u>	<u>512,075</u>
Total interest expenses	616,017	512,075
Less: Amount capitalised in vessels under construction	(10,230)	(43,781)
	<u>605,787</u>	<u>468,294</u>

The capitalisation rate applied to funds borrowed and bonds issued generally and utilised for the vessels under construction was 2.67% per annum for the year ended 31 December 2015 (2014: 2.19%).

11. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current income tax		
– PRC corporate income tax (<i>Note (a)</i>)	32,445	57,205
– Hong Kong profits tax (<i>Note (b)</i>)	537	1,597
– Others	2,850	2,625
Deferred income tax	6,140	486,103
	<u>41,972</u>	<u>547,530</u>

Notes:

(a) PRC corporate income tax (“CIT”)

According to the Corporate Income Tax Law of the People’s Republic of China, which was effective from 1 January 2008, the CIT rate applicable of the Company and its subsidiaries incorporated in PRC was 25% for the year ended 31 December 2015 and 2014.

Pursuant to relevant CIT regulations, the dividends received by the Company from its overseas subsidiaries are subject to CIT at a rate of 25%.

(b) Hong Kong profits tax

Hong Kong profits tax was provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits of the Group companies’ operation in Hong Kong for the year ended 31 December 2015.

12. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share amount is calculated by dividing the (loss)/profit attributable to owners of parent by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (<i>RMB'000</i>)		
From continuing operations	(2,950,234)	1,007,990
From a discontinued operation	–	36,046
	<u>–</u>	<u>36,046</u>
Shares		
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>11,683,125</u>	<u>11,683,125</u>

Diluted (loss)/earnings per share amount share the same as the basic (loss)/earnings per share, as the Company did not have any potential dilutive ordinary shares during the years ended 31 December 2015 and 2014.

13. DIVIDENDS

The directors do not recommend a final dividend in respect of the year ended 31 December 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW ON OVERALL OPERATIONAL PERFORMANCE

For the year ended 31 December 2015, the Group recorded a revenue of RMB31,834,165,000, representing a decrease of 11.8% as compared with 2014; loss before income tax from continuing operations was RMB2,897,163,000; loss attributable to owners of the parent amounted to RMB2,950,234,000. Loaded cargo volume for the whole year amounted to 7,809,419TEU, representing a decrease of 3.5% as compared with 2014. For the year ended 31 December 2015, the average freight rate per TEU for international trade lanes of the Group amounted to RMB4,757, representing a decrease of 9% as compared with 2014, which was primarily due to a number of factors including global economic downturn, decelerating demand growth for shipping transportation and continuing expansion in new shipping capacity which led to lower freight rates of major trade lanes. For our international trade lanes, the Europe-Mediterranean lanes recorded the deepest drop in freight rate.

Average freight rate per TEU for domestic trade lanes amounted to RMB1,540, representing a decrease of 15.6% as compared with the corresponding period of 2014, which was mainly due to weak demand as a result of domestic economic downturn. As at 31 December 2015, the total shipping capacity of the Group amounted to 889,434TEU, representing an increase of 22% as compared with 2014.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by RMB4,243,260,000, from RMB36,077,425,000 in 2014 to RMB31,834,165,000 in 2015, representing a decrease of 11.8%. The decrease in revenue was primarily due to a combination of influence of the following elements:

Below is an analysis of loaded container volume by trade lanes:

Main markets	2015 (TEU)	2014 (TEU)	Changes (%)
Pacific trade lanes	1,249,361	1,294,372	-3%
Europe/Mediterranean trade lanes	1,542,939	1,485,078	4%
Asia Pacific trade lanes	1,897,275	2,048,654	-7%
China domestic trade lanes	3,056,996	3,164,825	-3%
Others	62,848	100,499	-37%
Total	<u>7,809,419</u>	<u>8,093,428</u>	<u>-3.5%</u>

Details of income

Main markets	2015 (RMB'000)	2014 (RMB'000)	Changes (%)
Pacific trade lanes	9,075,983	9,366,710	-3%
Europe/Mediterranean trade lanes	7,161,068	8,921,941	-20%
Asia Pacific trade lanes	6,011,170	6,777,882	-11%
China domestic trade lanes	4,706,247	5,772,195	-18%
Others	1,689,539	1,064,590	59%
Total	<u>28,644,007</u>	<u>31,903,318</u>	<u>-10%</u>

