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)

2014

ANNUAL REPORT

Important notice

The board of directors (the "Board"), the supervisory committee (the "Supervisory Committee"), the directors (the "Directors"), the supervisors (the "Supervisors") and senior management of China COSCO Holdings Company Limited (the "Company" or "China COSCO", together with its subsidiaries, the "Group") declare that there are no false information, misleading statements or material omissions in this annual report, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information contained herein.

All Directors attended the Board meeting held on 26 March 2015.

Ruihua Certified Public Accountants, LLP. and PricewaterhouseCoopers have issued standard and unqualified auditor's reports for the Company.

The authorised person of the Company, Mr. Ma Zehua (Chairman), Mr. Jiang Lijun (executive Director and President), and Mr. Tang Runjiang (chief financial officer) who is in charge of accounting and head of the accounting department, declare that they confirm the truthfulness, accuracy and completeness of the financial reports in this report.

Proposals for profit distribution and reserves capitalization during the reporting period considered by the Board:

Pursuant to the audited financial statements of China COSCO for the year 2014, which were prepared in accordance with the PRC GAAP and Hong Kong Financial Reporting Standards, the net profit attributable to owners of the parent of China COSCO for 2014 was RMB362,529,000.

Despite the profits recorded in 2014, the Company failed to turn the negative accumulated undistributed profits into positive. After due consideration, the Board recommended that no profit will be distributed for the year under review so that the profits can be used to fund working capital and improve the financial position of the Group.

The proposal will be submitted to the 2014 shareholder's general meeting for consideration.

Forward-looking statements

None of the forward-looking statements or opinions contained in this annual report constitutes a commitment by the Company to the investors. Investors are advised to be aware of the investment risks.

Material risk warning

Risks in relation to macroeconomic situations

In 2015, the global economy will continue to undergo an in-depth adjustment after the financial crisis and the economic growth may witness significant rebound. However, there remain increasing uncertainties. The domestic economy will generally remain stable with increasing downward pressure. The situation that the shipping market experiences low-level fluctuation will be difficult to change. In the event that the general economic environment would not improve fundamentally, enterprises will still encounter many difficulties and challenges.

Risks in relation to competition landscape in the market

With sustained market downturn, the outlook of the shipping market for 2015 is still not optimistic. Meanwhile, the market shows some new features: (i) The market becoming more complicated. With increasing industry concentration, there are emerging new industries such as shipping E-commerce and shipping finance that leverage new technologies and new economy. The traditional mode of operation in the shipping industry is facing severe challenges; (ii) Customer needs becoming more diversified. Customers are increasingly rigorous on mode of transportation, transportation safety and transportation experience. To be innovative on "customer-oriented", it is required to meet customers' comprehensive needs and provide integrated services; (iii) The relationship between competition and cooperation becoming closer. It is a consensus reached among shipping companies to deepen cooperation in order to cope with market risks and achieve stable growth. Competition in the industry has facilitated the deepening cooperation and alliance, and cooperation among different industries is becoming a new normal. In general, weak market demand and slow economic growth are two challenges that shipping enterprises are currently facing.

Risks in relation to production safety

In recent years, the Company has increasingly put great efforts on the safety management and the safety condition has been stable in general. However, production safety accidents happened occasionally which caused death and property damages. Therefore, the production safety pressure remains tremendous. The Company is currently experiencing difficulties in its operation, it is therefore important to ensure production safety. The Company will further enhance the production safety responsibility system, strengthen the safety training and put efforts on the production safety in order to strive for ensuring the normal production and operation order of the Company

Contents

Company's Basic Information

Company Profile

I. Company's Information

Legal Chinese name	中國遠洋控股股份有限公司
Legal Chinese name abbreviation	中國遠洋
Legal English name	China COSCO Holdings Company Limited
Legal English name abbreviation	China COSCO
Legal representative	MA Zehua

II. Contact Persons and Methods

	Secretary to Board of Directors	**Representatives of securities affairs**
Name	GUO Huawei	XIAO Junguang and MING Dong
Contact address	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC
Telephone	(022) 66270898	(022) 66270898
Facsimile	(022) 66270899	(022) 66270899
E-mail	guohuawei@chinacosco.com	xiaojunguang@chinacosco.com mingdong@chinacosco.com

III. Basic Profile

Registered address	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC
Postal code	300461
Place of business	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC
Postal code	300461
Company's website	www.chinacosco.com
Company's email	investor@chinacosco.com

IV. Information Disclosure and Place of Collection

Designated newspapers for disclosure of the Company's information	Shanghai Securities News, China Securities Journal, Securities Times, Securities Daily
Website designated by the CSRC for publishing the annual report	www.sse.com.cn
Place of collection of annual report	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC

V. Information on the Company's Shares

Shares of the Company

Type of share	Place of listing	Stock abbreviation	Stock code	Stock abbreviation before changes
A Shares	Shanghai Stock Exchange	China COSCO	601919	N/A
H Shares	Hong Kong Stock Exchange	China COSCO	1919	N/A

VI. Changes in Registration of the Company during the Reporting Period

(1) Basic information

Date of registration	5 January 2007
Registered address	2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Port Free Trade Zone, Tianjin, the PRC.
Registration number of business license for enterprise legal person	100000400011790
Taxation registration number	Jin Di Shui Zi No.120116710933243
Entity number	710933243

(2) Related information of the first business registration of the Company

Please refer to 2007 to 2012 Annual Report for the details of the first business registration of the Company.

Company's Basic Information

(3) Changes in principal businesses of the Company since its listing

The Company was listed on Shanghai Stock Exchange in 2007 and is principally engaged in container shipping, terminals and container leasing. The Company commenced engaging in logistics business in 2006 and dry bulk cargo shipping business in 2007. The Company disposed of its logistics business in 2013. At present, the principal businesses of the Company include container shipping, dry bulk cargo shipping, terminals and container leasing.

(4) Changes in controlling shareholder of the Company since its listing

There was no change in controlling shareholder of the Company.

VII. Other Information

Domestic auditor engaged by the Company	Ruihua Certified Public Accountants, LLP.
	3-9/F,West Tower of China Overseas Property Plaza, Building 7, No. 8,Yongdingmen Xibinhe Road, Dongcheng District, Beijing, the PRC
	Wang Hui and Wang Sheng Hui
International auditor engaged by the Company	PricewaterhouseCoopers
	22nd Floor, Prince's Building, Central, Hong Kong
	Hoi Iok Kei
Other information	Place of business in Hong Kong 49/F, COSCO Tower, 183 Queen's Road Central, Hong Kong
	Major bankers Bank of China, Agricultural Bank of China, China Merchants Bank, etc
	Legal advisers as to Hong Kong law Paul Hastings 21/F-22/F, Bank of China Tower, 1 Garden Road, Hong Kong
	Legal advisers as to PRC law Commerce and Finance Law Offices 6th Floor, NCI Tower, A12 Jianguomenwai Avenue, Beijing, the PRC
	Domestic A share registrar and transfer office China Securities Depository and Clearing Corporation Limited, Shanghai Branch 36th Floor, China Insurance Building,166 Lujiazui Road East, Pudong New District, Shanghai, the PRC
	Hong Kong H share registrar and transfer office Computershare Hong Kong Investor Services Limited Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Chairman's Statement

Dear Shareholders

First of all, on behalf of the Board and management of China COSCO, I would like to express my sincere gratitude to all our shareholders and customers for their continuous attention and support to China COSCO. Meanwhile, I would also like to thank all of our staff, onshore and offshore, for their dedication, hard work and devoted efforts over the past year for the business development of China COSCO.

In 2014, imbalance of supply and demand in the international shipping industry still saw no real improvement and the freight rates in the shipping market pursued a trend of operating at low levels. The average value of the Baltic Dry Index ("BDI") was 1,105 points, representing a decrease of 8.3% as compared to last year. In particular, the average index value for the fourth quarter decreased significantly by 39.6% as compared to the same period of last year and dropped to 682 points in late December. The annual average index value on China Containerized Freight Index ("CCFI") was 1,086 points, remaining basically flat as compared to 1,082 points for last year. Meanwhile, affected by the rigid increase in rates such as port charges, costs of the shipping operations continued to increase. Despite the significant decrease in international fuel prices in the fourth quarter, the impact on the annual results was limited and shipping enterprises still faced tremendous operation pressure.

Amidst such a difficult environment, China COSCO actively took various measures to increase revenue and reduce expenditure. The Company recorded net profit attributable to equity holders of the Company of RMB362,529,000, representing an increase in profit of RMB127,059,000 or 53.96% as compared to the corresponding period of last year. Cash flow from operating activities improved significantly. The improvement in the performance of the Company was mainly due to a significant decrease in losses incurred by its major shipping business operation. Meanwhile, the disposal of the equity of the relevant assets and receiving subsidies for decommissioning of vessels during the period also led to an increase in revenue.

As for our business segments, COSCON further improved its client and cargo structure through, among other things, optimizing the structure of shipping capacity and resource allocation, expanding allied cooperation and innovating the marketing model, resulting in significant increase in innovative and efficiency generating capabilities, and significant enhancement in self-operated shipping capacity, shipping volume and revenue for the whole year. Meanwhile, COSCON turned from loss to profit in terms of gross profit through enhancement of lean management and strict cost control. China COSCO Bulk Group continued to deepen the bulk cargo system reform, enhance market research, and constantly adjusted and optimized the vessel and cargo mix, striving to enhance synergy of the service-profit chain and continuously reinforcing its cost control capability. Despite a sharp downturn of the market as compared to last year, the average level of time charter during the year increased significantly, achieving a significant decrease in losses in respect of operating gross profit. COSCO Pacific progressed further with its terminal strategy and the efficiency of its terminal business increased steadily. However, with intensive competition in the container leasing industry, the container leasing and sale businesses of returned containers were facing downward pressure on gross profit margin.

In 2014, China COSCO deepened the overall budget management and strengthened cost control, achieving a significant improvement in cost reduction. Despite the year-on-year increase in shipping capacity and volume, COSCON reduced its actual fuel consumption for the year by 8.3% through measures such as lower speed and centralized fuel procurement, resulting in 15.0% decrease in fuel cost year-on-year. China COSCO Bulk Group stuck to dynamic tracking management to further reduce chartered-in vessels, resulting in a significant decrease in charter costs of 30.6%.

In 2014, China COSCO accelerated the adjustment and optimization of fleet structure, customer structure and market structure. In respect of fleet structure adjustment, the Company speeded up the retirement of old vessels and built a number of new vessel types which are energy-saving and highly efficient, hence further enhancing fleet energy efficiency and market competitiveness and further optimizing overall capacity structure. In respect of customer structure adjustment, the Company further promoted the "very important account" strategy to step up efforts in obtaining basic cargo sources, striving to increase the proportion of strategic customers, direct customers, customers with high contribution value as well as the proportion of basic cargo sources. In respect of market structure adjustment, the Company actively expanded businesses in third-party countries, explored opportunities in emerging markets and took the state's "One Belt and One Road" strategy and the Yangtze River Economic Belt strategy as an opportunity to develop the market.

In 2014, China COSCO continued to innovate the service model and dedicated to the long-term sustainable development of the Company. COSCON enriched customers' experience continuously by strengthening the customer service protection system to enhance customer loyalty, and further implemented the corporate strategy of combining traditional industry with cross-sector e-commerce services. China COSCO Bulk Group innovated the marketing ideas by centering on customers, adopting the marketing and customer manager accountability system model to deepen the marketing system reforms. In 2014, cooperation between China COSCO Bulk Group and major customers such as Vale achieved significant progress and a business model for long-term stable cooperation was gradually formed.

During 2014, China COSCO focused on reinforcing business synergies and optimizing allocation of internal resources to provide a full trip transportation chain service. COSCON, through reinforcing internal collaboration, provided more value-added services to customers and continued to enhance the level of customer service. China COSCO Bulk Group relied on the support from China COSCO Group to provide customers with "integrated solutions for cargo transportation".

In 2014, China COSCO implemented the requirements of the "United Nations Global Compact" by actively creating itself an environmental friendly enterprise which protect the environment, protect the sea and support energy conservation. During 2014, China COSCO saved a total of 521,900 tonnes of fuel oil, and reduced emission of carbon dioxide by a total volume of approximately 1,623,100 tonnes, emission of sulphur dioxide by a total volume of approximately 26,600 tonnes and emission of nitrogen oxide by a total volume of approximately 45,400 tonnes through implementing energy-saving technical reforms, reducing shipping speed and optimizing shipping routes. Furthermore, China COSCO actively participated and supported with collaboration in many rescue events in observing the spirit of international humanitarianism proactively.

Looking ahead in 2015, both domestic and external economic environments remain complicated. Uncertainties in world economy have increased and downside pressure also exists in China's economy. In January 2015, the International Monetary Fund (IMF) further reduced the forecast of global economic growth from the original 3.8% to 3.5%. According to the estimate of the World Trade Organization (WTO), global trade volume in 2015 will grow by 4%, which is lower than the average growth rate of 5.3% during the past 20 years.

Under such impact, the global shipping market is entering a "new normal state" of low growth in demand and the oversupply in shipping capacity is difficult to change fundamentally in the short term. It is expected that the shipping market will present a fluctuating trend at low levels which will last for a period of time. According to the forecast in February by Clarkson, the global container trade volume in 2015 will increase by 6.7% over 2014, while the supply of global container shipping capacity will increase by 5.8%. In particular, newly increased shipping capacity in vessels above 12,000 TEUs will reach a historic peak level of approximately 704,000 TEUs, representing an increase of approximately 11%. The gap between supply and demand is still severe in the container shipping market. In the dry bulk shipping market, according to the forecast in January by Clarkson, the demand for dry bulk freight in 2015 will increase by approximately 3.7% and the supply will increase approximately 4.5%. The overall market will still be hovering at low levels and a full recovery still takes some time.

Facing the "new normal state" in the global economy and the shipping market, China COSCO will focus more on the synergies among companies within internal business segments and strive to enhance the four strategic aspects of profitability, anti-cyclical effect, globalization and increase in scale.

Chairman's Statement

In the container shipping business, the focus will be put on efficiency and global development targets, and marketing capabilities will be strengthened practicably with comprehensive control over operating costs to significantly enhance the integrated competitiveness of the fleet. The fleet structure will be optimized continuously by mastering specifically the two key factors of large-size vessel and energy conservation. Cooperation with allied partners will be deepened further to promote convergence of ideas, sharing of resources, optimization of mechanism and efficient operation within the alliance for consolidating and expanding further the cost advantages of the alliance. Persistent efforts will be made to explore the development potential and profit growth spots in emerging markets and regional markets and assistance will be provided to complete the formation of a global network. Operational control will be strengthened to increase efficiency and control costs. Innovations in transportation mode and marketing measures will be pursued, and basic cargo sources will be consolidated to further improve the proportion of high-value commodities. Meanwhile, a new business model of shipping + internet + other services and products will be explored to enhance the integration capabilities of various types of resources both online and offline and a shipping e-commerce ecology circle will be built to enhance the capabilities of providing comprehensive transportation solutions for customers.

In the dry bulk freight shipping, the focus will be put on improving the formation of anti-cyclical capabilities and the enhancement of globalization level, reasonable control over newly added shipping capacity investments, accelerating restructuring of cargo sources and customers, active development of direct customers and effective targeting of transportation demand. Specifically, a customer-oriented direction will be followed, and through initiatives such as signing COA contracts and measures such as selective provision of customized shipping services for target customers, collaborated development of resources, cross-holding of shares and joint ventures will be taken to realize in-depth strategic cooperation with major customers and strengthen anti-cyclical capabilities. Meanwhile, fleet structure adjustment and professional management will further proceed by combining market and customer demand and our own tolerance abilities.

In the terminal business, the emphasis will be put on "four strategic points", namely, following the trend of large-size vessels to focus on capturing opportunities of hub port development, optimize the terminal operation model, focus on enhancing the brand value of COSCO Pacific and innovating investment channels for acquiring equity interest in terminals, focus on enhancing the profitability of the terminal sector, and focus on implementing the globalized distribution of terminals by capturing the strategic opportunities of "One Belt and One Road" and the Yangtze River Economic Belt.

With emerging new technologies, new economies and new business models together with increasingly demanding customers in respect of transportation modes, transportation safety, service experience and environmental friendliness, the future industry landscape in the shipping market will be more complicated, and collaboration, innovation and rational operation will be common consensus of the shipping industry. With the understanding and support from all our shareholders, China COSCO will set to capture a series of opportunities arising from the "One Belt and One Road", Beijing – Tianjin – Hebei collaborative development and the Yangtze River Economic Belt strategy under the mega background of China's economic reforms and innovations to implement comprehensive reforms, pursue developments and innovations, make tenacious endeavors and continuously improve performance, striving for the sustainable development of China COSCO, provision of more quality services to customers and generation of ongoing returns to shareholders.

Ma Zehua

26 March 2015

Summary of Accounting Data

Results for the year ended 31 December 2014 prepared under the Hong Kong Financial Reporting Standards

	Year ended 31 December 2014 (RMB'000)	Year ended 31 December 2013 (RMB'000)	Changes
Revenue	**66,901,438**	66,137,861	763,577
Profit/(loss) before income tax expenses	**507,287**	(1,513,596)	2,020,883
Profit attributable to equity holders of the Company	**362,529**	235,470	127,059
Basic and diluted earnings per share (RMB)	**0.0355**	0.0230	0.0125
Final dividend per share (RMB)	**—**	—	—
Final dividend payout ratio	**—**	—	—
Total assets	**148,788,454**	161,862,107	(13,073,653)
Total liabilities	**105,830,496**	119,748,300	(13,917,804)
Non-controlling interests	**18,578,796**	17,891,222	687,574
Equity attributable to the equity holders of the Company	**24,379,162**	24,222,585	156,577
Net debt to equity ratio	**110.0%**	114.4%	-4.4%
Gross profit margin	**6.0%**	-1.3%	7.3%

Management Discussion and Analysis

I. Discussion and Analysis of the Board Regarding the Operation of the Group during the Reporting Period

In 2014, the international shipping sector still did not see substantial improvement of imbalance of supply and demand. Under such difficult conditions, the Company had taken various measures to improve its overall performance by increasing revenue and reducing expenses.

In 2014, the Group's operating revenue amounted to RMB66,901,438,000, representing an increase of RMB763,577,000 as compared to RMB66,137,861,000 in 2013. Realized net profit attributable to equity holders of the Company amounted to RMB362,529,000, representing an increase of RMB127,059,000 or 53.96% as compared to RMB235,470,000 in 2013.

(I) Analysis of principal businesses

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

Unit: RMB'000

Items	Current year	Last year	Change (%)
Revenues	66,901,438	66,137,861	1.15
Cost of services and inventories sold	(62,877,383)	(67,030,192)	-6.20
Selling, administrative and general expenses	(4,308,227)	(4,175,907)	3.17
Net finance costs	(1,901,254)	(1,312,769)	44.83
Net cash flow from/(used in) operating activities	6,037,356	(2,316,602)	360.61
Net cash flow (used in)/from investing activities	(763,358)	810,671	-194.16
Net cash flow (used in)/from financing activities	(13,731,565)	4,114,655	-433.72

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 2014, the Group's operating revenue amounted to RMB66,901,438,000, representing an increase of RMB763,577,000 or 1.15% as compared to RMB66,137,861,000 in 2013. In particular:

Container shipping business

The operating revenue from container shipping and related business amounted to RMB50,310,076,000, representing an increase of RMB1,998,044,000 or 4.14% as compared to last year. In 2014, container shipping volume amounted to 9,437,540 TEUs, representing an increase of 8.5% as compared to last year. Average container freight rate amounted to RMB4,558 per TEU, representing an increase of 1.7% as compared to last year. During the Reporting Period, market conditions had remained weak and imbalance of supply over demand had continued. The Company responded quickly to market changes by adjusting its allocation of global shipping capacity and improving its regional shipping route network. Routes and supplier structure were constantly optimised which resulted in increases in the container shipping volume and the overall revenue throughout the year as compared to last year.

As at 31 December 2014, the Group operated 175 container vessels with a total capacity of 840,692 TEUs and the shipping capacity operated by the Group increased by 6.9% as compared to last year (exclusive of the chartered-out capacity of 5 container vessels with 42,476 TEUs). Meanwhile, the Group had 10 orders for container vessels, representing a total of 117,960 TEUs.

Management Discussion and Analysis

Dry bulk shipping business

Revenue generated from the dry bulk shipping and related business amounted to RMB12,545,380,000, representing a decrease of RMB1,516,960,000 or 10.79%, as compared to last year, which was mainly due to lower shipping capacity and shipment volume.

During the Reporting Period, the dry bulk shipping business has completed a shipment of 177,817,100 tons, representing a decrease of 15.36% as compared to last year. Dry bulk shipment turnover amounted to 830,000 million ton-nautical miles, representing a decrease of 16.72% as compared to last year, of which the shipping volume of coal was 65,523,800 tons, representing a decrease of 20.21% as compared to last year; the shipping volume of metal ore amounted to 75,487,600 tons, representing a decrease of 13.73% as compared to last year; the shipping volume of grain amounted to 20,278,200 tons, representing a decrease of 8.86% as compared to last year; the shipping volume of other cargoes was 16,527,500 tons, representing a decrease of 9.22% as compared to last year.

As at 31 December 2014, the Group operated 255 dry bulk vessels of 23,367,400 DWT, representing a decrease of 20.06% and 16.69% respectively as compared to the beginning of the Reporting Period. At the end of the Reporting Period, the Group owned 174 vessels of 16,222,200 DWT, representing a decrease of 14.29% and 8.83% respectively as compared to beginning of the Reporting Period; the Group operated 81 chartered-in vessels of 7,145,200 DWT, representing a decrease of 30.17% and 30.33% respectively as compared to the beginning of the Reporting Period, mainly because the Company has gradually adjusted and optimized the structure of its shipping fleet and controlled the scale of chartered-in vessels. Meanwhile, the Group had 40 dry bulk vessel orders of 3,474,200 DWT.

		2014	2013	Change (%)
Shipping volumes by routes (tons)	International shipping	**145,665,758**	178,390,114	-18.34
	PRC coastal shipping	**32,151,333**	31,684,196	1.47
Shipping volumes by cargo type (tons)	Coal	**65,523,795**	82,117,092	-20.21
	Mineral ore	**75,487,655**	87,501,131	-13.73
	Foodstuff	**20,278,157**	22,249,976	-8.86
	Others	**16,527,484**	18,206,111	-9.22
Shipment turnover (thousand ton nautical miles)		**831,626,160**	998,621,609	-16.72

For the year ended 31 December 2014, China COSCO disassembled a total of 56 container and dry bulk vessels of 3,138,800 DWT.

Terminal and related business

Revenue generated from the terminal and related business amounted to RMB2,926,171,000, representing an increase of RMB359,188,000 or 13.99%, as compared to last year. The throughput of Piraeus Terminal in Greece and Guangzhou South China Oceangate Terminal were 2,986,904 TEUs (2013: 2,519,664 TEUs) and 4,647,266 TEUs (2013: 4,449,311 TEUs), respectively, which resulted in an increase in revenue as compared to last year.

Container leasing business

Revenue generated from the container leasing business was RMB1,105,234,000, representing a decrease of RMB72,540,000 or 6.16% as compared to last year.

(2) Major customers

In 2014, 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	2,238,641,621.31
Total revenue of the Group for the year	64,374,456,245.65
Percentage of the total revenue of the Group for the year (%)	3.48

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	19,133,576	30.43	17,757,865	26.49	7.75
	Voyage costs	11,813,821	18.79	13,539,742	20.20	-12.75
	Vessel costs	8,309,394	13.22	8,094,777	12.08	2.65
	Others	6,528,787	10.38	8,156,139	12.17	-19.95
	Subtotal	45,785,578	72.82	47,548,523	70.94	-3.71
Dry bulk shipping and related business	Voyage costs	4,687,725	7.46	5,472,239	8.16	-14.34
	Vessel costs	7,109,427	11.31	9,125,320	13.61	-22.09
	Others	1,860,663	2.96	1,775,035	2.65	4.82
	Subtotal	13,657,815	21.72	16,372,594	24.43	-16.58
Container terminal and related business	Container terminal and related business cost	2,071,510	3.29	1,924,398	2.87	7.64
Container leasing business		1,273,029	2.02	1,061,272	1.58	19.95
Tax		89,451	0.14	123,405	0.18	-27.51
Total costs of operations		62,877,383	100.00	67,030,192	100.00	-6.20

In 2014, the operating costs of the Group amounted to RMB62,877,383,000, representing a decrease of RMB4,152,809,000, or 6.2% as compared to RMB67,030,192,000 of 2013. In particular:

The operating costs of container shipping and related business amounted to RMB45,785,578,000, representing a decrease of RMB1,762,945,000, or 3.71%, 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, operating costs recorded a decrease attributable to a significant decrease in fuel costs. The Company had taken various steps to reduce the usage of fuel and realised a corresponding decrease of 8.3% in fuel consumption during the Reporting Period, which, coupled with fluctuations in international fuel prices, led to a decrease of 15.0% in fuel costs as compared to last year.

Operating costs of dry bulk shipping and related business amounted to RMB13,657,815,000, representing a decrease of RMB2,714,779,000, or 16.58%, as compared to last year. The capacity of chartered-in vessels was further reduced during the Reporting Period whereas the charter costs amounted to RMB3,627,670,000, representing a decrease of RMB1,601,406,000, or 30.6%, as compared to last year, being the main reason for the decrease in costs during the Reporting Period. Fuel costs amounted to RMB3,755,009,000, representing a decrease of RMB816,993,000, or 17.9%, as compared to last year. In addition, the reversal of provisions for onerous contracts during the Reporting Period amounted to RMB599,998,000, as compared to the reversal of RMB1,416,202,000 last year.

The operating costs of terminal and related business amounted to RMB2,071,510,000, representing an increase of RMB147,112,000, or 7.64%, as compared to last year. During the Reporting Period, the increase of operating costs was attributable to the increase in business volume of controlling terminals.

The operating costs of container leasing business amounted to RMB1,273,029,000, representing an increase of RMB211,757,000, or 19.95%, as compared to last year. The corresponding increase was mainly due to the expansion of container fleets and the increase of returned containers sold upon expiry of lease during the Reporting Period.

(2) Major suppliers

In 2014, 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) prior to A Share auditing are as follows:

Unit: RMB

Total purchases from top five suppliers	3,774,410,390.16
Total purchases of the Group for the year	59,852,218,578.36
Percentage of the total purchases of the Group for the year (%)	6.31

4. Expenses

Other net income/(expenses) and other gains

The net amount of other income/(expenses) and other gains of the Group in 2014 was RMB1,326,902,000 as compared to RMB3,765,266,000 in 2013, representing a decrease of RMB2,438,364,000 as compared to last year. In the prior year, the Group generated gains of RMB3,690,633,000 through the disposal of Shanghai Tianhongli Asset Management Co. Ltd. (上海天宏力資產管理有限公司) and COSCO (Qingdao) Asset Management Co., Ltd. (青島遠洋資產管理有限公司), while in the current year, gain on the disposal of equity interests in certain companies amounted to RMB608,330,000. The subsidy for vessel retirement transferred from controlling shareholders amounted to RMB1,379,000,000 and a net loss of RMB1,069,483,000 was incurred for the disassembly of vessels during the Reporting Period.

Selling, administrative and general expenses

In 2014, the administrative expenses of the Group amounted to RMB4,308,227,000, representing an increase of RMB132,320,000, or 3.17%, as compared to 2013, which was mainly attributable to the year-on-year increase in the expenses of items such as staff costs and rental expenses.

Finance income

The finance income of the Group was mainly interest income from bank deposits. In 2014, the finance income of the Group amounted to RMB998,500,000, representing a decrease of RMB24,269,000 or 2.37%, as compared to 2013. Such decrease was mainly attributable to the decrease in the balances of bank deposits during the current year.

Finance expenses

In 2014 the Group incurred finance expenses of RMB2,965,968,000, representing a decrease of RMB246,314,000, or 7.67%, as compared to last year. The decrease was mainly due to a decrease in the amount of borrowings.

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 RMB1,365,811,000 in 2014, representing an increase of RMB263,666,000 as compared to RMB1,102,145,000 in 2013, which was attributable to the increased profits in some joint venture terminal companies.

Income tax expenses

Income tax expenses of the Group in 2014 amounted to RMB-1,043,534,000, representing a decrease of RMB1,343,006,000, as compared to RMB299,472,000 in 2013. During the Reporting Period, the Company's overseas subsidiaries signed container vessel building contracts which required more funds for such expansion. It was determined after consideration that the retained profits in the previous year will not be distributed and the deferred income tax liability originally provided amounting to RMB1,557,867,000 was reversed accordingly.

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

(1) Breakdown of R&D expenses

Unit: RMB'000

R&D expenses in the current year	74,643
Capitalised R&D expenses in the current year	0
Total R&D expenses	74,643
Percentage of total R&D expenses over net assets (%)	0.31
Percentage of total R&D expenses over operating revenue (%)	0.12

(2) Description

In 2014, China COSCO had adopted an operation-driven approach and adhered to the principles of cost reduction for greater efficiency, energy and consumption saving, environmental protection and continuous improvement of management level and service ability by employing new technologies and introducing advanced management concepts. The Group emphasized the development of mobile internet technology application, vessel exhaust-gas scrubbing and desulfurization test and vessel turbocharger partition technology test, as well as the proprietary research and development of roro vessel transport management platform and cooling box unit controller fault diagnose system, and LNG refueling and loading arm system and large caliber marine loading arm for inland waterway and the update of automation technologies for container terminals.

6. Cash flow

As at 31 December 2014, cash and cash equivalents of the Group amounted to RMB39,705,524,000, representing a decrease of RMB8,500,866,000, or 17.63%, as compared to 31 December 2013.

In 2014, the Group's net cash inflow from operating activities amounted to RMB6,037,356,000 as compared to the net cash outflow of RMB2,316,602,000 in 2013 During the Reporting Period, profit attributable to the principal business of container shipping business turned around as compared to the losses in the same period of last year; loss attributable to the principal business of dry bulk shipping business narrowed further, resulting in a significant improvement to the cash inflow from operating activities.

In 2014, the Group's net cash used in investing activities amounted to RMB763,358,000, as compared to the net cash inflow of RMB810,671,000 in last year. During the Reporting Period, the Group's cash receipts from returns of investments had increased as compared to last year, mainly attributable to receipts of wealth management products interest; cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets decreased respectively as compared to last year; net cash from the disposal of a subsidiary and other operating entities decreased as compared to the amount received from the disposal of equity interests in COSCO Logistics Co., Ltd. (中國遠洋物流有限公司) ("COSCO Logistics") and other entities last year.

In 2014, the Group's net cash used in financing activities amounted to RMB13,731,565,000, as compared to net cash inflow of RMB4,114,655,000 last year. During the Reporting Period, cash payments for repayment of debts by the Group increased as compared to last year. In particular, the first phase of RMB10 billion medium-term notes issued in 2009 was repaid in April, and the cash received from the borrowings decreased as compared to last year.

7. Others

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

In 2014, the international shipping sector still did not see substantial improvement of imbalance of supply and demand. Under such difficult conditions, the Company had taken various measures to increase revenue and reduce expenses. Realized net profit attributable to equity holders of the Company of amounted to RMB362,529,000 representing an increase of RMB127,059,000 or 53.96% as compared to RMB235,470,000 in 2013. In particular, realized operating profit from container shipping and related business amounted to RMB1,015,538,000, representing an increase of RMB2,003,676,000 as compared to loss of RMB988,138,000 last year. Operating results from dry bulk shipping and related business further recorded a decrease in loss of RMB652,849,000 as compared to last year, mainly contributed to the further improvement in efficiency. In addition, subsidy received for the decommission of vessels from the controlling shareholder of the Company (the "Shareholder") was RMB1,379,000,000 and a net loss of RMB1,069,483,000 was incurred by the disassembly of vessels during the Reporting Period. Earnings of the Group recorded in 2014 was mainly attributable to the decreased losses from principal shipping businesses and the proceeds from the disposal of assets.

(2) *Analysis of progress of the Company's implementation of various financing and significant asset restructuring events in the previous period*

Not applicable.

(3) *Progress of implementation of development strategies and operation plans*

Container shipping business

In 2014, the global economy recovered gradually while the market demand for container shipping increased slowly. As the pressure on shipping capacity and supply still existed and the supply and demand relations was still severe, the overall market freight rates saw no significant improvement. The Company focused on "increasing revenue, controlling costs, refining management and ensuring safety" and adopted various measures to increase revenue and reduce expenses and finally achieved turnaround of operating gross profit.

COSCO Container Lines Co. Ltd. (中遠集裝箱運輸有限公司) ("COSCON") had undertaken numerous measures on vessel upgrade, alliance cooperation, optimizing of route layout and shrinking of loss-making logistics, which resulted in a significant decrease in costs of a single container for Europe and the United States routes. With the coordination of southern and northern routes, more efforts were able to be put into emerging markets. In order to explore new market opportunities, COSCON implemented optimization, upgrade and revamp on routes. Through constant improvement in the regional route network, transit routes were planned, short-distance berths were coordinated and the utilization rate of berth resources was increased.

In line with the state's "One Belt and One Road" strategy, the Company expanded its service outreach, resulting in an enlarged market share. The Company was involved in Sino-Europe route business trying new mode of transportation and identifying new profit growth drivers.

The Company continuously increased the proportion of its owned large vessels, the proportion of custom-built vessels of high efficiency and energy saving with social responsibility in mind, and promoted the decommissioning or disassembly of its old vessels, which enabled great improvement in fleet structure. The shipping fleet recorded a year-on-year decrease in average fixed vessel costs per container per day. As at 31December 2014, out of our owned shipping fleet, capacity of vessels with 8000 TEUs above further improved to 52%.

The Company strengthened top customer-oriented strategy, optimised supply structure and customer structure and developed and owned a batch of small and medium customers with higher contribution. Customer service guarantee system was established to provide individualised services where customer experience and internal communication efficiency were both increased step by step.

The Company continued to control each process, including purchasing and daily fuel consumption, which realised a decrease of 8.3% in fuel consumption volume, with a corresponding increase in operating capacity, as compared to last year, which, combined with fluctuations in fuel prices, in turn led to a decrease of 15.0% in fuel cost expenses, as compared to last year.

During the Reporting Period, the Company had continued to push forward the integration of its traditional business with e-commerce, targeting a coverage of all routes, and expanded its e-commerce platform to foreign trade routes, whilst introducing new products such as "Zhiqibao" (滞期寶), which was a meaningful attempt on commercialization of services.

The container shipping business of the Group achieved a shipping volume of 9,437,540 containers in 2014, representing a corresponding increase of 8.5% as compared to last year.

Dry bulk shipping business

While strictly adhering to a market-oriented approach and shifting the line of thinking, the Company focused on its shipping presence and took flexible measures to capture market opportunities. Based on the improved quantitative analysis model and the dynamic analysis on sensitive factors, the Company strengthened the benchmark analysis of charters with markets and budgets so as to enhance its level of operation. Taking into account budget indicators and changes in market, the Company targeted by band with vessels and cargos operated separately to safely ship valued cargos and made efforts to build cycling routes based on long-term cooperation and location of spot goods. The Company proactively developed premium routes for less than container load to effectively take advantage of the features of different vessels of 300,000 tons, 200,000 tons and 115,000 tons, with the utilization of DWT improved.

Substantial progress was made in the implementation of the top customer-oriented strategy. During the Reporting Period, the Company has proactively arranged customer visits at various levels to promote differentiated service products and customized solutions by leveraging its resource advantage. As directed by the head office of the Group, the Company impelled further cooperation with major mineral traders, grain traders and coal traders and have made positive progress. At the end of the Reporting Period, the cargo sources of the Company has seen obvious improvement over the beginning of the Reporting Period. The Company proactively carried out reform and innovation in its marketing mechanism and had its overseas network increasingly completed.

On the basis of overall budget management, the Company detailed components of costs and improved its capability in cost control. Adhering to the principles of "precise, detailed, strict and practical", the Company detailed overall budget management and placed emphasis on focus, details, process management, strict inspection and the implementation of reward and punishment to further explore its potential and get rid of its weaknesses, break expenditure items to the minimum, and follow up continuously, with its management efficiency improved, resulting a decrease of 16.5% in total costs as compared to last year.

The Company had optimized fleet structure and professional management, construct a low-cost competitive advantage from the source. Based on market / customer demands and its affordability, the Company dynamically adjusted fleet structure and made all efforts to implement the plan to upgrade energy-efficient and environment-friendly vessels. Meanwhile, each fleet secured long-term resources based on ancillary operating plans.

The Company has refined its risk management system and optimized top-layer design to facilitate the innovative integration of risk management, internal control and overall management system. By organizing five level-1 risk management segments of "market, strategy, finance, operation, and labor", the Company has realized the connection between comprehensive risk management and business process and effectively prevented risk events.

A dry bulk shipping volume of 685.6 billion ton nautical miles in 2014 was expected to be achieved while 835.5 billion ton nautical miles was actually achieved.

Terminal business

COSCO Pacific emphasizes a terminal investment strategy of keeping balanced layout, with terminal portfolio covering four major port clusters in mainland China, Hong Kong and Taiwan as well as overseas port hubs. It has established certain brands in the market with increasing influence in the industry. As at 31 December 2014, COSCO Pacific operated and managed 123 berths at 21 ports worldwide (17 in mainland China, Hong Kong and Taiwan and 4 overseas), of which 108 container berths had an annual handling capacity of 65,750,000 TEUs, representing approximately 9.3% global market shares in terms of total throughput. During the Reporting Period, COSCO Pacific continued to expand its operating terminals through acquisition of terminal assets to increase handling capacity. Meanwhile, it upgraded terminal infrastructures to improve the efficiency of the operating terminals so as to enhance their competitiveness and drive business growth. The actual additional annual operating capacity for 2014 is 3,000,000 TEUs.

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

For details, please refer to the segment statement and income statement by regions in the consolidated financial statements of the Group.

(III) Analysis of assets and liabilities

As at 31 December 2014, the total assets of the Group amounted to RMB148,788,454,000, representing a decrease of RMB13,073,653,000 as compared to RMB161,862,107,000 at the beginning of the Reporting Period. Total liabilities of the Group amounted to RMB105,830,496,000, representing a decrease of RMB13,917,804,000 as compared to RMB119,748,300,000 at the beginning of the Reporting Period. Equity attributable to equity holders of the Company amounted to RMB24,379,162,000, representing an increase of RMB156,577,000 as compared to RMB24,222,585,000 at the beginning of the Reporting Period.

As at 31 December 2014, bank deposits and cash and cash equivalents of the Group were RMB40,572,435,000, mainly denominated in RMB and US dollar and others denominated in Euro, Hong Kong dollar and other currencies.

As at 31 December 2014, the total amount of outstanding borrowings of the Group was RMB86,943,054,000, representing a decrease of RMB9,452,323,000 as compared to RMB96,395,377,000 at the beginning of the year. As at 31 December 2014, net current assets amounted to RMB14,744,561,000, representing a decrease of RMB1,696,135,000 as compared to the beginning of the Reporting Period. The net debt as at 31 December 2014 amounted to RMB47,237,530,000, representing a decrease of RMB951,457,000 as compared to RMB48,188,987,000 at the beginning of the year. As at 31 December 2014, the net liability to equity ratio was 109.96% as compared to 114.43% as at 31 December 2013.

The interest coverage ratio in 2014 was 1.19 times as compared to 0.51 times in 2013. Certain property, plant and equipment of the Group with net book value of RMB34,776,361,000 (31 December 2013: RMB33,098,947,000) were pledged to banks and financial institutions as collaterals for borrowings in the total amount of RMB21,475,272,000 (31 December 2013: RMB20,244,211,000), representing 43.42% of the total value of the property, plant and equipment (31 December 2013: 40.66%).