Decrease in volume of loaded cargoes

The volume of loaded cargo in 2015 amounted to 7,809,419TEU, representing a decrease of 3.5% as compared with 2014. Among which, cargo volume of international trade lanes decreased by 3.6% as compared with the corresponding period of last year, primarily due to significant slowdown in global economic recovery and weakened demand for container transport. Cargo volume of domestic trade lanes decreased by 3.4% as compared with the corresponding period of 2014. The decrease was primarily due to limited shipping space utilization rate and tendency of saturation of domestic market which in turn restrained market growth.

Decrease in freight rates

Decrease in freight rates was primarily due to a slowdown in global economic growth, a sluggish international shipping market and an imbalance in supply and demand in 2015, which led to substantial drop in overall freight rate. According to CCFI, freight rate fell sharply from 1,064.42 at the beginning of 2015 to 723.3 at the end of the year, representing a decrease of 32% as compared with the corresponding period of last year; the year average was 872, representing a decrease of 19.7% as compared with the corresponding period of last year.

Costs of services

In 2015, total costs of services amounted to RMB32,788,268,000, representing a decrease of 5.9% as compared with the corresponding period of 2014. Costs of services per TEU was RMB4,011, representing an increase of RMB11, which is immaterial as compared with the corresponding period of 2014.

The decrease in the costs of services was due to the following reasons:

- Container and cargo costs increased from RMB13,260,260,000 in 2014 to RMB13,405,841,000 during the Period, representing an increase of 1.1% as compared with 2014, which is immaterial as a whole. In response to a slower growth in cargo demand, the Company cut back new shipping capacity, as a result, new shipping space put into operation decreased by 3.9% as compared with last year, whereas loaded cargo volume decreased by 3.5%, however stevedore charges remained flat as compared with last year due to increase in rates.
- Vessel and voyage costs decreased from RMB11,340,282,000 in 2014 to RMB10,620,693,000 for the Period, representing a decrease of 6.3% as compared with the corresponding period of 2014, mainly due to the decrease in fuel costs. During the Period, fuel costs amounted to RMB4,410,134,000, representing a decrease of 36% as compared with RMB6,850,509,000 in the corresponding period of 2014. The decrease in fuel costs was due to fallen oil prices in the global market which led to a decrease in the unit fuel cost of the Company of approximately 34.9% during the Period. Moreover, the adding of ports with fuel refill facilities at low prices also substantially reduced our fuel costs.
- Sub-route and other costs decreased from RMB6,246,350,000 in 2014 to RMB5,827,605,000 in 2015 during the Period, representing a decrease of 6.7% as compared with 2014. The decrease was mainly due to the reduced cargo volume as a result of weak trunk route market, thus lower sub-route cost.

- During the Period, the costs of logistics and other businesses was RMB2,934,129,000, representing a decrease of 26.5% from RMB3,992,442,000 in 2014. The decrease in costs was primarily due to the inclusion of fuel costs of China Shipping (Singapore) Petroleum Pte. Ltd. (“**China Shipping (Singapore) Petroleum**”). China Shipping (Singapore) Petroleum recorded a 41% decrease in fuel costs as a result of global oil plunge.

Gross profit

Due to the above reasons, the Group recorded a gross loss of RMB954,103,000 (2014: gross profit RMB1,238,092,000).

Income tax

From 1 January 2015 to 31 December 2015, the corporate income tax (“**CIT**”) rate applicable to the Company and its subsidiaries in the PRC was 25%.

Pursuant to relevant new CIT regulations, the profits derived from the Company’s offshore subsidiaries shall be subject to applicable CIT when dividends were declared by such offshore subsidiaries. The Company uses an applicable tax rate according to relevant CIT regulations to pay CIT on profits of the offshore subsidiaries.