Management Discussion and Analysis

Debt analysis

Categories	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
Short-term borrowings	**3,127,600**	2,765,570
Long-term borrowings		
Less than 1 year	**15,758,769**	25,278,450
1 to 2 years	**22,713,238**	20,205,381
3 to 5 years	**21,849,275**	24,130,210
Over 5 years	**23,494,172**	24,015,766
Sub-total	**83,815,454**	93,629,807
Total	**86,943,054**	96,395,377

Classification by categories of borrowings

The secured borrowings of the Group amounted to RMB21,475,272,000 and unsecured borrowings amounted to RMB65,467,782,000, representing 24.70% and 75.30% respectively of the total borrowings.

The borrowings of the Group denominated in US dollars amounted to RMB71,556,736,000, borrowings denominated in RMB amounted to RMB13,905,724,000, and borrowings denominated in other currencies amounted to RMB1,480,594,000, representing 82.30%, 15.99% and 1.71% 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 2014, the Group had provided a guarantee on a banking facility granted to an associate in the amount of RMB83,298,000 (31 December 2013: RMB128,608,000). Details of the Group's contingent liabilities are disclosed in Note 40.

(IV) Analysis of core competitive edge

1. Advantages in scale: overall strength of principal businesses leading the world

   China COSCO is the capital platform of the China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司) ("COSCO Group") and provides a wide range of services covering the shipping value chain, including container shipping, dry bulk cargo shipping, terminals and container leasing services to international and domestic customers through its subsidiaries. Its container fleet ranked sixth in the world. The container throughputs of the terminals invested globally by COSCO Pacific ranked fourth in the world. Advantages in scale run as a basis to provide more diversified and pluralistic comprehensive services for its customers.

2. Network advantages: global service network

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

   With 192 ports for calling container vessels in 64 countries and regions, it operated 101 international routes, 33 international branch routes, 23 coastal routes in China and 83 branch routes in the Pearl River Delta and the Yangtze River. COSCON has 500 or so domestic and overseas sales and service outlets. Such wide coverage of sales and service network enabled the provision of quality "door-to-door" services to our customers.

   The dry bulk shipping routes covered more than 1,000 ports in more than 100 countries and regions worldwide. A large capacity in scale and well-established outlets were more conducive to the design and scheduling of vessel routes so that customised services could be offered to customers. Under the circumstances where the cost was fixed, the advantage in scale was even more apparent.

   As for terminal business, the Group's terminal portfolio covers four major port clusters in mainland China, Hong Kong and Taiwan as well as overseas port hubs. As at 31 December 2014, the Group operated and managed 123 berths at 21 ports worldwide (17 in mainland China, Hong Kong and Taiwan and 4 overseas), of which 108 container berths had an annual handling capacity of 65,750,000 TEUs.

   As for container leasing business, Florens company of the Group has an efficient and quality international operation team and a sales and service network across the globe, with offices or branches covering 13 locations spanning five continents around the world and has business relationship with approximately 230 depots. The Group is capable of seeking development with upgrading and transformation in respond to changing market and continues to increase its competitiveness.

3. Brand advantages: "COSCO" brand is well-known in the world

   In the international shipping 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 mode: to establish extensive strategic cooperation and expand electronic commerce business

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

   COSCON continued to create a new business model of Pan-Asian electronic commerce platform by promoting the integration of traditional industries and electronic commerce to expand electronic commerce platform business to foreign trade route with an aim to cover the entire route.

5. Advantages in business synergy: capitalising on the integrated advantages of China COSCO

China COSCO has placed emphasis on strengthening its business synergy and optimised integration of internal resources to provide customers with an entire transportation chain service. 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 COSCON to provide "integrated resolutions for goods transportation" to the customers.

(V) Investment analysis

1. Analysis of external equity investment

In 2014, the total external equity investment of the Group amounted to RMB424,967,631.32. The Group made additional investments of RMB62,974,365.23 to Ningbo Yuan Dong Terminals Ltd. The Group also invested in six new companies as follows:

Invested companies	Principal business	Proportion of the equity interest held in the invested companies	Investment Costs
COSCO Yingkou Container Services Co., Ltd. (營口中遠集裝箱服務有限公司)	Stack and storage	51%	510,000.00
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Operation of terminal	25%	352,092,547.09
Mindano Limited	Agency service	49%	981,772.45
COSNAM Shipping Co., Ltd.	Agency service	49%	3,450,165.67
Cosiam Transport Co., Ltd.	Agency service	49%	4,955,710.11
COSCO-HPHT Asia Container Terminals Ltd.	Investment holding and indirect holding of equity interest in Asia Container Terminals Ltd.	50%	3,070.77

(1) Security investment

Not applicable.

(2) Equity held in other listed companies

Unit: RMB

Stock code	Short name of securities	Initial investment cost	Percentage of equity in the company (%)	Book value as at the end of the period	Gain/loss for the reporting period	Change in owner's equity during the reporting period	Accounting item	Sources of shares
600837	Haitong Securities	7,291,668.00	0.05	117,165,848.16	584,368.32	46,530,327.48	Available-for-sale financial assets	Acquired by promotion
600821	Tianjin Quanye Bazaar	99,300.00	0.02	512,035.02	0.00	75,039.61	Available-for-sale financial assets	Original legal person shares purchased
000597	Northeast Pharmaceutical	200,000.00	0.01	1,320,181.17	0.00	455,019.95	Available-for-sale financial assets	Original legal person shares purchased
000792	Qinghai Salt Lake	7,500,000.00	0.07	23,087,628.20	71,284.38	3,965,858.71	Available-for-sale financial assets	Swap
005880KS	KOREA LINE CORP	80,138,805.95	0.51	16,586,059.23	-32,039,294.22	30,109,082.08	Available-for-sale financial assets	Other
601328	Bank of Communications	676,413.00	0.00	3,473,739.20	132,819.44	1,134,073.68	Available-for-sale financial assets	Original legal person shares purchased
Total		95,906,186.95	/	162,145,490.98	-31,250,822.08	82,269,401.51	/	/

(3) Equity held in non-listed financial enterprises

Name of object held	Initial investment cost (RMB)	Number of shares held (shares)	Percentage of equity in the company (%)	Book value as at the end of the period (RMB)	Gain/loss for the reporting period (RMB)	Changes in owner's equity during the reporting period (RMB)	Accounting item	Source of shares
COSCO Finance Co., Ltd.	352,040,000.00	500,000,000	31.25	906,520,819.40	271,430,426.33		Long-term equity investments	Original legal person shares purchased
Bank of Jiangsu Co., Ltd.	400,000.00	400,000	0.0044	400,000.00			Available-for-sale financial assets	Acquired by promotion
Total	352,440,000.00	500,400,000.00	/	906,920,819.40	271,430,426.33		/	/

(4) Trading of shares of other listed companies

Not applicable

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

(1) Entrusted wealth management

Partner Name	Entrusted wealth management product type	Entrusted wealth management amount	Entrusted wealth management start date	Entrusted wealth management end date	Remuneration determination method	Estimated profit	Actual principal amount recovered	Actual profit obtained	Going through legal procedures	Impairment provision amount provided	Related party transactions or not	Litigation	Source of funds and indicate whether the funds are raised funds	Relationship
Ping An Trust	Trust	1,000,000,000	2014-1-2	2014-3-26	Expected	16,145,205.47	1,000,000,000	16,145,205.47	Yes	No	No	No	No	No
CITIC Securities	Collective asset management plan	200,000,000	2014-1-6	2014-3-25	Expected	2,949,041.10	200,000,000	3,061,946.12	Yes	No	No	No	No	No
Industrial Bank	Bank financing	1,000,000,000	2014-1-3	2014-3-28	Expected	14,038,256.16	1,000,000,000	14,038,356.16	Yes	No	No	No	No	No
CITIC Bank	Bank financing	1,000,000,000	2014-1-6	2014-3-28	Expected	13,758,804.11	1,000,000,000	13,419,178.08	Yes	No	No	No	No	No
Ping An Trust	Trust	1,500,000,000	2014-4-1	2014-4-17	Expected	2,301,369.86	1,500,000,000	2,301,369.86	Yes	No	No	No	No	No
Ping An Trust	Trust	500,000,000	2014-4-1	2014-4-16	Expected	719,178.08	500,000,000	719,178.08	Yes	No	No	No	No	No
CITIC Securities	Collective asset management plan	199,000,000	2014-5-9	2014-11-18	Expected	7,060,052.05	199,000,000	7,124,200.00	Yes	No	No	No	No	No
CITIC CP	Specified asset management plan	300,000,000	2014-5-6	2014-8-6	Expected	5,444,383.56	300,000,000	5,444,383.56	Yes	No	No	No	No	No
CITIC CP	Specified asset management plan	300,000,000	2014-8-7	2014-11-6	Expected	5,235,616.44	300,000,000	5,235,616.44	Yes	No	No	No	No	No
CITIC CP	Specified asset management plan	300,000,000	2014-11-6	2015-2-2	Expected	5,063,013.70		0.00	Yes	No	No	No	No	No
CITIC CP	Specified asset management plan	200,000,000	2014-11-6	2015-2-2	Expected	3,375,342.47		0.00	Yes	No	No	No	No	No
Total /	/	6,499,000,000	/	/	/	76,080,263.00	5,999,000,000	67,489,433.77	/		/	/	/	/
Cumulative amount of principal and revenue overdue: (RMB)														0.00

(2) Entrusted loans

Borrower Name	Amount of entrusted loans	Loan duration	Loan interest rate	Use of borrowings	Security or guarantor	Overdue or not	Related transactions or not	Extended or not	Litigation	Source of funds and indicate whether the funds are raised funds	Relationship	Estimated profit	Profit/loss of investment
COSCO Shanghai Hotel Company Limited	70,000,000.00	2014.7.17-2014.12.12	6%	Ordinary operation	No	No	Yes	No	No	Equity fund	Joint venture	1,726,666.67	1,726,666.67

Explanation of entrusted loans

COSCO Shanghai Hotel Company Limited is originally a joint venture of the Company, which was interested in 10% of that company at the end of the year following a disposal of its 48.07% equity interests.

(3) Other wealth management and derivative investments

Type of investment	Source of investment	Party to contract	Investment amount	Duration	Type of instrument	Estimated profit	Profit/loss of investment	Litigation
Financial derivative business	/	Citibank, Societe Generale, JPMorgan Chase Bank, HSBC	97,500 tons	Within twelve months	Fuel swap	/	US$-5,452,557.50	No
Financial derivative business	/	China Merchants Bank	US$80 million	Within one year	Forward foreign exchange settlement	/	/	No

3. Use of proceeds from raised funds

Not applicable.

4. Analysis of principal subsidiaries and companies with equity interest

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

COSCON, a wholly-owned subsidiary of China COSCO, is principally engaged in international and domestic container shipping services and related businesses. Its registered capital is RMB11,088,763,082.00. As at 31 December 2014, its total assets and total equity amounted to RMB55,995,785,878.26 and RMB6,046,247,120.57 respectively. Total equity attributable to owners of the parent company amounted to RMB5,732,110,700.89 (31 December 2013: RMB5,880,579,854.90). Revenue, operating profit, gross profit and net profit in 2014 were RMB47,742,517,023.55, RMB651,132,225.42, RMB297,207,719.72 and RMB91,390,313.49 respectively. Net profit attributable to equity holders of the parent company amounted to RMB52,027,471.59 (2013: RMB-1,426,094,567.07).

COSCO Bulk, a wholly-owned subsidiary of China COSCO established in 2011, in principally engage 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 2014, its total asset and total equity amounted to RMB36,738,523,356.67 and RMB6,094,065,693.62 respectively. Total equity attributable to equity holders of the parent company amounted to RMB5,820,473,570.70 (31 December 2013: RMB7,518,997,435.20). Revenue, operating profit and net profit in 2014 were RMB12,557,153,617.69, RMB-2,409,375,147.84 and RMB-1,671,563,525.65 respectively. Net profit attributable to equity holders of the parent company amounted to RMB-1,696,655,574.15 (2013: RMB-1,677,834,884.52).

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 2014, COSCO Pacific was owned as to 44.54% by China COSCO. As at 31 December 2014, the authorized share capital of COSCO Pacific was HK$400,000,000 and its issued share capital and paid-up capital was HK$294,043,786.20. As at 31 December 2014, the total asset and total equity of COSCO Pacific amounted to RMB46,546,766,182.13 and RMB30,884,628,156.48 respectively. Total equity attributable to equity holders of the parent company amounted to RMB28,949,708,704.87 (31 December 2013: RMB27,701,010,706.67). Revenue, operating profit and net profit in 2014 were RMB5,404,648,365.05, RMB2,106,952,050.70 and RMB1,919,287,386.16 respectively. Net profit attributable to equity holders of the parent company amounted to RMB1,795,666,947.76 (2013: RMB4,351,826.194.79).

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

Since the financial crisis, the container shipping market has experienced a period of unprecedented turbulence and downturn. Liners made great efforts to reduce costs, actively optimized business structure and expanded alliance cooperation in order to compete in the sluggish market. According to the statistics of Alphaliner, the four shipping alliances, including 2M, CKYHE, Ocean3 and G6, accounted for approximately 35%, 23%, 22% and 19% of the weekly shipping capacity of the Asia-Europe routes and approximately 15%, 36%, 14% and 30% of the weekly shipping capacity of the Pacific routes respectively. The four alliances had a total share of up to 99% and 95% in the shipping capacity of the afore-said two eastern-and-western major routes. The co-operation structure in the eastern-and-western major routes alliance is relatively stable and is not expected to be broken in the near future.

Market outlook

Although the demand for container transportation continues to recover in 2015, the capacity oversupply pressure does not fall and industry competition remains intensive. Clarkson forecasts in February that the global container volume will increase by 6.7% in 2015 as compared to 2014 and the supply of global container transportation capacity will increase by 5.8%, slightly lower than the increase in demand; the increase in capacity of large vessels (new vessels of more than 12,000TEUs) in 2015 will reach approximately 704,000 TEUs, representing a year-on-year increase of approximately 11%. The concentrated delivery of large vessels will continue to put pressure on the shipping capacity of east-west main routes. As a result of hierarchical substitution, the pressure shall spread to North-South shipping routes and routes in the emerging markets.

Development trend

In respect of demand and supply, a certain "barrier" has developed in the market against the background of large vessel size and operational alliance in the eastern-and-western major routes, especially the Asia-Europe routes. Liner companies outside the alliance had gradually lost their competitiveness and their operation retarget at sub-main routes, which results in the rapid growth of shipping capacity supply of sub-main routes, especially in the emerging markets. According to the statistics issued by Alphaliner in February, the current percentage of capacity allocation to the Middle East/South Asia regional market, the African regional market and the East Asia intra-regional is 13%, 9% and 11%, one percentage point higher than the previous year in each case. In terms of absolute value, the regional capacity allocation to the afore-said three emerging markets is approximately 2.36 million TEUs, 1.67 million TEUs and 2.12 million TEUs, representing a year-on-year increase of 14%, 17% and 18% respectively. The capacity scale of Asia-Europe routes reaches 3.93 million TEUs, which is the same as the corresponding period last year. In addition, it is notable that large vessel capacity will further favor the Pacific routes. In February 2015, the shipping capacity of large vessels of more than 10,000 TEUs in the Pacific routes recorded a sharp year-on-year increase of 286%, resulting a year-on-year increase of 25% in the total capacity of this route.

In respect of freight rate, being put under severe test by the "New Normal" of slower growth of global economy and container shipping market demands, as well as the continuing imbalance between demand and supply, it is expected that freight rate in 2015 will remain low and low-cost competitive situation will remain unchanged. This situation is mainly due to two reasons: firstly, the inherent cost difference and the difference in operating strategies and supplier structure among various main liners will exist in the long run, and the ability of the suppliers to recover freight rate will decrease in face of the intense market competition; secondly, in recent years, the low cost advantages which emerged from large-scale vessels in the container shipping market, may prolong the duration of low market freight rate.

Dry bulk shipping market

Competition landscape

With the slow recovery of global economy and China's economy entering into a "New Normal", the growth rate of demand for dry bulk shipping witnessed significant slowdown. Meanwhile, due to significant decrease in the price of dry bulk cargo and the effects from trade pattern, some large-scale mineral traders and grain traders further enhanced their concentration on resources such as iron ore and coal and also strengthened their control on shipping rights, which intensified the excessive overcapacity of shipping capacity and thus the competition environment of dry bulk market has further deteriorated. Therefore, shipping companies encountered more difficulties in their shipping operations.

Management Discussion and Analysis

Market Outlook

Based on the latest forecasts of various international organizations and major forecast institutions on global economic growth in 2015, the global economy in 2015 is expected to slightly outperform than 2014. However, taking into account that the price of bulk commodities will continue to stay at a generally low level, as well as the impact of domestic and international economic environment and the strengthening US dollars, problems on multilevel structure will affect the increase of demand for dry bulk. It is expected that the demand for dry bulk shipping will increase by around 3.7% in 2015. Based on the delivery schedules of new ship orders and the ship age structure of dry bulk shipping capacities, the supply of dry bulk shipping capacities is expected to increase by around 4.5% in 2015. It is preliminarily predicted that the market condition will remain very severe in the dry bulk market.

Development Trend

Firstly, the global economy will continue to show a weak recovery trend and a differentiated development trend between developed economies and emerging economies. In addition, the "New Normal" presented in economic development and market environment in the PRC will, to some extent, slow down the growth rate of dry bulk market. On one hand, due to continued downturn of the bulk commodity trades, cargo owner customers will generally experience operating pressure, and in order to control shipping costs, they will require spot market operation as mainstream approach. On the other hand, faced with operation challenges, the customers are also striving for innovation, and they will impose more requests on shipping companies for integrated shipping service solutions and customized service products.

Secondly, sustained release of excessively oversupplied capacities in the ship manufacturing industry in Asian region will continue to intensify the oversupply of shipping capacities accumulated in a long term. And the imbalance between supply and demand of shipping capacities will have a long-term effect on the international dry bulk market, which will keep volatile at a low level in a quite long period of time.

Thirdly, low entry barriers in the dry bulk shipping industry results in the entry of numerous investment funds and cargo owners, thus occupied the development space of ship owners. In the past, many investors who are not engaged in the industry have successively made significant investment in building bulk carriers, resulting in more fragmental and complicated operating environment of suppliers of shipping capacities and more intense competition, with obvious disadvantages compared to highly centralized demand parties of shipping capacities.

Port Segment

Competition landscape

In 2015, the shipping industry has entered into a "New Normal" and the imbalance between supply and demand remained prominent in the container shipping market. The trend that container shipping companies establishing alliance and container vessels becoming larger also brought new challenges for the expansion of terminals and container leasing business. On one hand, shipping companies establishing alliance and container vessels becoming larger require higher terminal service quality and operation efficiency, such as terminal operation efficiency and port turnround of ships.

Market outlook

In light of the slow recovery of economic fundamentals and new normal development of the shipping industry, the global port industry is expected to experience stable growth, but the growth rate may slow down. With China's economic transformation and slowdown of economic growth, it is expected that domestic manufacturing industry will continue to be affected and the throughput growth will continue to show a slowdown trend. Specifically, the growth rate of China's port container throughput is expected to remain above 5% or more. Meanwhile, with the implementation of full reform on domestic ports, the port transformation and upgrading process will accelerate.

Development trend

In recent years, as competition in the terminal industry became more intense, some regional terminal operators have gradually grown stronger and developed their business globally. Meanwhile, terminal operators are still active in making investment in emerging markets such as Eastern Europe, Central America and Far-East which are widely considered to have good growth potential.

(II) Development strategy

According to the latest revised development strategy of China COSCO (2020), China COSCO categorizes its existing business into global integrated service cluster for container and global integrated service cluster for dry bulk, and will put great emphasis on the synergy between inter-cluster companies, so as to become an industry leader in terms of profitability, anti-cyclicality, global presence and increase in size as directed by the strategic vision of being customer-centric.