Selling, administrative and general expenses

For the year ended 31 December 2015, the Group’s selling, administrative and general expenses were RMB1,951,930,000, representing an increase of 103% as compared with 2014. This was primarily due to the provision of RMB821,982,000 made for impairment of fixed assets.

Other gains

For the year ended 31 December 2015, other losses of the Group was RMB297,378,000, representing a decrease of RMB1,195,905,000 as compared with other gains of RMB898,527,000 for 2014. The decrease was mainly due to gains from the disposal of China Shipping Terminal Development Co., Ltd in 2014 and the increase of loss from disposal of fixed assets compared with last year.

Profit/loss attributable to owners of the parent

Due to the above reasons, the loss attributable to owners of the parent for the year 2015 was RMB2,950,234,000, representing a decrease of RMB3,944,270,000 as compared with profit attributable to owners of the parent of RMB1,044,036,000 in 2014.

Liquidity, financial sources and capital structure

The Group’s principal sources of working capital are the operating cash inflow and bank borrowings. Cash is mainly used for costs of finance services, new vessels construction, purchase of containers, payment of dividends and the repayment of principal and interest for bank borrowings and finance leases.

As at 31 December 2015, the Group's total bank and shareholder borrowings were RMB28,365,235,000. The maturity profile is spread over a period between 2016 and 2026 with RMB10,557,263,000 repayable within one year, RMB6,278,509,000 repayable within the second year, RMB7,345,871,000 repayable within the third to the fifth year and RMB4,183,592,000 repayable after the fifth year. The Group's long-term bank and shareholder borrowings are mainly used to finance the construction of vessels. As at 31 December 2015, the Group's long-term bank borrowings were secured by mortgages over certain containers and container vessels with a total book value of RMB11,497,768,000 (as at 31 December 2014: RMB8,344,784,000).

As at 31 December 2015, the Group's bonds payable in ten-year period amounted to RMB1,796,432,000 (as at 31 December 2014: RMB1,793,981,000), all proceeds from the bonds were used in the construction of vessels. The bonds were issued with a guarantee provided by the Bank of China, Shanghai branch.

As at 31 December 2015, the Group's RMB borrowings at fixed interest rate amounted to RMB1,200,000,000, with annual interest rate ranging from 2.85% to 3.48%. USD borrowings at fixed interest rates amounted to RMB254,246,000, with annual interest rates of 2.48% and USD borrowings at floating interest rates amounted to RMB26,910,989,000, with annual interest rates adjusted based on London Interbank Offered Rate. The Group's borrowings are denominated in RMB or USD, and cash and cash equivalents are mainly denominated in these two currencies.

As at 31 December 2015, the Group's obligations under finance leases amounted to RMB15,826,000, with the maturity profile ranging from 2016 to 2020. The amount repayable within one year is RMB8,550,000; the amount repayable within the second year is RMB7,056,000; the amount repayable within the third to the fifth year is RMB220,000. The Group's obligations under the finance leases are used in the lease of containers and transportation equipment.

Net current assets

As at 31 December 2015, the Group's net current liabilities amounted to RMB519,284,000. Current assets are mainly comprised of fuel inventories of RMB898,955,000, trade and notes receivables of RMB1,930,882,000, prepayments and other receivables of RMB675,706,000, and cash and bank deposits and restricted deposits of RMB11,002,461,000. Current liabilities mainly consist of trade payables of RMB3,532,484,000, accrual and other payables of RMB889,433,000, current income tax liabilities of RMB14,411,000, short-term bank loans of RMB2,697,433,000, commercial bills of RMB4,870,200,000, long-term bank borrowings due in one year of RMB2,989,630,000, derivative financial instruments of RMB147,000, finance lease obligations payable in one year of RMB8,550,000 and provisions of RMB25,000,000.