The overall position and function of global integrated service cluster for container in the business of China COSCO falls into improvement of profitability, expansion of global presence and increase in size. Container terminal business will actively adapt to "New Normal" through activation of new reform impetus, practical exploration of new marketing model, pursuit of profit growth, continuing optimization of fleet structure, broad way of alliance cooperation, expansion of cost advantage. Container terminal business will seek to realize synergy with container shipping business in investment and operation. It will also accelerate the establishment of overseas networks, emphasize the construction of hub ports, and increase shareholdings in terminals to turn to be an operator of terminal business from its participant in order to make contribution to the realization of the four strategic visions of China COSCO.

The overall position and function of global integrated service cluster for dry bulk in the business of China COSCO falls into the development of anti-cyclicality and expansion of global presence. Dry bulk shipping will increase investment in shipping based on demand from customers, accelerate the restructuring of cargo sources and customers, and proactively develop direct customers to secure shipping demand, expand its global presence and realize healthy operation. Dry bulk terminal business will make selective investment in individual terminals after giving adequate consideration to the investment potential and synergetic value of relevant terminals.

(III) Operation plan

Container shipping business

In light of the "New Normal" of the global economy and the shipping market and the new wave of Internet economy, the Company will further grasp the main keynote of "Adjustment and Development", actively adapt to "New Normal", activate new reform impetuses to continually improve effectiveness of business operation.

Capitalizing two key factors, namely large-scale vessel and energy saving and environmental protection, the Group will continue to optimize its fleet structure, establish a low-cost fleet, improve the economical efficiency of marine fuel. In addition, the Group will promote sharing of resources within the alliance, enhance its value-creating capacities and further consolidate and expand the cost advantages of alliance. Moreover, the Group will actively exploit the potentials and the profit growth contributors of the emerging markets and regional markets through optimization of the type of vessels and shipping routes.

The Group will renovate its transportation modes under the guideline of national strategy of "One Belt and One Road (一帶一路)" in order to establish seamless connection of transit shipment in multi-transportation modes and establish unique competitive advantages. Moreover, the Group will carry out marketing innovation, improve service quality and put full efforts on the consolidation of cargo source base in order to further increase the proportion of high-value cargoes and profit contribution.

The Group will enhance its resource allocation capacities and utilization efficiency in order to accelerate turnover of container equipment. Furthermore, the Group will continue to strengthen ship operation and fuel consumption monitoring. Moreover, the Group will continue to strengthen supplier management and negotiations and enhance collaboration between terminal business and shipping business in order to improve terminal operation efficiency.

We will further explore O2O e-commerce model and actively introduce new elements and new mechanism, and we will integrate various resources through our e-commence platform to expand derivative services with increasing efforts on service and product innovation for establishing shipping e-commerce ecosphere, so as to improve the overall value of the Company's services.

In 2015, the Group's container shipping business is expected to achieve a 5-6% increase in cargo volume as compared with 2014.

Dry bulk shipping business

In 2015, with the new changes and features of domestic and international economic development, COSCO Bulk will adhere to its operation and development principles of "being market-oriented and customer-centric", and gradually promote the transformation of business model to enhance its soft power. Focusing on the four dimensions of "anti-cyclicality, profitability, global presence, increase in size", it will insist on "systematic thinking, systematic innovation and systematic implementation" to enhance the ability to increase revenues and create benefits so as to achieve sustainable development.

It will establish the systematic innovation mechanism, speed up the transformation of business model to build an integrated service cluster for dry bulk. Being customer-centric, it will optimize the design of service products, and actively promote the deep strategic cooperation with major customers and realize mutual benefit by taking a series of measures such as "entering into long-term contracts to provide selectively tailored-made ship-booking and transportation services to targeted customers, collaborating on the development of resources and deepening joint venture". Through materializing the reforms on institutional mechanism of marketing, it will adopt marketing account executive accountability system to improve the customers' experience on shipping services and enhance its global market capacities. On the basis of the existing marketing network of overseas companies, with a combination of source flow of goods, status of cargo owners and potential of emerging markets, it will accelerate the establishment of oversea networks to develop an overseas collaborative network platform. It will gradually facilitate the adjustment, optimization and professional management on fleet structure to form competitive advantages at a low cost from sources and continue to meet the demands for special cargo types and project transportation at various levels from customers.

COSCO Bulk expects that a shipping volume of 678.3 billion ton miles is to be achieved in 2015.

Terminal business

To focus on investment opportunities in major hub ports and domestic second-tier ports, and make flexible investment in promising second-tier domestic terminals. To upgrade existing terminal facilities to adapt to the trend of large vessels. To improve the terminal layout in Mediterranean region. To deepen the market research efforts on bulk, universal and various specialized terminals. To enlarge and strengthen the markets and businesses of existing specialized terminals such as stone terminals, timber terminals and car docks, and to identify cooperation opportunities in relevant specialized terminals to achieve diversification in terminal investment and operation. To actively coordinate with global development strategy of COSCO fleet to achieve full synergy between terminal and shipping segments. To promote the diversification of shareholding cooperation and make efforts to enhance the profitability of terminal segment. To firmly grasp the "Two Belts and One Road" strategic opportunity to make efforts to promote the globalization layout of terminals. To focus on emerging markets such as African and Latin-American markets.

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

Capital commitment	Contract arrangement	Time schedule	Financing method	Funding source arrangement	Cost of fund and usage description
RMB 19.043 billion	Not applicable	2015	Debt financing	Bank loans, existing funds, others	Not applicable

(V) Potential risks

1. Risk of Macroeconomic Environment

In 2015, the economy of the world is still in a deep adjustment period following the financial crisis, the economic growth is likely to rebound significantly but the uncertainties increase. The domestic economy maintains overall steady but the downward pressure increases. It is difficult to reverse the situation that the shipping markets fluctuate at a low level, the Group is still exposed to many difficulties and challenges under such an environment that has not fundamentally changed.

2. Risk of Market Competition Landscape

With the continued downturn in the market, the shipping market in 2015 is still not optimistic and also shows some new characteristics: firstly, the market situation is more complicated. With the rising industrial concentration and the continuous emerging of new business models such as shipping e-commerce and shipping finance which were born out of new technologies and new economy, the business models of traditional shipping industry are suffering from serious challenges. Secondly, the customer demands become more diversified. The customers have increasingly higher demands for mode of transport, transport safety, service experience, etc. To meet customers' full range needs and provide integrated services becomes a "customer centric" innovative reflection. Thirdly, the competition and cooperation relationships become closer. To deepen the cooperation becomes the consensus of the shipping companies to cope with market risk and achieve steady growth. Peer competition facilitates the deepening of alliance cooperation, and transboundary cooperation gradually becomes the new normality. Overall, the weak market demand and the lack of growth momentum represent the biggest challenges that the shipping companies currently face.

3. ***Risk of Production Safety***

In recent years, the Company has been strengthening its efforts in safety management. Although the overall safety environment remains stable, production safety incidents occurred occasionally, which resulted in personal injuries and property losses. Therefore, the pressure of production safety has remained high. The Company is currently under difficult circumstances in terms of business operation and we cannot afford more safety problems at work place. The Company will further strengthen the production safety responsibility system, increase safety training, ensure investments in safety measures and strive to assure the normal order in the Company's production and operation.

III. Profit distribution or capitalization of surplus reserves proposals

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

The Company distributes dividend to all shareholders by way of cash or scrip dividend, and the total dividends shall be no less than 25% of the audited distributable profits of the Company during the 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 in 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 Group 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 meetings. 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 2014, the negative value of undistributed profits had not been reversed. After consideration by the Board, it was proposed that profits realized in the current year would not be distributed but would be used 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 (%)
2014	–	–	–	–	362,529,000	–
2013	–	–	–	–	235,470,000	–
2012	–	–	–	–	-9,559,138,000	–

(I) Fulfillment of social responsibility

(1) Performance of social responsibility

1. China COSCO has actively participated in various domestic and international activities related to sustainable development and communicated with relevant enterprises and authorities related to the implementation of the United Nations Global Compact and sustainable development during various conferences or activities. On 20 June 2014, Mr. Ma Zehua, Chairman of China COSCO, attended the "China-Greece Marine Cooperation Forum", and delivered a speech, hoping to maintain long-term good relationship with Greece, to push the business development in Greece to a brand new stage based on the principle of achieving mutual benefits and win-win, during the future cooperation, and to make more contribution for the friendship and cooperation between China and Greece.

2. During 2014, China COSCO continued to deepen its energy-saving and emission reduction programs. Attaching great importance to energy saving and emission reduction, 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 environment-friendly enterprise that protects the environmental 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 2014, 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 521,900 tonnes bunkers in total, reduced the total emission of CO2 by 1,623,100 tonnes, the total emission of Sox by approximately 26,600 tonnes, and the total emission of NOx by 45,400 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 unselfish hearts and devotion of China COSCO's seamen.

   1) On 12 January 2015, COSCO Bulk's Xinfa vessel (新發海輪) received emergency information from the AUS RCC that an Antigua business ship 「THOR COMMANDER」 has exhausted its engine, at 60 sea mile from the west of Xinfa vessel (新發海輪), sailing towards the Great Barrier Reef direction, with the risk of stranding and grounding. Upon receiving such notification, Xinfa vessel hurried to the water area to assist the AUS RCC to pull the business in danger to safe water area. Thereafter, the competent Australia marine authority sent a message of congratulation, expressing their sincere appreciation for Xinfa vessel's help.

2) On 8 March 2014, after losing contact with Malaysia Airlines flight MH370, upon receipt of the request by the China Maritime Search and Rescue Centre, China COSCO took orders by the relevant rescue bodies to join the search. At 8:30 am on 9 March, COSCO Taishun seagoing vessel was the first to arrive at the waters and immediately commenced searching for the plane. Since then, China COSCO's vessels continued their search work.

4. In 2014, China COSCO and its subsidiaries received various honors for their performance of social responsibilities:

Main international and national awards received in 2014

Awarded Time	Awards
31 January	COSCON was awarded the "Excellent Supplier" in 2013 by Shanghai GM
17 February	COSCON was awarded the Excellent Supplier Award again by FAW-VOLKSWAGEN
26 March	COSCON was awarded as "Green Gateway Partners" of Port of Seattle
18 April	COSCO Bulk won the second prize of the 20th session enterprise management modernized innovation in Tianjin city
28 April	COSCO (Hong Kong) Shipping was awarded the Best Performance in Port State Control Awards issued by the Marine Department of HK
1 May	Zheng Jiapeng (鄭家朋) and Zheng Ju (鄭桔), the captain and chief engineer of COSCO Bulk Carrier Co., Ltd., and Wang Yinxing(王銀興) of Shanghai Ocean Shipping Company Ltd. (上海遠洋運輸有限公司, COSCON is part of it) won the "National Labor Medal" awards
6 June	COSCON was granted the 2013 Award for Service Trade Contribution in Pudong New Area
11July	COSCO Pacific was honored for the third consecutive year with an "Outstanding China Terminal Award"
28 October	COSCO Pacific was honored for the tenth consecutive year with an "Outstanding Hong Kong Enterprise Award" by Economic Digest
5 December	COSCO Pacific was granted the Best Corporate Governance Disclosure Award by the Hong Kong Institute of Certified Public Accountants
12 December	COSCON was granted the Australia-Northeast Asia Liner Service Award by Lloyd's List
13 December	COSCON was awarded the title of "Top 10 Cold Chain Service Providers in China"
18 December	COSCON was granted the Australia-Northeast Asia Liner Service Award by Lloyd's List
30 December	COSCO Pacific was honored for the eighth consecutive year with a "Corporate Governance Asia Recognition Award" by Corporate Governance Asia
30 December	COSCO Pacific was honored for the third consecutive year with an "Outstanding China Enterprise Award" by Capital magazine.

(For details, please refer to the 2014 China COSCO Sustainable Development Report (中國遠洋2014年可持續發展報告).)

(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.

Significant Events

I. Material litigation, arbitration and matters commonly questioned by media

(i) Material litigation, arbitration and matters that have been disclosed in temporary announcements with no subsequent change

√ Applicable ☐Not applicable.

(ii) Material litigation and arbitration that have not been disclosed in temporary announcements or have subsequent change

Nil.

During the reporting period:

Unit: RMB

Plaintiff	Defendant	Other parties involved	Nature	Brief description	Amount involved	Expected liabilities and amount involved	Status	Judgment and effects	Execution of judgment
COSCO Container Lines Company Limited	URAL Container Carrier S.A.	Nil	Litigation in respect of vessel collision	Containership Zhenhe collided with MOL MANEUVER in the waters nearby Hong Kong on 22 February 2012 which caused serious damages to our ship and cargos	105,000,000	Nil	Court of first instance held a hearing in 2014 according to procedures. On 21 December 2014, the court of first instance made a first-instance judgment. From the service date of the judgment, we have 15 days to make an appeal and the counterparty has 30 days to make an appeal. The both parties were served the judgment on 23 January 2015. The appeal deadline for the counterparty is 23 February 2015.	The first-instance judgment decided that we bear 20% collision liability and the counterparty bear 80% thereof. The appeal deadline is 23 February 2015.	Upon the expiration of the litigation period, both parties did not make any appeal; the first-instance judgment was effective, and both parties shall perform their respective payment obligation presided by the court according to the first-instance judgment.

Plaintiff	Defendant	Other parties involved	Nature	Brief description	Amount involved	Expected liabilities and amount involved	Status	Judgment and effects	Execution of judgment
Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("ADK")	COSCO Pacific and Piraeus Container Terminal S.A. ("PCT")	Nil	Litigation	ADK filed a lawsuit to the Court of First Instance of Athens according to Article 677 of the Greek Code of Civil Procedure regarding the engineering fee under the Greek Civil Court. The merit of ADK was that COSCO Pacific and PCT failed to pay for the relevant civil construction works conducted by ADK pursuant to their instruction. In this case, ADK required COSCO Pacific and PCT to pay the service fee according to the terms of the engagement letter and did not ask for compensation on the default of contract. ADK required COSCO Pacific and PCT to pay the professional fees for services provided by ADK in the relevant period regarding the following works: (i) preparation of the design of terminal and tendering documents of terminal construction; (ii) provision of construction management services and other relevant works after winning the bid; and (iii) previous supervision and coordination of outsourcing units, namely P. Karpouzoglou and ATLANTIS (Note: In the opinion of the Greek lawyer, PCT had paid for the work in item (iii) on 20 October 2010).	48,700,000	Nil	The first hearing was held on 30 November 2010. The Court of First Instance of Athens has made a judgement and dismissed all claims against COSCO Pacific and PCT in the above petition, and determined that the plaintiff (ADK) shall pay a total of EUR30,000 (Equivalent to approximately US$41,500) as part of the legal expenses to COSCO Pacific and PCT. The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens before the Court of Appeals of Athens according to Greek law. The hearing of this appeal was originally set to take place before the Court of Appeals of Athens on 13 November 2012, and was postponed to 26 November 2013 due to the strike of the Greece's Association of Judges. Subsequently, the Court of Appeal of Athens further postponed the hearing until 21 October 2014 based on the application of ADK. The hearing of appeal was held at the Court of Appeal of Athens on 21 October 2014. No oral defense was for the appeal and COSCO Pacific waits for the result of this arbitration. Having consulted with legal opinions, the Directors and senior management of COSCO Pacific considered that COSCO Pacific and Piraeus Container Terminal have sufficient reasonable grounds to defend evidences raised in the appeal documents. However, it is impossible to predict accurately the final result of this litigation at the current phase. COSCO Pacific has not made any provision for those claims.	The litigation has not ended and it is currently unable to accurately predict the outcome.	N/A

(iii) Matters commonly questioned by media but have not be disclosed in temporary announcements with no subsequent change

Nil.

(iv) Others

Nil.

II. Misappropriation and repayment of funds during the reporting period

☐Applicable √ Not applicable.

III. Bankruptcy and restructuring

√ Not applicable.

IV. Transactions of assets and merger of companies

√ Applicable ☐Not applicable.

(i) Acquisition, disposal of assets and merger of companies disclosed in temporary announcements with no subsequent change:

Description and type	Index
Disposal by Tianjin Ocean Shipping Co., Ltd., a wholly-owned subsidiary of the Company, of 3% equity interest in COSCO Shipyard Group Co., Ltd.	Connected Transaction Announcement of the Company dated 30 October 2014 (Issue reference number 2014-047)
Disposal by Shanghai Ocean Shipping Co., Ltd., a wholly-owned subsidiary of the Company, of 48.07% equity interest in Shanghai Ocean Hotel Co., Ltd.	Connected Transaction Announcement of the Company dated 30 October 2014 (Issue reference number 2014-048)

(ii) Events that have not been disclosed in temporary announcements or have subsequent change

Nil.

V. Share options of the Company and its influence

√ Applicable ☐Not Applicable.

(I) Relevant share option matters that have been disclosed in temporary announcements with no subsequent progress or change

Not applicable.

(II) Share options that have not been disclosed in temporary announcements or with subsequent progress

Not applicable.

(III) Description of the relevant share options of the Company during the reporting period

Pursuant to the approval of the shareholders' meeting of the Company held on 9 June 2005, the Company adopted a share appreciation rights plan for the members of the Board (other than independent non-executive directors), supervisors (other than independent supervisors), secretary to the Board, senior management of the Company and its subsidiaries COSCON and COSCO Logistics as well as those who are approved by the Board of the Company. No shares will be issued under this scheme. The stock appreciation rights were granted in units representing one H share of the Company per unit.

The exercise period of the share appreciation right is 10 years from the date of grant. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant, the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights granted in 2005, 2006 and 2007 by the Company are exercisable at HK$3.195, HK$3.588 and HK$9.540 per unit, respectively.

During the reporting period, the Company did not adjust the grant price and the exercise price of the share appreciation rights granted in 2005, 2006 and 2007, and no share appreciation right of the Company was exercised and no new share appreciation right was granted.

VI. Material contracts and their performance

1 Custody, contracting and leasing

√ Applicable ☐Not applicable.

(1) Custody

Unit: RMB

Principal	Trustee	Entrusted asset	Amount of entrusted asset	Inception date	Termination date	Revenue	Determination of revenue	Effect of custody revenue on the Company	Connected transaction in nature	Relationship
China Ocean Shipping (Group) Company	China COSCO Holdings Company Limited	The management of non-listing direct wholly-owned enterprises of the principal	N/A	1 January 2014	31 December 2016	RMB 14,577,000	Custody agreement	N/A	Yes	Controlling shareholder

Description of custody management

On 29 August 2013, the Company entered into the Entrusted Management Services Master

Agreement with COSCO to continue the provision of such services, including but not limited to, strategic management, human resources management, financial management, investment and financing management, asset and capital management, monitoring and overall integration services and other related and ancillary services to the COSCO Group and its associates for a term of three years from 1 January 2014 to 31 December 2016.

(2) Contracting

Nil.

(3) Leasing

Nil.

2 Other material contracts

Contract Name	Name of parties	Signing Date	Underlying value of contract	Carrying amount of assets	Assessed value	Name of valuer	Valuation date	Pricing principle	Final transaction price	impact on operating results
"Supplemental Agreement" of the "Technical Cooperation Framework Agreement for Automation of Terminal (Phrase I) Project"	Xiamen Ocean Gate Container Terminal Co., Ltd. (the Purchaser) and Shanghai Zhenhua Heavy Industries Co., Ltd. (the Vendor)	12 March 2013 (Framework Agreement signed by Shanghai Zhenhua Heavy Industries, Xiamen Haicang Group and COSCO Pacific in October 2012)	US$66.23 million (amount for framework agreement was RMB650,000,000)	80% of contract price has been paid. It is currently under construction.	Nil	Nil	Nil	Nil	US$66.23 million	Currently not

VII. Undertakings

(i) Undertakings of listed companies, shareholders holding more than 5% of the shares, controlling shareholders and beneficial controllers during or as at the reporting period

Background of the undertaking	Type of the undertaking	Undertaking party	Subject of the undertaking	Deadline of the undertaking	Is there a fulfilment deadline	Whether the undertaking can be fulfilled strictly in time	Detailed reasons shall be specified if undertaking is not fulfilled in time	Further steps shall be specified if undertaking is not fulfilled in time
Undertaking in relation to substantial asset restructuring	Non-competition	COSCO	**1. Container shipping business** On 9 June 2005, COSCO entered into "Non-competition Undertakings" with the Company, and undertook to the Company that: (1) the Group will be the sole entity to be engaged in marine container comprehensive shipping business ("Restricted Container Shipping Business") both in the PRC and overseas with self-owned or chartered container vessels among the subsidiaries of COSCO; and (2) it will procure its members (excluding members of the Group) not to be directly or indirectly engaged in the Restricted Container Shipping Business (whether as shareholder, partner, lender or other capacities, and whether for profits, payments or other benefits).	Long-term effective	No	Yes	N/A	N/A

Background of the undertaking	Type of the undertaking	Undertaking party	Subject of the undertaking	Deadline of the undertaking	Is there a fulfilment deadline	Whether the undertaking can be fulfilled strictly in time	Detailed reasons shall be specified if undertaking is not fulfilled in time	Further steps shall be specified if undertaking is not fulfilled in time
			2. Container leasing business In respect of container leasing business, COSCO had undertaken to COSCO Pacific during the initial listing of COSCO Pacific on the Hong Kong Stock Exchange in 1994 that COSCO and its subsidiaries shall: (1) not be engaged in any business in any place in the world that may compete with the container leasing business of COSCO Pacific and its subsidiaries; (2) under any circumstances, when COSCO needs containers, it will first consider to lease from the container leasing companies, and under such circumstances, COSCO will grant COSCO Pacific and its subsidiaries the priority to negotiate container leasing business with COSCO, and may consider purchase of containers for own use only when COSCO fails to lease containers from the container leasing companies; (3) commence negotiations with COSCO Pacific and its subsidiaries as mentioned in the preceding paragraph at average market lease values, and to agree at annual rental adjustments in the existing and future contracts, and will enter into all contracts and rental adjustments based on the average rental values of four of the top ten independent container leasing companies; and (4) renew any existing contracts entered into with COSCO Pacific and its subsidiaries for further ten years, and will enter into new contracts for a term of ten years.					

Significant Events

Background of the undertaking	Type of the undertaking	Undertaking party	Subject of the undertaking	Deadline of the undertaking	Is there a fulfilment deadline	Whether the undertaking can be fulfilled strictly in time	Detailed reasons shall be specified if undertaking is not fulfilled in time	Further steps shall be specified if undertaking is not fulfilled in time
Undertaking in relation to the initial public offering	Non-competition	COSCO	So far as COSCO remains as the controlling shareholder of China COSCO, other than the existing dry bulk cargo fleet, COSCO and its subsidiaries shall not adopt any actions and measures to conduct any business which competes or may compete with China COSCO and its subsidiaries, and shall not infringe the lawful interests of China COSCO and its subsidiaries. Upon completion of the non-public offering, there shall be no new competitions between COSCO and its subsidiaries with China COSCO and its subsidiaries. At the same time, COSCO has undertaken to give China COSCO the right of first refusal to acquire the assets and/or equity rights relating to dry bulk shipping business to be disposed of by China COSCO or its subsidiaries.	Long-term effective	No	Yes	N/A	N/A

(ii) Explanations of the Company on whether the profit forecast on assets or projects was met and its reasons in the scenario that there is profit forecast on the Company's assets or projects and the reporting period is within the period of such profit forecast

Not applicable.

VIII. Punishment and rectification of listed companies or its directors, supervisors and its senior management, or shareholders holding 5% or above of the shares, beneficial controller or acquirer

Not applicable.

IX. Suspension and termination of listing

Not applicable.

X. Convertible bonds

Not applicable.

XI. Other significant events

For details of other significant events, please refer to temporary announcements of the Company.

Changes in Equity and Shareholders Information

I. Changes in Equity

(i) Changes in Equity

1. Changes in shares

During the reporting period, there was no change in total number and structure of Shares of the Company.

2. Transfer regarding changes in Shares

Not applicable.

3. Effects of changes in Shares on financial data of the current year and current period, such as earning per share and net asset per share

Not applicable.

4. Other information which the Company considers necessary or required to be disclosed by any securities regulatory authorities

Not applicable.

(ii) Changes in Shares subject to selling restrictions

Not applicable.

II. Issue and listing of securities

(i) Issue of securities in the last three years immediately before the end of the reporting period

Not applicable.

(ii) Changes in total number and structure of shares of the Company and changes in assets and liabilities structure of the Company

Not applicable.

(iii) Existing internal employee shares

Not applicable.

Changes in Equity and Shareholders Information

III. Shareholder and actual controller

(I) Total number of Shareholders:

Total number of shareholders at the end of the reporting period	326,752
Total number of shareholders at the end of the fifth trading day prior to the date of this annual report	328,972
Total number of holders of preferred shares whose voting rights are resumed as the end of the reporting period	N/A
Total number of holders of preferred shares whose voting rights are resumed at the end of the fifth trading day prior to the date of this annual report	N/A

(II) Shareholdings of the top 10 Shareholders and top 10 holders of tradable shares (or shareholders not subject to selling restrictions) as the end of the reporting period

Unit: Share

Shareholdings of the top 10 Shareholders							
Name of Shareholder (In full)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares subject to selling restrictions	Pledge or freezing		Nature of shareholders
					Shares	Number	
China Ocean Shipping (Group) Company	0	5,313,082,844	52.01	0	Nil	0	State-owned legal entity
HKSCC NOMINEES LIMITED	73,983	2,565,305,071	25.11	0	Unknown		Other
National Council for Social Security Fund (Subsidiary Shareholder)	0	178,386,745	1.75	0	Unknown		State
China National Nuclear Corporation	0	72,000,000	0.70	0	Unknown		Other
China Energy Conservation and Environmental Protection Group	0	23,500,000	0.23	0	Unknown		Other
Beijing Capital Guarantee & Investment Co., Ltd.	0	20,000,000	0.20	0	Unknown		Other
Zhuhai Port Holdings Group Co., Ltd.	0	17,400,000	0.17	0	Unknown		Other
China Galaxy Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	13,703,250	17,040,504	0.17	0	Unknown		Other
Guangfa Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	13,892,220	16,363,079	0.16	0	Unknown		Other
Haitong Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	13,421,382	16,335,742	0.16	0	Unknown		Other
Guotai Junan Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	11,581,147	15,088,714	0.15	0	Unknown		Other

Changes in Equity and Shareholders Information

Shareholdings of the top 10 holders of Shares not subject to selling restrictions

Name of shareholder	Number of Shares not subject to selling restrictions	Type and number of Shares: Type	Type and number of Shares: Number
China Ocean Shipping (Group) Company	5,313,082,844	RMB ordinary Shares	5,313,082,844
HKSCC NOMINEES LIMITED	2,565,305,071	Overseas listed foreign Shares	2,565,305,071
National Council for Social Security Fund (Subsidiary Shareholder)	178,386,745	RMB ordinary Shares	178,386,745
China National Nuclear Corporation	72,000,000	RMB ordinary Shares	72,000,000
China Energy Conservation and Environmental Protection Group	23,500,000	RMB ordinary Shares	23,500,000
Beijing Capital Guarantee & Investment Co., Ltd.	20,000,000	RMB ordinary Shares	20,000,000
Zhuhai Port Holdings Group Co., Ltd.	17,400,000	RMB ordinary Shares	17,400,000
China Galaxy Securities - client account of collateral securities for margin trading	17,040,504	RMB ordinary Shares	17,040,504
Securities Company Limited - client account of collateral securities for margin trading GF	16,363,079	RMB ordinary Shares	16,363,079
Haitong Securities Co., Ltd. - client account of collateral securities for margin trading	16,335,742	RMB ordinary Shares	16,335,742
Guotai Junan Securities Company Limited - client account of collateral securities for margin trading	15,088,714	RMB ordinary Shares	15,088,714
Related parties or persons acting in concert of the above shareholders	Unknown		
Explanations on preferred shareholders with voting rights restored and the number of shares held	N/A		

Note: As at 31 December 2014, China Ocean Shipping (Group) Company held 81,179,500 H Shares through its subsidiaries, representing 3.15% of the total issued H Shares. Such 81,179,500 H Shares were included in the shareholdings of HKSCC NOMINEE LIMITED. China Ocean Shipping (Group) Company and its subsidiaries held 52.80% of the total Shares in aggregate.

The number of Shares held by the top ten Shareholders holding Shares subject to selling restrictions and the respective selling restrictions

Not applicable.

(iii) Strategic investors or ordinary legal persons becoming top ten Shareholders as a result of participating in the placing of new Shares

Not applicable.

Changes in Equity and Shareholders Information

IV. Controlling shareholder and actual controller

(i) Specific description of controlling shareholder

1 Legal person

Unit: Yuan Currency: RMB

Name	China Ocean Shipping (Group) Company
Person in charge or legal representative	MA Zehua
Date of incorporation	27 April 1961
Registration number	10000143-0
Registered capital	RMB4,103,367,000
Principal business operations or management activities	China Ocean Shipping (Group) Company is one of the mega-size state-owned enterprises under the SASAC of the State Council. Apart from the business operated by our Group, the main business currently operated by COSCO Group also includes operations of oil tankers and other liquefied bulk cargo shipping, general cargo and special vessel shipping, ship repair and retrofit, ship building, provision of vessel fuels, financial services, ship trading service and the provision of seaman and ship management services, etc.
Future development strategies	To transform from a shipping conglomerate into a development conglomerate and gradually transit to a shipping cluster leading enterprise, to shape a shipping cluster leading enterprise with the coordinated development of various complementary businesses and with shipping and logistics as the core in the world.
Interests in listed companies in the PRC and overseas	It holds 65.02% equity interest in COSCO International Holdings Limited through COSCO (Hong Kong) Group Limited; 53.35% equity interest in COSCO Corporation (Singapore) Limited; 6.244% equity interest in A shares of China Merchants Bank; 10.85% equity interest in China Merchants Securities and 50.52% equity interest in COSCO Shipping Co., Ltd.
Others	Nil

2 Natural person

Not applicable

3 Specific description of non-existing of actual controller of the Company

Not applicable

4 References of changes and date of changes in actual controller during the reporting period

Not applicable.

(ii) Actual controller

1 Legal person

Unit: Yuan Currency: RMB

Name	State-owned Assets Supervision and Administration Commission of the State Council
Person in charge or legal representative	N/A
Date of incorporation	N/A
Registration number	N/A
Registered capital	N/A
Principal business operations	N/A
Future development strategies	N/A
Interest in listed companies in the PRC and overseas during the reporting period	N/A
Others	Nil

2 Natural person

Not applicable.

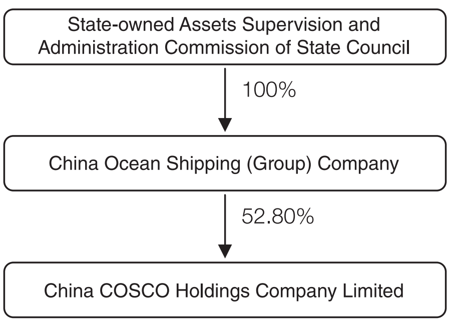
3 Specific description of non-existing of actual controller of the Company

Not applicable.

4 References of changes and date of changes in actual controller during the reporting period

Not applicable.

5 The structure of equity and control between the Company and actual controller



6 Companies controlled by actual controller through trust or other asset management

Not applicable.

(III) Other information in relation to controlling shareholders and actual controller

Nil.

V. Other legal person shareholders holding 10% or more Shares

Nil.

VI. Convertible corporate bonds

Not applicable.

Directors, Supervisors, Senior Management

Major work experiences of directors, supervisors and senior management of the Company in the recent five years are as follows:

MA Zehua (馬澤華)

Mr. MA, aged 62, is currently the Chairman and a non-executive Director. Mr. Ma is the chairman of the board of directors of COSCO and has assumed the role of its party secretary since 2013. Mr. Ma is also the chairman of the board of directors of COSCO (Hong Kong) Group and Hainan Boao COSCO Co., Ltd., the PRC representative chairman of the management committee of Chinese-Polish Joint Stock Shipping Company and the vice chairman of China Merchants Bank. Mr. Ma was the president of COSCO Maritime (UK) Limited, the general manager of the development department and the assistant to the president of COSCO, the president and party secretary of China Ocean Shipping Company Americas, Inc. He also assumed various positions such as the deputy general manager of Guangzhou Ocean Shipping Company, the president and the party secretary of Qingdao Ocean Shipping Company, the vice president and a member of the CPC subcommittee of COSCO, the secretary of the CPC subcommittee and vice president of China Shipping (Group) Company and the director, general manager and deputy secretary of the CPC subcommittee of COSCO. Mr. Ma has extensive experience in operation and management of domestic and overseas shipping companies and is an expert in international shipping industry. Mr. Ma graduated from Shanghai Maritime University majoring in international law. He obtained his master degree from Shanghai Maritime University and is a senior economist. Mr. Ma was the representative of the Twelfth Session of the National People's Congress and member of foreign affairs committee.

LI Yunpeng (李雲鵬)

Mr. LI, aged 56, is currently the Vice Chairman and an executive Director. Mr. Li has been a director and the general manager of COSCO since 2013, and is currently the chairman of the board of COSCO Corporation (Singapore) Limited, the chairman of COSCO (Hong Kong) Company Limited, the chairman of COSCO Investment Limited, the chairman of Chinese-Tanzanian Joint Shipping Co., Ltd. and a director of China Bohai Bank Limited. Mr. Li was the deputy department head, the department head and the director officer of the executive division of Tianjin Ocean Shipping Company Limited. He also assumed various positions in COSCO such as the deputy general manager of the executive division, the general manager of the supervision division, the general manager of the human resources division, the assistant president, the head of the CPC discipline inspection committee and the deputy general manager. Mr. Li has over 30 years' experience in the shipping industry and has extensive experience in corporate management, internal control and human resources. Mr. Li graduated from Tianjin University with a master degree of shipping and marine engineering and is a senior engineer.

SUN Yueying (孫月英)

Ms. SUN, aged 56, is currently a non-executive Director. Ms. Sun has served as the chief accountant of COSCO since 2000 and is currently the chairman of the board of directors of COSCO Shipyard Group Co., Ltd., COSCO Finance Company Limited, COSCO Japan Co., Ltd. and COSCO International Ship Trading Company Limited, respectively. She also serves as the director of China Merchant Bank and China Merchants Securities. Ms. Sun assumed various positions such as the deputy director of the finance department of Tianjin Ocean Shipping Company Limited, the finance manager of COSCO Japan Co., Ltd., the deputy general manager and the general manager of the financial and capital division and the deputy chief accountant of COSCO. Ms. Sun has over 30 years' experience in the shipping industry and has extensive experience in corporate finance management. Ms. Sun graduated from Shanghai Maritime University majoring in shipping finance and accounting and obtained her executive master degree of business management from the University of International Business and Economics. She is also a certified public accountant and a senior accountant.

Directors, Supervisors, Senior Management

SUN Jiakang (孫家康)

Mr. SUN, aged 55, is currently an executive Director. Mr. Sun is the secretary to the board of directors COSCO and has served as its deputy general manager since 2011, its chief legal counsel since 2012 and its spokesperson since 2013. He is also the chairman of its board of directors of a number of companies, including COSCO Europe GmbH, COSCO Americas, Inc., COSCO Oceania Pty Limited, COSCO Africa (Pty) Ltd and China Marine Bunker Supply Company, and the chairman of the board of directors and an executive director of COSCO International Holdings Limited. Mr. Sun was the manager of the third division and the second division of the container lines headquarters, the general manager of the transportation division and the assistant to the president of COSCO. He also assumed various positions such as the vice chairman of the board of directors, the executive director and the general manager of COSCO Pacific, the vice president of CHKG Group Limited and the managing director of COSCON. Mr. Sun has over 30 years' experience in the shipping industry and has extensive experience in corporate finance management. Mr. Sun graduated from Preston University with a doctor degree and Dalian Maritime University with a master degree, respectively. He is also a senior engineer.

YE Weilong (葉偉龍)

Mr. YE, aged 52, is currently a non-executive Director. Mr. Ye has served as the deputy general manager of COSCO since 2011 and is currently the chairman of the board of directors of COSCO and China COSCO Bulk Shipping (Group) Co., Ltd. and COSCO West Asia Fze, respectively. Mr. Ye assumed various positions such as the assistant to general manager, the deputy general manager and the general manager of Shanghai Ocean International Freight Company, the general manager of COSCO Shanghai International Freight Co., Ltd., the general manager of COSCO International Freight Co., Ltd., the deputy general manager of COSCON, the general manager of COSCO Freight Co., Ltd. and the managing director of COSCO Logistics. Mr. Ye has extensive experience in corporate operation management, international shipping and modern logistics strategic operation management. He graduated from Dalian Maritime University with a doctor degree and obtained his master degrees in business administration from Shanghai Maritime University and Maastricht School of Management in the Netherlands. Mr. Ye is a senior economist.

WANG Yuhang (王宇航)

Mr. WANG, aged 53, is currently a non-executive Director. Mr. Wang has served as the deputy general manager of COSCO since 2014, the chairman of COSCO Shipyard Group Co., Ltd. and the chairman of COSCO Korea Co. Ltd. He also assumed various positions in COSCO such as the deputy director officer of the officer tranche of the organization department, the deputy general manager of the development department, the deputy general manager of the human resources department, the general manager of the supervision department, the deputy secretary of the disciplinary committee, the deputy officer of the supervision office, the chief officer of the legal center and the general manager of the human resources department. He was also the vice president of China Ocean Shipping Company Americas, Inc., the deputy general manager and the general manager of China Shipbuilding Industry Company and the general manager of COSCO Shipyard Group Co., Ltd. Mr. Wang has more than 30 years' experience in the shipping industry and has extensive experience in human resources, disciplinary supervision and enterprises operation and management. Mr. Wang graduated from Dalian Maritime College majoring in marine engineering management and is a senior engineer.

JIANG Lijun (姜立軍)

Mr. JIANG, aged 59, is currently an executive Director and the president. Mr. Jiang assumed various positions such as the deputy general manager of COSCO Pacific, the deputy general manager of Florens Container Co., Ltd., and the head of finance department and the deputy head of the operation department of COSCO Japan Co., Ltd. He was also the deputy chief accountant of COSCON, the chief executive officer of COSCO Shipping Co., Ltd., the president and the vice chairman of the board of directors of COSCO Corporation (Singapore) Limited and the president of COSCO Holdings (Singapore) Limited. Mr. Jiang has more than 30 years' of experience in shipping business and has extensive experience in the operation and management of domestic and overseas enterprises. Mr. Jiang has obtained a master degree of business administration and is an accountant.

Directors, Supervisors, Senior Management

FAN Hsu Lai Tai, Rita (范徐麗泰)

Dr. FAN, aged 69, is currently an independent non-executive Director. Dr. Fan Hsu Lai Tai, Rita was a member of the Legislative Council of Hong Kong, a member of the Executive Council of Hong Kong, the president of the Legislative Council of Hong Kong, a member of the Preliminary Working Committee for the Preparatory Committee of Hong Kong, a member of the Preparatory Committee of Hong Kong, the chairman of the board of Civil Education of Hong Kong, the chairman of the Education Commission of Hong Kong and the representative of the Ninth and Tenth Sessions of the National People's Congress and a member of the Standing Committee of the Eleventh Session of the National People's Congress. Dr. Fan was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal by Hong Kong Government. She is currently a member of the Standing Committee of the Twelfth Session of the National People's Congress and an independent non-executive director of China Overseas Land & Investment Limited , China Shenhua Energy Company Limited and COSCO Pacific, all of which are companies listed on the Hong Kong Stock Exchange.