Cash flows

For the year 2015, the Group's net cash inflow generated from operating activities was RMB680,922,000, denominated principally in RMB and USD, representing a decrease of RMB2,032,166,000 from net cash inflow generated from operating activities of RMB2,713,088,000 in 2014. Cash and cash equivalents balances at the end of 2015 increased by RMB1,645,163,000 as compared with the corresponding period of 2014, mainly reflecting the net cash generated from operating activities and the net cash generated from financing activities were more than the net cash outflow used in investment activities. The cash generated from financing activities of the Group during year 2015 was mainly derived from bank borrowings and issuance of commercial bills and the above-mentioned funds were used mainly for the purposes of short-term business and purchase and construction of vessels and containers.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2015 and 2014:

	<i>Unit: RMB</i>	
	2015	2014
Net cash generated from operating activities	680,922,000	2,713,088,000
Net cash used in investing activities	(3, 325,340,000)	(5,859,325,000)
Net cash generated from financing activities	3,986,428,000	2,901,559,000
Exchange movement on cash	303,153,000	(2,238,000)
Net increase/(decrease) in cash and cash equivalents	1,645,163,000	(246,916,000)

Net cash generated from operating activities

For the year ended 31 December 2015, the net cash inflow generated from operating activities was RMB680,922,000, representing a decrease of RMB2,032,166,000 as compared with the net inflow of RMB2,713,088,000 for the year 2014. As compared with the corresponding period of 2014, the decrease in the net cash generated from operating activities of the Group was attributable to the decrease in the Group's revenue and operating profit margin in 2015.

Net cash used in investing activities

For the year ended 31 December 2015, net cash outflow used in investing activities was RMB3,325,340,000, representing a decrease of RMB2,533,985,000 from the net cash outflow for the year 2014 of RMB5,859,325,000. It was primarily due to the Group's decreased investment expenditure in vessel construction in 2015.

Net cash generated from financing activities

For the year ended 31 December 2015, net cash generated from financing activities was RMB3,986,428,000, representing an increase of RMB1,084,869,000 as compared with the net cash generated from financing activities of RMB2,901,559,000 in 2014. For the year 2015, the Group's bank borrowings amounted to RMB13,752,922,000, repayment of bank borrowings amounted to RMB8,980,102,000 and repayment of principal of finance leases amounted to RMB143,752,000.

Average turnover days of trade receivables

As at 31 December 2015, the net balance of trade and notes receivables by the Group amounted to RMB1,930,882,000, representing a decrease of RMB453,629,000 as compared with 31 December 2014. Of which note receivables increased by RMB9,309,000 and trade receivables decreased by RMB462,938,000, which was mainly due to a decrease in sales revenue of 11.8% in 2015 and the Company's speeding up in bill processing and freight rate collection at the end of the year.

Gearing ratio

As at 31 December 2015, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 86.2%, which was higher than 59.4% as at 31 December 2014. The increase in gearing ratio was mainly due to the increase in financing which has led to an increase in interest-bearing liabilities and decrease of net assets due to loss for the year.

Foreign exchange risk and hedging

Most of the revenue of the Company is settled in USD. The Group recorded a net exchange loss of RMB51,606,000, which was mainly due to fluctuations of the US dollar and Euro exchange rates and the exchange difference which was charged to shareholders' equity amounted to RMB299,935,000. The Company will continue to watch closely the exchange rate fluctuation between RMB and major international currencies for settlement, to minimize the losses brought by foreign exchange rate fluctuations and take appropriate measures where necessary to reduce its foreign exchange risk.

Capital expenditure

For the year ended 31 December 2015, the Group's expenditures on the purchase of container vessels, vessels under construction and other expenditures amounted to RMB2,486,312,000, expenditures on the purchase of containers amounted to RMB1,279,759,000, and expenditures on purchase of production infrastructure, office equipment and motor vehicles amounted to RMB23,485,000.

Commitments

As at 31 December 2015, capital commitments of the Group which had been contracted but not provided for in relation to vessels under construction were RMB5,460,858,000. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers were RMB402,063,000 and RMB8,034,426,000, respectively.

Contingent liabilities

As at 31 December 2015, the Group had provisions of RMB25,000,000 credited as legal claim. Apart from this, the Group had no other contingent liabilities.

Employees, training and benefits

As at 31 December 2015, the Group had a total of 7,546 employees (including 3,581 outsourcing labour of transport crew and others). During the Period, total staff expenses were approximately RMB1,888,205,000.