KWONG Che Keung, Gordon (鄺志強)

Mr. KWONG, aged 65, is currently an independent non-executive Director. He is a senior fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, respectively. Mr. Kwong was a partner of PricewaterhouseCoopers, an independent member of the council of the Hong Kong Stock Exchange and had also acted as the convener of both the listing committee and the compliance committee of the Hong Kong Stock Exchange. Mr. Kwong is currently an independent non-executive director of a number of companies listed on the Hong Kong Stock Exchange including China Power International Development Limited, NWS Holdings Limited, Henderson Land Development Company Limited and Chow Tai Fook Jewellery Group Limited.

Peter Guy BOWIE (鮑毅)

Mr. BOWIE, aged 68, is currently an independent non-executive Director. He served as the chairman of Deloitte Canada and was a member of its management committee. Mr. Peter Guy Bowie was also a member of the board and governance committee of Deloitte International. Mr. Bowie was the chief executive officer, a senior partner and a member of the board and management committee of Deloitte China from 2003 to 2010. He is currently an independent director of Magna International Inc. Mr. Bowie has extensive experience in corporate governance, risk control and business operations.

YANG, Liang Yee Philip (楊良宜)

Mr. YANG, aged 66, is currently an independent non-executive Director. Mr. Yang is a full-time arbitrator in international commercial and maritime arbitration. He is currently the vice chairman of the documentary committee of the Baltic and International Maritime Council, the honorary chairman of Hong Kong International Arbitration Centre, a part-time professor in the City University of Hong Kong. Mr. Yang, Liang Yee Philip served as the chairman of Hong Kong International Arbitration Centre, the chairman of Asia-Pacific Regional Arbitration Group and the Hong Kong representative of the International Chamber of Commerce. He was also the guest professor of more than ten universities in the PRC such as Dalian Maritime University and Shanghai Maritime University. Mr. Yang, Liang Yee Philip has extensive experience in cases related to international commercial maritime law. He has also devoted himself to the educational research activities in respect of commercial maritime law in various law schools in the PRC and has made invaluable contribution to maintaining close connection between legal education in the PRC and the development of international commercial law as well as the training of legal practitioners specialized in English commercial maritime law.

FU Xiangyang (傅向陽)

Mr. FU, aged 47, is currently a Supervisor and the Chairman of Supervisory Committee. Mr. Fu is a director of COSCO and has served as the chairman of its labor union since 2011. Mr. Fu Xiangyang assumed various positions such as the deputy head of officer department of COSCO Shanghai, the deputy general manager of the human resources department of COSCON., the deputy general manager of Shanghai Ocean Industrial (in charge of operation), the deputy head of the organization department, the deputy general manager of the human resources department, the head of the operation division of the party members' group, the deputy party secretary and the secretary of the league committee of COSCO and the head of corporate culture department of China COSCO. Mr. Fu Xiangyang has more than 20 years' experience in the shipping industry and has extensive experience in corporate management. Mr. Fu Xiangyang graduated from Fudan University majoring in business administration and Missouri State University in the United States of America majoring in the same. Mr. Fu Xiangyang has obtained a master degree and is an economist.

MA Jianhua (馬建華)

Mr. MA, aged 52, is currently a Supervisor. Mr. Ma is the secretary of the CPC committee and the deputy general manager of COSCO Shipbuilding Industry Company Limited since 2014. He was the deputy head of the human resources and labor department and the research officer of the Ministry of Transport of the PRC and was also the deputy secretary of the CPC committee and the leader of the discipline inspection team of Shenzhen Maritime Safety Administration. Mr. Ma also assumed various positions such as the deputy director of the general office and the deputy secretary of Chongqing municipality of the PRC, the party secretary and the deputy general manager of COSCO Logistics Co., Ltd. Mr. Ma has extensive experience in administrative management, traffic management, human resources management and modern logistics strategy and management. Mr. Ma graduated from Central Party School of the CPC majoring in economics and management and is a senior engineer.

GAO Ping (高平)

Mr. GAO, aged 59, is currently a Supervisor. Mr. GAO has been the director, the secretary of the committee of CPC and deputy general manager of COSCON since 2011. He was the ship mate, deputy manager, manager and general manager of the human resource division of COSCO Shanghai, the deputy general manager and general manager of the crew management division, the assistant general manager and deputy general manager of COSCO (Hong Kong) Shipping Co., Ltd., the director of the organization division and the general manager of the human resource division of COSCO, and the supervisor of the State-owned Enterprise Supervisory Committee appointed by the State Council to COSCO. He has over 30 years of experience in the shipping industry with extensive experience in vessel management, corporate management and human resources management. Mr. Gao graduated from University of International Business and Economics with an EMBA degree and is a senior engineer.

ZHANG Li (張莉)

Ms. ZHANG, aged 49, is currently a Supervisor. Ms. Zhang is the secretary of the committee of CPC and the deputy general manager of China COSCO Bulk Shipping (Group) Co., Ltd since 2014. She was the deputy head, the deputy general manager and the general manager of the president's affairs department of COSCO, the vice president and a member of the committee of CPC of COSCO Europe GmbH, the secretary of the committee of CPC and the deputy general manager of COSCO H.K. (Beijing) Investment Co., Ltd. Ms. Zhang has more than 20 years' experience in the shipping industry and has extensive working experience in law, business management and internal control. Ms. Zhang graduated from China University of Political Science and Law majoring in private international law with a master degree and is an economist.

ZHANG Jianping (張建平)

Mr. ZHANG, aged 49, is currently an independent Supervisor. He is a professor of the International Business School and the director of the Capital Market and Investment and Financing Research Center of the University of International Business and Economics. Mr. Zhang assumed various positions such as the director of the Department of Teaching and Research, the dean and the vice president of the International Business School of the University of International Business and Economics. He is currently an independent director of SDIC Zhonglu Company Limited and Zhejiang Huafon Spandex Co., Ltd., respectively. Mr. Zhang graduated from the University of International Business and Economics with a doctor degree of transnational business management.

Directors, Supervisors, Senior Management

XU Zunwu (許遵武)

Mr. XU, aged 57, is currently the deputy general manager of the Company and the vice chairman and managing director of China COSCO Bulk Group. He previously held positions as the deputy general manager of COSCO Guangzhou, the deputy general manager of COSCO Bulk, deputy general manager and managing director of COSCO (Hong Kong) Shipping Co., Ltd., vice president of COSCO Hong Kong, managing director of COSCO (Hong Kong) Shipping Co., Ltd, the general manager of COSCO Shenzhen, the managing director of COSCO Bulk. Mr. Xu has over 30 years of experience in the maritime industry and has extensive experience in corporate operation management. Mr. Xu graduated from Shanghai Maritime University majoring in ocean shipping. He is a senior economist.

WAN Min (萬敏)

Mr. WAN, aged 46, is currently the deputy general manager of COSCO since 2014, the chairman of the board of COSCO Pacific and the chairman of COSCO Shipping Company Limited. He was the deputy general manager of the Company (resigned on 26 March 2015), the general manager of Asia-Pacific Trade and American Trade and the deputy general manager of COSCON, the general manager of COSCO International Freight, the president of COSCO Americas Inc., the managing director of COSCON Mr. Wan has over 20 years of corporate management experience in the shipping industry and has extensive experience in corporate management and ocean shipping. Mr. Wan graduated from Shanghai Jiao Tong University with a master's degree in business administration and is an engineer.

TANG Runjiang (唐潤江)

Mr. TANG, aged 46, is currently the chief financial officer of the Company. Mr. Tang was the deputy department head of the accounting management department of the treasury division, department head of the accounting department of the treasury division (finance division), deputy general manager of finance division and deputy general manager of the finance department of COSCO, deputy chief accountant and chief accountant of COSCO Bulk Shipping (Group) CO., Ltd., and the general manager of the finance division of COSCO. Mr. Tang has over 20 years of experience in finance, accounting and financial management. Mr. Tang graduated from the Central University of Finance and Economics with a bachelor's degree in economics majoring in industrial accounting.

GUO Huawei (郭華偉)

Mr. GUO, aged 49, is currently the secretary to the Board of the Company. Mr. Guo was the deputy department head (in charge of the work) of the enterprises restructure department of the management division, the deputy general manager and the deputy general manager (in charge of the work) of the asset management division of COSCO, the general manager of the investor relationship department and the strategic development department of COSCO Corporation (Singapore) Limited. Mr. Guo has extensive experience in the shipping industry and in asset management. Mr. Guo graduated from Northern Jiaotong University, majoring in transportation economics. He is a PhD student and a senior economist.

WANG Xiaodong (王曉東)

Mr. WANG, aged 56, is currently the assistant to the general manager of the Company. Mr. Wang was the deputy general manager of Trade Division of COSCO, the general manager of China Marine Bunker Supply Company, the deputy general manager of COSCO International Trading Company, the general manager of COSCO Industry Company, the deputy general manager and the managing director of COSCO International Holdings Ltd. He has over 30 years of experience in the shipping industry and has extensive experience in operating and managing domestic and foreign enterprises and listed companies. He obtained a master's degree in business administration and is a senior engineer.

I. Corporate Governance

The Company attaches high importance to its development in a regulated manner by improving its corporate governance. The corporate governance of the Company is supervised by the Shareholders' general meeting, the Board and the Supervisory Committee. The Shareholders' general meeting and the Board are well organized and regulated, and information has been disclosed in a timely, accurate and fair manner. Comprehensive and effective internal control system and connected transactions management system are also in place. The Company has actively strengthened its investor relationship management. In order to protect the rights of investors to know and to make recommendations, the Company maintains effective communication channels for investors. Circulation and documentation of confidential information of the Company are strictly restricted to prevent insider dealing. The Company also promotes its corporate governance by taking effective measures to provide relevant training to its employees.

II. 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 in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code for the dealings in securities transactions by the Directors. Having made specific enquiries with all Directors and Supervisors of the Company, they have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

III. Report on the Company's compliance with the Corporate Governance Code

The Company has 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 as set out in Appendix 14 to the Listing Rules. The Board has reviewed the daily corporate governance of the Company according to the relevant provisions of the Code of Corporate Governance set out in Appendix 14 to the Listing Rules and considered that the Company has operated according to the code provisions during the reporting period, and complied with the requirements of the provisions of the Code of Corporate Governance save for the deviation described in the below table, with an effort to carry out the recommended best practices.

To the knowledge of the Directors, there is no information that would reasonably indicate that the Company had not complied with the Corporate Governance Code at any time during the year ended 31 December 2014.

A. Directors

A1. Board of directors

Principle of the Code • *The board should assume responsibility for leadership and control of the issuer and be collectively responsible for directing and supervising the issuer's affairs. Its decisions shall be in the interests of the issuer.* • *The board should regularly review the contributions required from a director to perform his responsibilities to the issuer, and whether he is spending sufficient time performing them.*
The current best situation in the governance of China COSCO • The Board fully represents the Shareholders' interests and has set up development strategies of the Company within the scope of powers as provided under the Articles of Association. The Board monitors and implements the Company's operation management, so as to achieve a steady return of long term results. • Directors attend Board meetings as scheduled and carefully review materials of the meetings. The attendance of all Directors reaches 100%. Independent non-executive Directors regularly inspect the management of connected transactions of the Company.

Compliance procedures of the Corporate Governance Code – Code provisions

<table>
<tr><th>Code provisions</th><th>Compliance</th><th>Procedures of Corporate Governance</th></tr>
<tr><td>• To convene at least four regular meetings of the board, about once in each quarter. Each of the regular Board meetings shall be attended by the majority of eligible directors in person. Regular board meetings do not include meetings by way of written resolutions for the approval of the Board

• To disclose the attendance of each director, by name, at the board and general meetings pursuant to the mandatory disclosure requirements under the Corporate Governance Report</td><td>Yes</td><td>• In 2014, the Company convened 10 Board meetings, including 6 physical meetings and 4 meetings by written resolutions. Each of the Board meetings was attended by all Directors. Attendance of Board members in 2014 was 100% and is listed as follows:
<table>
<tr><th></th><th colspan="4">(Number of meetings attended/ Number of meetings to be attended)</th></tr>
<tr><th></th><th>Board meetings</th><th>Attendance</th><th>General meetings</th><th>Attendance</th></tr>
<tr><td>MA Zehua</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>LI Yunpeng</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>SUN Yueying</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>SUN Jiakang</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>YE Weilong</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>WANG Yuhang(1)</td><td>7/7</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>JIANG Lijun</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>FAN HSU Lai Tai, Rita</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>KWONG Che Keung, Gordon</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>Peter Guy BOWIE</td><td>10/10</td><td>100%</td><td>4/4</td><td>100%</td></tr>
<tr><td>YANG, Liang Yee Philip(2)</td><td>7/7</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>Teo Siong Seng(3)</td><td>3/3</td><td>100%</td><td>2/2</td><td>100%</td></tr>
</table>
(1) Mr. Wang Yuhang served as a non-executive Director of the Company since 20 May 2014;
(2) Mr. YANG, Liang Yee Philip served as an independent non-executive Directors of the Company on 20 May 2014;
(3) Mr. Teo Siong Seng resigned as an independent non-executive Director of the Company on 20 May 2014.</td></tr>
<tr><td>• All directors are given an opportunity to include matters in the agenda for regular board meetings

• Notice of at least 14 days should be given of a regular board meeting</td><td>Yes

Yes</td><td>• Relevant notice will be given to the Directors and sufficient time will be given for them to suggest proposals to be included in the agenda of Board meetings. All Directors have opportunities for the inclusion of their proposals in the agenda of regular Board meetings.

• Notices of regular Board meetings have been given at least 14 days before the convening of the meetings, and notices and agenda of extraordinary Board meetings were given within reasonable time pursuant to the Articles of Association.</td></tr>
</table>

Code provisions	Compliance	Procedures of Corporate Governance
• Minutes of meetings should be kept by the Board secretary, and are available for inspection by directors at any reasonable time	Yes	• The Board secretary has been responsible for organizing and keeping the minutes of Board meetings. The minutes of Board meetings and the records and related information of the special committees have been properly and perpetually kept in the Company's domicile as important files of the Company, and available for the inspection by Directors at any time.
• The minutes of the meetings should record in sufficient detail the matters considered by the board and the decisions reached	Yes	• Minutes of Board meetings have made objective and detailed records on the matters considered, voting and opinions issued by directors in the meetings, and confirmed by the Directors.
• Directors should be entitled to seek independent advice in accordance with the agreed procedures at the issuer's expense	Yes	• In respect of matters requiring opinions from professional institutions, the Company has appointed professional institutions upon Director's request to provide independent opinions at the expense of the Company.
• In the event that substantial shareholders or directors have conflict of interests in a material matter, connected directors are required to abstain from voting	Yes	• The Company has made provisions in respect of abstaining from voting of connected directors in the Articles of Association and the Rules of Procedures of the Board of Directors. In 2014, when considering the matters such as "specific audit report on the utilization of non-operating funds and the transfer of other associated funds in 2013, the entering into of the Financial Services Agreements between COSCO Pacific Limited and COSCO Finance Ltd. and the establishment of the independent board committee as well as the appointment of independent financial advisor, related issues under disposal of 3% equity interest in COSCO shipyard and disposal of 48.07% equity interest in Shanghai Hotel projects and the take of funds of state-owned capital operating budget allocated for eliminating the old and constructing new projects by way of entrust loans from China Ocean Shipping (Group) Company, the relevant connected directors abstained from voting.
• To arrange appropriate insurance cover in respect of legal actions against directors	Yes	• The Company has maintained liability insurance for the Directors, Supervisors and members of senior management.

A2. Chairman and the chief executive officer

Principle of the Code • *Clear division of responsibilities between chairman of the board and the chief executive officer, to ensure the balance of power and authority.*
The current best situation in the governance of China COSCO • The Company has clearly specified the duties of the Chairman and the chief executive officer, and separated the functions of the Board and management, and made detailed descriptions in the Articles of Association, Rules of Procedures of the Board of Directors, Guidelines for the Works of the General Manager, so as to ensure the balance of power and authority, and ensure the independence of Board decisions, thereby ensuring the independence of the daily operation activities of management.

Compliance procedures of the Corporate Governance Code – Code provisions

Code provisions	Compliance	Procedures of Corporate Governance
• The roles of the chairman and the chief executive officer should be separate, and should be clearly established and set out in writing	Yes	• Mr. Ma Zehua was appointed as the Chairman on 16 July 2013, and the Company did not appoint any chief executive officer.
• The chairman should ensure that all directors are properly briefed on issues arising at board meeting	Yes	• In respect of matters to be considered by the Board, adequate information has been provided to the Directors with sufficient communication before the meeting, and special meetings have been convened upon the request of the directors to report on the matters concerned. Detailed explanations would be made in the meeting by the Chairman or management of the Company on the motions where necessary.
• The chairman should ensure that the directors receive adequate information in a timely manner	Yes	• The Chairman has arranged the Board secretary to provide information regarding the progress of the various matters of the Company to all the Directors each month and the management of the Company has presented the key data of performance to members of the Board each month, so that the Directors may obtain timely and adequate information.

Code provisions	Compliance	Procedures of Corporate Governance
• The chairman should be primarily responsible for drawing up and approving the agenda of board meetings	Yes	• Agenda of Board meetings are negotiated by the Chairman with the executive Directors and the Board secretary and are decided after taking into consideration of all the matters proposed by each Director.
• The chairman should take primary responsibilities for ensuring that good corporate governance practices and procedures are established	Yes	• The Chairman assumes an important role in the promotion of the development of the Company's corporate governance, delegates the Board secretary to set up a good corporate governance system and procedure, supervises management to loyally implement the various systems, and ensures the regularized operation of the Company.
• The chairman should encourage all directors to make full and active contribution to the board's affairs	Yes	• The Chairman has encouraged all Directors to be involved in the affairs of the Board and make effective contribution to the Board and requested the Board to act in the best interests of the Company.
• The chairman should at least annually hold meetings with the non-executive directors without the executive directors present	Yes	• The Chairman has communicated fully with non-executive Directors face-to-face appropriately before the start and after the end of each on-site Board meeting. In 2014, the Chairman convened two forums with independent non-executive Directors, on which relevant issues the independent non-executive Directors cared about were communicated and discussed in furtherance.
• The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders	Yes	• The Chairman has placed great emphasis on the effective communication between the Company and the Shareholders, attended and presided over Shareholders' general meetings and continued to promote and improve investor relationship, and has dedicated himself to realizing maximum returns of Shareholders.
• The chairman should facilitate the effective contribution of directors to the board, and ensure the executive directors and non-executive directors maintain constructive relations with each other	Yes	• The Chairman has placed great emphasis on the contributions of directors to the Board, and made efforts to ensure the executive directors and non-executive directors maintain constructive relations with each other.

A3. Board composition

Principle of the Code
• *The Board should have a balance of skills and experience appropriate to the requirements of the business of the issuer. The Board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgment. Non-executive directors should be of sufficient calibre and number for their views to carry weight.*
The current best situation in the governance of China COSCO • The Board comprises eleven members, including four executive directors, being Mr. LI Yunpeng, Mr. SUN Jiakang, Mr. YE Weilong and Mr. JIANG Lijun, three non-executive directors, being Mr. MA Zehua (Chairman), Ms. SUN Yueying and Mr. WANG Yuhang and four independent non-executive directors, being Dr. FAN HSU Lai Tai, Rita, Mr. KWONG Che Keung, Gordon, Mr. Peter Guy BOWIE and Mr. YANG, Liang Yee Philip, with independent non-executive directors representing over one third of the members of the Board. • The independent non-executive Directors have expertise and experience in areas such as shipping, corporate management, finance and laws and are able to make independent judgments, which ensures the decisions of the Board are made prudently and comprehensively. • There is no relationship (including financial, business, family or other material relationship) among the members of the Board.

Compliance procedures of the Corporate Governance Code – Code provisions

Code provisions	Compliance	Procedures of Corporate Governance
• The independent non-executive directors should be identified in all corporate communications	Yes	• The Company has disclosed members of the Board according to the category of the Directors in all corporate communications.
• Maintain on the website of the Company an updated list of members of the Board, identifying their role, function and independency	Yes	• The Company has posted the list of Board members and their biographies on its website, setting out their role, function and independence.