Remuneration of the Group's employees includes basic salaries, other allowances and performance based bonuses. The Group has also adopted a performance-based discretionary incentive scheme for its employees. The scheme links the employees' financial benefits directly with certain business performance indicators. Such indicators may include, but not limited to, profit target of the Group.

Details of such performance-based discretionary incentive scheme vary among the employees of the Group. The Group currently sets out certain performance indicators for each of its subsidiaries to achieve. Each subsidiary has the discretion to formulate in detail its own performance-based remuneration policies according to its own circumstances.

The Group has adopted a compensation scheme on 12 October 2005 and amended the same on 20 June 2006, 26 June 2007 and 20 June 2008, which is to be satisfied by cash payments and is share based, known as the “H Share Share Appreciation Rights Scheme” (“**Rights Scheme**”). The fair value change of the rights is recognised as an expense or income of the Group. According to the Rights Scheme, the senior management of the Company, heads of operation and management divisions of the Company, and the general managers and deputy general managers of the Company’s subsidiaries and others might in the future be entitled to the compensation in the form of cash payment, which is calculated based on the appreciation in the price of the Group’s H share from the date of grant to the date of exercising the rights. As at 31 December 2015, all rights granted were expired and the Group therefore wrote back related liabilities of RMB24,225,000.

The Group has organized and implemented various trainings for our internal employees, including trainings on Safety Management System (SMS) for crew management division and management courses for middle and senior leaders.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities for the year ended 31 December 2015.

RECENT DEVELOPMENT

The Company announced on 11 December 2015 that it had received notification from CS Company, the controlling shareholder of the Company, that SASAC has granted its approval in principle of the restructuring of CS Company and its subsidiaries (“**CS Group**”) and COSCO Company and its subsidiaries (“**COSCO Group**”) in relation to their businesses in container shipping, vessel leasing, oil shipping, bulk shipping and the financial sectors (the “**Restructuring**”). As part of the Restructuring, CSCL and its relevant subsidiaries entered into a series of agreements with CS Group and COSCO Group (together referred to as the “**Counterparties**”), whereby CSCL (through itself or its relevant subsidiaries) has agreed to (i) acquire the equity interests in certain companies operating container leasing business, shipping-related financial service business and other financial business from the Counterparties; (ii) sell the equity interests in certain subsidiaries and associates operating ports business, offshore container shipping agency business and onshore container shipping agency business, to the Counterparties. The said Restructuring was passed at the extraordinary general meeting held on 1 February 2016.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Mr. Guan Yimin and Ms. Zhang Nan, and one non-executive Director, namely Mr. Yang Jigui. The Group’s final results for the year ended 31 December 2015 have been reviewed by the audit committee of the Company.

This annual results announcement is based on the Group’s audited consolidated financial statements for the year ended 31 December 2015 which have been agreed with the auditor of the Company.

CORPORATE GOVERNANCE CODE

The Board confirms that the Company was in compliance with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the year ended 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors, supervisors and relevant employees on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors and supervisors of the Company, the Company has confirmed that its directors and supervisors have complied with the required standard set out in the Model Code regarding securities transactions during the Period. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

DISCLOSURE OF INFORMATION

This announcement is published on the website of Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at <http://www.cscl.com.cn>. The annual report for the year ended 31 December 2015 containing all the information as required by Disclosure of Financial Information as set out in Appendix 16 to the Listing Rules will be dispatched by the Company to its shareholders and published on the aforesaid websites of Hong Kong Stock Exchange and the Company in due course.

By order of the Board of
China Shipping Container Lines Company Limited
Yu Zhen
Joint Company Secretary

Shanghai, the PRC, 30 March 2016

The Board as at the date of this announcement comprises of Mr. Zhang Guofa, Mr. Huang Xiaowen and Mr. Zhao Hongzhou, being executive Director, Mr. Ding Nong, Mr. Yu Zenggang, Mr. Yang Jigui, Mr. Han Jun and Mr. Chen Jihong, being non-executive Directors, and Ms. Zhang Nan, Mr. Guan Yimin, Mr. Shi Xin, Ms. Hai Chi Yuet and Mr. Graeme Jack, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name “China Shipping Container Lines Company Limited”.*