A4. Appointments, re-election and removal

Principle of the Code • *The procedures for the appointment of new directors shall be formal, considered and transparent. There shall be plans in place for orderly succession for appointments to the board. All directors shall be subject to re-election at regular intervals. The issuer must explain the reasons for the resignation or removal of any director.*
The current best situation in the governance of China COSCO • The Company has set up a nomination committee under the Board. The nomination committee shall make proposals on the appointment, re-election, removal and relevant procedures of the candidates of directors, present the proposals for the Board's consideration, which will finally be determined by the shareholders' meeting. The resignation of a director and the reason for such resignation shall be disclosed in a timely manner.

Compliance procedures of the Corporate Governance Code – Code provisions

Code provisions	Compliance	Procedures of Corporate Governance
• The appointment of non-executive directors should have specific terms of office, and shall be subject to re-election	Yes	• As provided in the Articles of Association, Directors (including non-executive Directors) have been elected at the Shareholders' general meeting for a term of three years. In 2014, the session of the Board was changed and the Company selected members of the fourth session of the Board by cumulative voting at the annual general meeting.
• Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first shareholders' general meeting after their appointment	Yes	• The Directors appointed to fill in temporary vacancies are re-appointed after election by shareholders in the Shareholders' general meeting.
• Each director should retire by rotation at least once in every three years	Yes	• The Directors are subject to re-election by the Shareholders' general meeting according to their sessions. The members of the Board may change for the new session after the change of session in 2014.
• In the case the term of office of an independent non-executive director has exceeded nine years, any proposal of re-appointment of such independent non-executive director shall be in the form of independent resolution and considered and approved by the shareholders	Yes	• Article 108 under Chapter 10 of the Articles of Association specifies that the term of office of an independent director shall not exceed six years. It is the Company's practice to hold re-election when such term expires.

A5. Nomination committee

Code provisions	Compliance	Procedures of Corporate Governance
• The issuer should establish a nomination committee, which comprises a majority of independent non-executive directors	Yes	• The Board has set up a nomination committee, of which the chairman is an independent non-executive Director and the members include one executive Director and one independent non-executive Director.
• The issuer should set out written terms of reference of the nomination committee	Yes	• The Company has set out the Operation Rules of the nomination committee, specifying the powers and duties of the nomination committee, and published its terms of reference on the Company's website.
• The nomination committee should make available its terms of reference explaining its roles and the authority delegated by the board		
• The issuer should provide the nomination committee with sufficient resources to discharge its duties. If necessary, the nomination committee may seek independent professional advice at the expense of the Company	Yes	• The Company has actively assisted the nomination committee in performing their work, so as to ensure they are adequately resourced to discharge their duties. For matters that require advice from professional institutions, the Company has engaged the professional institutions for independent advice at its own expense.
• Where the board proposes a resolution to elect an individual as an independent non-executive director, the circular accompanying the notice of the relevant general meeting should specify the reason for such election	Yes	• In 2014, the session of the Board was changed and Mr. Yang, Liang Yee Philip was appointed as an independent non-executive Director of the Company on 20 May 2014. Mr. Teo Siong Seng resigned as the independent non-executive Director of the Company on 20 May 2014.

Code provisions	Compliance	Procedures of Corporate Governance
• The nomination committee should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report	Yes	• The Company has formulated the Board Member Diversification Policy. At the same time, the Company has made corresponding amendments to the relevant rules of the Operation Rules for the Nomination Committee of the Board of Directors according to the Board Diversity Policy. In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and the legitimate interests of the Company's principal shareholders.

A6. Responsibilities of directors

Principle of the Code • *Each director is required to keep abreast of his responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer.*
The current best situation in the governance of China COSCO • The Company has set up the Rules of Procedures of the Board of Directors, Guidelines of the Works of Independent Directors and guidelines of the works of various special committees, clearly specifying the duties of each of the Directors, so as to ensure that all Directors fully understand their roles and responsibilities. • The Board secretary is responsible for ensuring that all Directors receive the Company's latest business development and renewed statutory information.

Compliance procedures of the Corporate Governance Code – Code provisions

Code provisions	Compliance	Procedures of Corporate Governance
• Each newly appointed director should receive induction on the first occasion of his appointment, to ensure that he has a proper understanding of the business and operations of the issuer and that he is fully aware of his responsibilities under applicable legal requirements and regulatory policies	Yes	• Upon the appointment of a new Director, the Company has provided related information to the new Director in a timely manner and arranged training for the Director, including introduction of the Company's business, responsibilities of Directors, the Company's rules and regulations and domestic and overseas laws, regulations and regulatory requirements.
• Functions of non-executive directors	Yes	• The Company's non-executive Directors have actively attended Board meetings, and acted as members of various special committees, inspected the achievements of the Company's business objectives, and provided independent opinions on the decisions of the Board.
• The director should ensure that he can give sufficient time and attention to the affairs of the issuer	Yes	• All Directors have diligently discharged their duties. The attendance of Directors at the meetings of the Board and various special committees in 2014 has achieved 100%, indicating that the Directors have spent sufficient time on the Company's business.
• The board of directors should formulate written rules for the dealing of shares of the Company by employees and such rules shall not be more lenient than the Model Code	Yes	• According to the relevant requirements of the Model Code, the Company shall give notice of blackout period to Directors, Supervisors and senior management within the specified period prior to the issue of annual, interim and quarterly reports to restrict them from dealing in the Shares within the specified period.
• All directors should participate in a programme of continuous professional development. The Company shall be responsible to organize relevant training programme at the expense of the Company	Yes	• All Directors have the opportunities to attend professional training programmes arranged by the Company during their terms of appointment at the expense of the Company. The Company has provided assistance to Directors to participate in the relevant training programmes organized by the Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange and other regulatory authorities. The Company has also engaged legal consultants and staff from regulatory authorities at home and abroad to provide training programmes.

Code provisions	Compliance	Procedures of Corporate Governance
• The directors should upon their appointments (and thereafter) disclose their positions and other major commitments in other entities	Yes	• Each of the Directors has upon the acceptance of appointment provided the Company with its positions and other major commitments in other companies and updated the Company if any changes arise.
• The independent non-executive directors and other non-executive directors should ensure their regular attendance and active participation in Board meetings, the meetings of the committees that they serve and shareholders' general meetings	Yes	• All Directors (including independent non-executive Directors and other non-executive Directors) have actively attended Board meetings, meetings of the special committees and general meetings.
• The non-executive directors should provide independent and constructive opinions with grounds to the Company in formulating strategies and policies	Yes	• All non-executive Directors have been able to provide independent and constructive opinions with grounds to the Company in formulating strategies and policies.

A7. Supply of and access to information

Principle of the Code
• Directors shall be provided in a timely manner with appropriate information in such form and of such quality as will enable them make informed decisions and to discharge their duties and obligations.
The best situation in the governance of China COSCO
• The Board secretary is responsible for the provision of all information to the Directors, including documents for the meetings of the Board and the special committees, regular provision of the reports of the Company's business progress, financial targets, development plans and strategic plans, as well as latest information on other statutory requirements relating to the Listing Rules, and for the continued enhancements of the quality and timely release of information.

Compliance procedures of the Corporate Governance Code - Code provisions

Code Provisions	Compliance	Procedures of Corporate Governance
• The documents of the meetings of the Board/committees shall be sent to the directors at least three days before the date of the meetings	Yes	• All documents of the past meetings of the Board and special committees were sent to each of the Directors at least three days before the meetings.
• Management is responsible for the provision of adequate information in a timely manner to the board and its subordinate committees, so as to enable the board to make informed decisions. Each director shall have separate and independent access to the senior management of the company for further inquiries	Yes	• Management of the Company has been able to provide sufficient information to the Board and its subordinate committees in a timely manner. The Directors have been able to communicate with management of the Company by themselves to obtain further information required.
• All directors are entitled to access the board papers and related materials, where queries are raised by directors, steps must be taken to respond as promptly and fully as possible	Yes	• The documents of the Board and the special committees are being kept by the Board secretary, and are available for the inspection by all Directors at any time. The Company has arranged related personnel to give timely response in respect of the questions raised by the Directors.

B. Remuneration of Directors and senior management and assessment by the board of directors

B1. The level and make-up of remuneration and disclosure

Principle of the Code

- *The Company shall set up formal and transparent procedures for setting policy on executive directors' remuneration for fixing the remuneration packages for all directors. No director shall be involved in deciding his own remuneration.*

The best situation in the governance of China COSCO

- The Company has set up a remuneration committee. The terms of reference of the Remuneration Committee includes determination and review of the remuneration policies and plans of the directors and managers of the Company.
- In 2014, the remuneration committee convened one meeting to carry out assessment on the senior management and nominated Directors and Supervisors seconded to other companies pursuant to the relevant requirements of the Company, and approved the remuneration plan of the senior management for 2013.

Compliance procedures of the Corporate Governance Code – Code provisions and the recommended best practices

Code provisions	Compliance	Procedures of Corporate Governance
• The remuneration committee should consult the chairman or the Chief Executive Officer in respect of the remuneration of other executive directors	Yes	• The remuneration committee has fully communicated with the Chairman and the President in respect of the remuneration of the Directors, Supervisors and senior management.
• Functions of the remuneration committee Functions of the remuneration committee include: omitted	Yes	• The Company has established the Operation Rules for the Remuneration Committee of China COSCO Holdings Company Limited, clearly setting out the duties of the remuneration committee.
• The terms of reference of the remuneration committee should be published on the issuer's website	Yes	• The terms of reference of the remuneration committee have been published on the Company's website.
• The remuneration committee should be adequately resourced to discharge its duties	Yes	• The Company's human resources department and the general office have actively cooperated with the remuneration committee to perform their works in the discharge of their duties.
• Issuers should disclose the details of the remuneration of senior management according to the ranking of remuneration in its annual report	Yes	• The Company has disclosed the remuneration of all Directors, Supervisors and senior management in its annual reports and accounts.
Recommended Best Practices		
• A significant portion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance	Yes	• The remuneration of the executive Directors and senior management are in general linked with the performance of the Company and their individual performance.
• The issuer should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in its annual reports	Yes	• The Company has disclosed the remuneration and names of the Directors, Supervisors and senior management in the annual reports and accounts.
• The directors should evaluate its performance regularly	Yes	• The Board of the Company has carried out such evaluation annually.

Corporate Governance Report

C. Accountability and Audit

C1. Financing reporting

Principle of the Code • *The board should present a clear and comprehensive assessment of the issuer's performance, position and prospects.*
The best situation in the governance of China COSCO • All regular financial reports issued to Shareholders were in compliance with the regulatory requirements of both the Hong Kong Stock Exchange and Shanghai Stock Exchange, and the Company continued to improve the management discussion and analysis, and made comprehensive disclosures on the Company's production operation, financial position and project developments. At the same time, the Company has been proactively increasing the amount of information, including information on the Company's operation environment, development strategies, corporate culture, strengthening corporate governance reports, making comprehensive, objective, fair and clear descriptions on the operation management and prospects of the Group.

Compliance procedures of the Corporate Governance Code – Code provisions and the recommended best practices

Code provisions	Compliance	Procedures of Corporate Governance
• Management should provide such explanation and information for the board to make an informed assessment on the relevant matters	Yes	• Management of the Company has provided the Board with information on the Company's business progress, development plans and financial targets from time to time as the grounds for the Board to make appraisals.
• Management should provide the members of the board of directors with the latest information regarding the financial position and prospects of the Company monthly	Yes	• Management of the Company has submitted the main performance data to the members of the Board on a monthly basis.
• The directors should acknowledge their responsibilities for preparing the accounts and auditors shall make statement about their reporting responsibilities in the report	Yes	• The Directors have acknowledged their responsibilities in preparing financial statements which truly and fairly reflect the Company's situation in the financial year. The auditors' reports have specified the reporting responsibilities of the auditors.

Code provisions	Compliance	Procedures of Corporate Governance
• The directors should discuss and analyze the performance of the Company in the annual report and illustrate the foundation for creating or retaining value in the long run and the strategies to achieve targets of the Company	Yes	• The Company has disclosed the foundation for creating or retaining value in the long run and the strategies to achieve targets.
• The board should make a balanced, clear and understandable assessment on the Company's performance in its regular reports, announcements involving price sensitive and other discloseable financial information	Yes	• In its regular reports and external announcements, the Board has made objective, fair and clear descriptions on the situation and prospects of the Company and its subsidiaries.
Recommended Best Practices		
• The issuer should announce and publish its quarterly financial results within 45 days after the end of the relevant quarter	Yes	• In addition to the reports on annual and interim results, the Company has also prepared and issued first quarterly and third quarterly results reports. The Company announced and issued quarterly financial results within one month after the end of the first and third quarter, and the information disclosed are sufficient for the Shareholders to assess the Company's performance, financial position and prospects.
• Once the issuer decides to announce and publish its quarterly financial results, it shall continue to adopt quarterly reporting		

C2. Internal controls

Principle of the Code
• *The board shall ensure that the issuer maintains sound and effective internal controls to safeguard the shareholder's investment and the issuer's assets.*
The best situation in the governance of China COSCO • The Company has established an internal control system, to review the relevant financial, operational and regulatory control procedures from time to time and update and refine the internal control system according to the actual situation from time to time, so as to protect the Company's assets and the Shareholders' interests. • In its organization structure, the Company has set up an internal audit department to conduct regular inspections, supervisions and appraisals on the Company's financial position, operation and internal control activities according to different business and process flows, and has appointed external audit firms to make regular audits on the Company's financial reports based on the China and Hong Kong accounting standards, and provided independent and objective appraisals and suggestions by way of audit reports.

Compliance procedures of the Corporate Governance Code - Code provisions and the recommended best practices

Code provisions	Compliance	Procedures of Corporate Governance
• The directors should at least annually conduct a review of effectiveness of its internal control systems (including the financial control, operational control and compliance control and risk management functions)	Yes	• The Company has placed strong emphasis on its internal control, and has established an internal control system and set up an internal audit department in its organization structure to perform supervision and control on the Company's finance, business, compliance and risk management. The Company's financial controller has reported to the audit committee and the Board on the internal control each year for the appraisals by all directors.
• When conducting review annually, the Company shall specially consider resources of the Company in accounting and financial functions, employee qualification and experience as well the adequacy of training courses and related budget	Yes	• The Company has paid strong emphasis on the professional management and training of finance personnel to improve their professional skills and comprehensive quality. The Company organized annual continuing education for finance personnel on-the-job to attend on time according to the requirements of the Accounting Law (《會計法》) and planned and arranged those finance personnel to take relevant professional training on accounting standards depending on the changes in the state's finance and tax policies and work requirements, with sufficient training expenses budget as a guaranty.

Code provisions	Compliance	Procedures of Corporate Governance
Recommended Best Practices		
• Companies should disclose a narrative statement in the corporate governance report, specifying how they have complied with the code provisions on internal control during the reporting period	Yes	• The Company has disclosed how it complied with the code provisions on internal control during the reporting period in accordance with the relevant requirements of the corporate governance report.
• The issuer should ensure their disclosures provide meaningful information	Yes	• In all the announcements made to Shareholders, the Company has ensured that the information disclosed was meaningful and has warranted that there were no false records, misleading statements or material omissions in the information, and assumed individual and related responsibilities on the truthfulness, accuracy and completeness of the contents.

C3. Audit Committee

Principle of the Code

- *The audit committee shall have clear terms of reference, including arrangements as to how it will apply the financial reporting and internal control principles, and shall maintain an appropriate relationship with the company's auditors.*

The best situation in the governance of China COSCO

- The Board has set up an audit committee, chaired by Mr. KWONG Che Keung, Gordon, an independent non-executive Director. Other members include Ms. SUN Yueying (a non-executive Director) and Mr. YANG, Liang Yee Philip (an independent non-executive Director), all of whom have professional skills and experience on financial management and are non-executive Directors (including two independent non-executive Directors). One independent Director with professional qualification and professional experience in financial management has also been appointed.
- The audit committee is mainly responsible for the supervision of the internal system set up of the Company and its subsidiaries and its implementation, audit on the financial information and disclosures of the Company and its subsidiaries, review on the internal control system (including financial control and risk management) of the Company and its subsidiaries, planning of material connected transactions and communications, supervisions and verifications on the Company's internal and external audits.
- In 2014, the audit committee convened four meetings, wherein the management and the chief financial officer of the Company reported the Company's financial situation and material issues relating to internal control.

Compliance procedures of the Corporate Governance Code - Code provisions and the recommended best practices

Code provisions	Compliance	Procedures of Corporate Governance
• Full minutes of the audit committee should be kept by a duly appointed secretary, and confirmed by all the members of the committee	Yes	• The minutes and related information of meetings of the Audit Committee are properly kept by the Board secretary. The Board secretary shall be responsible for making detailed records in the minutes of meetings of the Audit committee on the matters considered in the meetings and submitting such records to the relevant management, departments and intermediary agencies present in the meetings for amendment and confirmation. After being confirmed by all the members of the audit committee present in the meetings, such records shall be signed by the chairman.

Code provisions	Compliance	Procedures of Corporate Governance
• The former partner of the existing auditors should not be a member of the audit committee for a period of 1 year from the date of his ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.	Yes	• The chairman of the audit committee Mr. KWONG Che Keung, Gordon and members of the audit committee Mr. YANG, Liang Yee Philip and Ms. SUN Yueying all comply with the aforesaid requirements.
• Clarify the Terms of Reference of the Audit Committee	Yes	• The Company has formulated the "Terms of Reference of the Audit Committee" which specifies the scope of duties and authorities of the committee in various aspects, including relationship with the Company's auditors, review on the financial information of the Company, supervision and control of the financial reporting system of the Company, internal control procedures and the rules of procedures for meetings.
• The terms of references of the audit committee should be disclosed on the website	Yes	• The Terms of Reference of the Audit Committee has been published on the Company's website.
• Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view	Yes	• The Board has no disagreements with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors.
• The audit committee should be adequately resourced to discharge its duties	Yes	• The Company actively assisted the audit committee to perform its works. The members are entitled to consult independent professional opinions based on agreed procedures, at the expense of the Company.

Code provisions	Compliance	Procedures of Corporate Governance
• Employees of the issuer can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action	Yes	• The Company has formulated the Terms of Reference of the Audit Committee, which facilitates the setting up of channels for reporting possible improprieties in financial reporting, internal control or other matters so that the Company can carry out fair and independent investigation of these matters and take appropriate follow-up actions.
• The relationship of the issuer and external auditors should be monitored	Yes	• Mr. Kwong Che Keung, Gordon, a member of the audit committee acting as the principal representative between the Company and external auditors, is responsible for the monitoring and coordination of their relationship.
Recommended Best Practices		
• The Audit Committee should establish a reporting policy and system to encourage employees and other parties who deal with the Company (including customers and suppliers) to directly report any irregularities to the audit committee	Yes	• The Company has set up a system of reporting of the fraudulent cases to the directors and formulated the "Rules of Procedures of Internal Reporting of Information Regarding Material Breach of China COSCO" which was approved by the board and the Audit Committee. The rules require that any violation shall be promptly and separately disclosed to provide details known to the Company.

D. Delegation by the Board

D1. Management Functions

Principle of the Code • *The issuer shall have a formal schedule of matters specifically reserved to the board for its decisions and which may be delegated to management, and give directions to management on matters that must be approved by the board.*
The best situation in the governance of China COSCO • The main powers of the Board include to convene shareholders' general meetings; to decide the Company's operation plans and investment plans and the allocation of the Company's internal management bodies; to prepare the Company's annual financial budgets, final accounts and profit distribution plans; to propose plans for the Company's merger, division and dissolution and material acquisition or disposal plans; and implement resolutions of the general meetings. • The Board may delegate part of its powers to the special committees and management, and specify matters that must be approved by the Board.

Compliance procedures of the Corporate Governance Code - Code provisions

Code provisions	Compliance	Procedures of Corporate Governance
• When the board delegates aspects of its management and functions to management, it shall at the same time give clear directions as to the power of management	Yes	• Management is accountable to the Board. Its main duties include leading the Company's operation and management, organizing the implementation of Board resolutions, conducting and implementing economic activities such as investment and asset disposals relating to the Board resolutions, and making reports to the Board. Management may not surpass the scope of its power and the Board resolutions in the exercise of its power.
• The issuer shall formalize the functions reserved to the board and those delegated to management, and shall review on a periodic basis	Yes	• In the Rules of Procedures of the Board of Directors and Guidelines for the Works of the General Manager, the Company has specified matters requiring resolutions of the Board and functions to be delegated to management.
• The issuer shall disclose the division of responsibilities between the board and management	Yes	• In the Articles of Association, Rules of Procedures of the Board of Directors and Guidelines for the Works of the General Manager, the Company has specifically set out the division of responsibilities between the Board and management, and has made announcements to the public.

Code provisions	Compliance	Procedures of Corporate Governance
• The issuer shall have formal letters of appointment for directors, setting out the principal terms and conditions relative to their appointment	Yes	• Each of the new Directors has received a formal appointment letter, specifying the principle terms and conditions relative to such appointment.

D2. Board committees

Principle of the Code

- *The establishment of the board committees shall have written terms of reference, which clearly specify the rights and duties of the committees.*

The best situation in the governance of the Company

- The Board has six subordinate special committees, including the strategic development committee, the risk management committee, the audit committee, the remuneration committee, the nomination committee and the executive committee. The Board shall fully consider the professional skills and experience of the directors when selecting them as the members of the special committees, thereby enabling the work of the committees be performed with high efficiency. Among these, the majority of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are independent non-executive directors.
- Each of the committees has specific working guidelines, setting out the rights and obligations and the rules of procedures of the committees.

The attendance of the meetings of special committees (number of meetings attended/number of meetings to be attended)

Director	Strategic Development Committee	Risk Management Committee	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee
MA Zehua	—	—	—	—	—	1/1
LI Yunpeng	—	—	—	—	—	1/1
SUN Yueying	—	—	4/4	—	—	1/1
SUN Jiakang	—	1/1	—	—	—	1/1
YE Weilong	—	—	—	1/1	—	1/1
WANG Yuhang(1)	—	—	—	—	—	—
JIANG Lijun	—	—	—	—	1/1	0/1
FAN HSU Lai Tai, Rita	—	—	—	1/1	1/1	—
KWONG Che Keung, Gordon	—	—	4/4	1/1	—	—
Peter Guy BOWIE	—	1/1	—	—	—	—
YANG, Liang Yee Philip(2)	—	—	2/2	—	—	—
TEO Siong Seng(3)	—	—	2/2	—	1/1	—

Notes:

(1) Mr. Wang Yuhang acted as a member of the risk management committee and executive committee of the Company from 20 May 2014.

(2) Mr. Yang, Liang Yee Philip acted as the chairman of the nomination committee and a member of the audit committee of the Company from 20 May 2014.

(3) Mr. Teo Siong Seng resigned as the chairman of the nomination committee and a member of the audit committee of the Company on 20 May 2014.

Compliance procedures of the Corporate Governance Code - Code provisions

Code provisions	Compliance	Procedures of Corporate Governance
• The board shall prescribe sufficiently clear terms of reference of the committees, to enable such committees to discharge their functions properly	Yes	• The Board has six subordinate special committees, including the strategic development committee, the risk management committee, the audit committee, the remuneration committee, the nomination committee and the executive committee. Each of the committees has specific working guidelines, setting out the rights and obligations of the committees.
• The terms of reference of the committees shall require them to report back to the board on their decisions and recommendations	Yes	• The committees have reported to the Board their decisions and proposals after each meeting, and submitted to the Board for consideration matters which require its decision.

D3. Corporate Governance Functions

Compliance procedures of the Corporate Governance Code - Code provisions

Code provisions	Compliance	Procedures of Corporate Governance
• The terms of reference of the board of directors (or the committee performing this duty) shall include: to formulate and review the policies and practices of corporate governance of the issuer and make recommendations to the board of directors; to review and supervise the training and continuous professional development of directors and senior management; to review and supervise the polices and practices for the compliance of laws and regulatory rules of the issuer; to formulate manual for the review and supervision of the code of conduct and compliance of employees and directors; to review the compliance of the Code and the disclosure in the Corporate Governance Report	Yes	• The Company has amended the terms of reference of the audit committee, risk management committee, nomination committee and remuneration committee, arranged professional trainings for Directors, Supervisors and senior management, provided supervisory reports to directors, supervisors and senior management regularly or from time to time, and formulated and implemented the Rules on Internal Reporting Procedure of Material Violation of Laws and Regulations of China COSCO according to the Listing Rules.
• The board of directors shall perform the duties of corporate governance set out in the above terms of reference	Yes	• The Board has made corporate decisions and instructed the management to conduct daily management and operation in strict compliance with the Listing Rules, the Corporate Grovernance Code and the Articles of Association.

E. Communication with Shareholders

E1. Effective communication

Principle of the Code • *The board shall endeavour to maintain an on-going dialogue with shareholders, and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.*
The best situation in the governance of China COSCO • The Board endeavours to maintain communication with shareholders, and has taken annual general meetings and extraordinary general meeting as major opportunities to have contact with shareholders, and all shareholders of the Company are entitled to attend the meetings. • The Company issued notices and circulars of general meetings according to the Articles of Association and Listing Rules, setting out details of business to be considered in the meetings and the voting procedures.

Compliance procedures of the Corporate Governance Code - Code provisions and the recommended best practices

Code provisions	Compliance	Procedures of Corporate Governance
• In the general meetings, a separate resolution shall be proposed by the chairman of the meeting in respect of each substantially separate issue. Issuers shall avoid including different issues in one resolution	Yes	• Each actual independent matter submitted for consideration by the general meeting has been raised as individual resolution. The Company has not included different issues in one resolution in any of the past general meetings.
• The chairman of the board shall attend the annual general meeting and invite the chairman of specified committees to attend the meetings. The management of issuers shall ensure the external auditors to attend the annual general meeting	Yes	• The Chairman has attended the annual general meetings, extraordinary general meetings in person and presided over the meetings, and has arranged the members of the committees and management to reply to the inquiries of Shareholders in the meetings. The external auditors of the Company have attended all past annual general meetings and extraordinary general meetings of the Company, and were well-prepared to answer the enquiries from Shareholders.

Code provisions	Compliance	Procedures of Corporate Governance
• The issuer shall arrange for the delivery of notice to shareholders at least 20 clear business days before the meeting in the case of an annual general meeting or at least 10 clear business days in the case of all other general meetings	Yes	• The Company has strictly complied with the requirements of the Articles of Association and dispatched the written notices at least 45 days before the annual general meetings or extraordinary general meetings, informing the details of business to be considered in the meetings, date, time and venue of the meetings to the Shareholders whose names appeared on the register.
• The board of directors shall establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness	Yes	• The Company has added relevant articles in the Articles of Association, further defining the specific procedures for Shareholders to express their opinions.

Rights of Shareholders

Pursuant to the mandatory disclosure requirements in item O of Appendix 14 to the Listing Rules, listed companies should disclose in their corporate governance report information relating to rights of shareholders, including (i) how shareholders can convene an extraordinary general meeting, (ii) the procedures by which enquiries may be put to the board and sufficient contact details to enable these engineers to be properly directed; and (iii) the procedures and sufficient contact details for putting forward proposals at shareholders' meetings.

The Company has strictly complied with relevant domestic and foreign laws and regulations and has taken various measures to actively create conditions in accordance with requirements of the Articles of Association with a view of ensuring that rights of Shareholders can be well achieved.

According to the Articles of Association, the Board shall convene a general meeting within two months at the request of shareholders individually or jointly holding 10% or more shares of the Company. Shareholders individually or jointly holding over 10% of the shares of the Company for more than 90 consecutive days may convene and preside over a shareholders general meeting himself or themselves. Shareholders individually or jointly holding over 3% of the shares of the Company may submit proposals to the Company. Shareholders individually or jointly holding 3% or more of the shares of the Company may propose ex tempore motions no later than twenty days prior to the convening of the shareholders general meeting by submitting the same in writing to the convener who shall issue a supplementary notice of general meeting within two days upon receipt of the motions to announce the details of such motions. For details, please refer to Article 66, Article 68 and Article 92 of the Articles of Association. In addition, according to the provisions of Article 54 of the Articles of Association, shareholders of the Company have the right to supervise and manage the Company's business operations, raise suggestions or questions.

The Company values and welcomes Shareholders, investors and the public to make enquiries and suggestions to the Company. For contact information of the Company, please see the section headed "Company's Basic Information" in this annual report.

E2. Voting by poll

Principle of the Code
• *The issuer shall regularly inform shareholders of the procedures of voting by poll, and ensure compliance with the requirements under the Listing Rules and the Articles of Association.*
The best situation in the governance of China COSCO
• The Company has laid down the Rules of Procedures of Shareholders' General Meetings, specifically setting out the ways of voting and voting procedures in general meetings, and ensuring the procedures comply with the requirements under the Listing Rules and the Articles of Association.
• The Company has confirmed the validity of all Shareholders present and voted in the meetings, appointed the Supervisors, share registrar, legal advisors and representatives of shareholders as the scrutinizers, and appointed lawyers to issue legal opinions on the procedures of annual general meeting and results of voting. Results of voting were announced on designated newspapers and the website.

Compliance procedures of the Corporate Governance Code - Code provisions and the recommended best practices

Code provisions	Compliance	Procedures of Corporate Governance
• The chairman of the general meeting shall ensure the procedures of voting were explained in detail and answer the questions raised by shareholders about voting prior to the commencement of the meeting	Yes	• Prior to the commencement of the general meeting, the chairman of the meeting shall explain the procedures of the meeting, so as to ensure that all shareholders vote after understanding the voting procedures. In the past general meetings, there were arrangements in the procedures for raising questions by Shareholders.

F. Company Secretary

Principle of the Code
• *The company secretary is mainly responsible for providing assistance to directors, ensuring the effective communication between the members of the board of directors and acting in compliance with the policies formulated by the board of directors and procedures. The company secretary shall make recommendations to the board of directors on corporate governance through the chairman and/or chief executive and arrange training and professional development for the directors.*
The best situation in the governance of China COSCO
• Currently the Company has appointed company secretaries who are responsible for enhancing the corporate governance of the Company and providing assistance to directors for duty performance and organize information disclosure of the Company.

Compliance procedures of the Corporate Governance Code - Code provisions and the recommended best practices

Code provisions	Compliance	Procedures of Corporate Governance
• Company secretary is an employee of issuer and has acquired understanding of daily operation of the issuer	Yes	• The company secretaries are employees of the Company and have acquired understanding of the daily operation of the Company.
• The selection, appointment and dismissal of the company secretary are subject to the approval of the board of directors	Yes	• The appointment of the existing company secretaries were approved by the board of directors in the 5th meeting of the 3rd session of the board of directors. On 9 January 2015, Mr. Guo Huawei served as the Company's only company secretary and Ms. Hung Man, Michelle resigned as joint company secretary.
• The company secretary shall report to the chairman of the board of directors and/or the chief executive officer	Yes	• The company secretaries report to the Chairman and/or the President.
• All directors shall have access to the advice and services of the company secretary to ensure the procedures of the board of directors and all applicable laws and regulations are followed	Yes	• The company secretaries have established an effective communication channel with all Directors, so as to assist the board of directors and the general manager to be in compliance with domestic and foreign laws and regulations, the Articles of Association and other relevant requirements when performing their duties.

Remuneration of members of senior management by band

	2014
HK$1,000,001-HK$1,500,000 (equivalent to approximately RMB790,000-RMB1,180,000)	5
HK$3,500,001-HK$4,000,000 (equivalent to approximately RMB2,761,000-RMB3,160,000)	1
HK$4,000,001-HK$4,500,000 (equivalent to approximately RMB3,160,000-RMB3,550,000)	1
	7

Summary report on the conditions and details of the establishment of relevant systems and performance of the audit committee under the Board

The Company has formulated the Terms of Reference of the Audit Committee, which have defined the duties and responsibilities of the audit committee, including its relationship with external accounting firm, the reviewing of financial information of the Company, the overseeing of the financial reporting system and internal control procedures of the Company, the reviewing of whether the investigations regarding the financial reporting, the internal control or other matters that are not in the ordinary course of business of the Company were conducted independently and fairly, and whether appropriate actions or remedial actions have been taken.

The chairman of the 3rd session of audit committee under the Board is Mr. Kwong Che Keung, Gordan (independent nonexecutive Director), and other members are Ms. Sun Yueying (non-executive Director) and Mr. Teo Siong Seng (independent non-executive Director). From 20 May 2014, the chairman of the 4th session of audit committee under the Board is Mr. Kwong Che Keung, Gordan (independent non-executive Director), and other members are Ms. Sun Yueying (non-executive Director) and Mr. Yang, Liang Yee Philip (independent non-executive Director).

During the reporting period, the audit committee held 4 meetings, mainly considering matters such as the annual reports, interim reports, quarterly reports, internal control system, internal audit, internal audit plan and appointment of auditors of the Company.

Summary report on the performance of the remuneration committee under the Board

The chairman of the 3rd session of remuneration committee under the Board is Dr. Fan Hsu Lai Tai, Rita (independent nonexecutive Director), and other members are Mr. Kwong Che Keung, Gordon (independent non-executive Director) and Mr. Ye Weilong(executive Director). From 20 May 2014, the chairman of the 4th session of remuneration committee under the Board is Dr. Fan Hsu Lai Tai, Rita (independent non-executive Director), and other members are Mr. Kwong Che Keung, Gordon (independent non-executive Director) and Mr. Ye Weilong (executive Director).

During the reporting period, the remuneration committee held 1 meeting, mainly considering the review of the grantees of stock appreciation rights in 2013, movement of stock appreciation rights in 2013, review of the senior management of China COSCO in 2013, compensation proposals for the senior management of China COSCO in 2013, standardized allowance for the Directors and Supervisors of the Fourth Session of the Board and Supervisory Committee of China COSCO and the performance of the remuneration committee in 2013. Meanwhile, the Board was also advised on the status of completion of operation objectives by the senior management.

Summary report on the performance of the nomination committee under the Board

The chairman of the 3rd session of nomination committee under the Board is Mr. Teo Siong Seng (independent non-executive Director), and other members are Dr. Fan Hsu Lai Tai, Rita (independent non-executive Director) and Mr. Jiang Lijun (executive Director). From 20 May 2014, the chairman of the 4th session of nomination committee under the Board is Mr. Yang, Liang Yee Philip (independent non-executive Director), and other members are Dr. Fan Hsu Lai Tai, Rita (independent non-executive Director) and Mr. Jiang Lijun (executive Director).

During the reporting period, the nomination committee held 1 meeting. Main businesses included reviewing the development of "Board Member Diversification Policy of China COSCO Holdings Company Limited" and proposing to revise the work rules for the nomination committee accordingly.

Auditors and their remuneration

The ordinary resolution to appoint Ruihua Certified Public Accountants, LLP as the PRC auditor of the Company to fill the casual vacancy arising from the merger of RSM China Certified Public Accountants, LLP was approved at the extraordinary general meeting of the Company held on 15 October 2013. Please refer to the circular of the Company dated 18 September 2013 and the announcement of the resolutions passed at the extraordinary general meeting of the Company dated 15 October 2013.

The Company has appointed PricewaterhouseCoopers as the international auditor of the Company and Ruihua Certified Public Accountants, LLP as the PRC auditor of the Company for 2014. Fees in respect of audit services, audit related services and non-audit services provided by the above auditors to the Group during the year amounted to RMB30,714,000, RMB10,071,000 and RMB4,592,000, respectively.

Nature of services	2014 (RMB'000)	2013 (RMB'000)
Audit service	30,714	35,815
Audit related service	10,071	8,881
Non-audit services		
• Tax related services	2,962	3,740
• Circular related services	350	760
• Other advisory services	1,280	2,002

Independence of the Independent Non-executive Directors

The Company has received the letter of annual confirmation issued by each of the independent non-executive Directors as to his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms that all the four independent non-executive Directors are considered to be independent.

Directors' Report

The Board is pleased to present the Directors' Report of the year 2014 together with the audited financial statements of the Group for the year ended 31 December 2014.

Principal Business

The Group is principally engaged in providing container shipping, dry bulk shipping, managing and operating container terminals and container leasing businesses. The Company is an investment holding company and details of the principal activities of the Company's principal subsidiaries as at 31 December 2014 are set out in note 43 to the consolidated financial statements.

Results of the Group

The Group's results for the year ended 31 December 2014 are set out on pages 129 to 131 of this report.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Five Year Financial Summary" of this report.

Major Suppliers and Customers

For the year ended 31 December 2014, the Group's purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases, and the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 21 to the consolidated financial statements. The distributable reserves of the Company as at 31 December 2014 were RMB1,838,391,488.34, being the amount determined in accordance with the China Accounting Standards.

Statutory Reserve Funds

Details of the statutory reserve funds are set out in note 21 to the consolidated financial statements.

Property, Plant and Equipment and Investment Properties

Details of movements in property, plant and equipment and investment properties of the Group and the Company during the year are set out in notes 6 and 7 to the consolidated financial statements.

Employees' Retirement Plans

Details of the employees' retirement plans are set out in note 23 to the consolidated financial statements.

Pre-emptive Rights

The Articles of Association 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.

Tax Relief

The Company is not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

Share Capital

Details of the share capital of the Company are set out in note 20 to the consolidated financial statements.

Directors' Report

Donations

Charitable donations made by the Group during the year under review amounted to approximately RMB346,000.

Directors and Supervisors

The Directors during the year under review and up to the date of this annual report were as follows:

Name	Date of appointment as Director	Date of resignation as Director
Executive Directors		
LI Yunpeng	28 February 2012	N/A
SUN Jiakang	17 May 2011	N/A
YE Weilong	12 November 2012[1]	N/A
JIANG Lijun (President)	28 February 2012	N/A
Non-executive Directors		
MA Zehua (Chairman)	12 October 2011	N/A
SUN Yueying	7 March 2005	N/A
WANG Yuhang	20 May 2014	N/A
Independent non-executive Directors		
TEO Siong Seng	6 June 2008	20 May 2014
FAN HSU Lai Tai, Rita	17 May 2011	N/A
KWONG Che Keung, Gordon	17 May 2011	N/A
Peter Guy BOWIE	17 May 2011	N/A
YANG, Liang Yee Philip	20 May 2014	N/A

Note:

(1) Mr. Ye Weilong, a non-executive Director, was re-designated as an executive Director on 20 May 2014 with the approval of the Shareholders at the Company's general meeting.

The Supervisors during the year under review and up to the date of this annual report were as follows:

Name	Positions	Date of appointment as Supervisor	Date of cessation as Supervisor
LUO Jiulian	Supervisor	17 May 2011	20 May 2014
MENG Yan	Independent Supervisor	17 May 2011	N/A
GAO Ping	Supervisor	6 January 2012	N/A
SONG Dawei	Chairman of Supervisory Committee	28 February 2012	20 May 2014
ZHANG Jianping	Independent Supervisor	28 February 2012	N/A
WEI Qing	Supervisor	31 May 2013	20 May 2014
ZHANG Li	Supervisor	20 May 2014	N/A
FU Xiangyang	Chairman of Supervisory Committee	20 May 2014	N/A
MA Jianhua	Supervisor	20 May 2014	N/A

Independence of the Independent Non-executive Directors

The Company has received the letter of annual confirmation issued by each of the independent non-executive Directors as to his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company confirms that all the four independent non-executive Directors are considered to be independent.

Biographies of Directors, Supervisors and Members of the Senior Management

Biographies of Directors, Supervisors and members of the senior management of the Company as at the date hereof are set out on pages 52 to 56 of this report.

Competing Interest

None of the Directors or Supervisors has interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, details of the Company's continuing connected transactions and connected transactions are as follows:

1. On 30 October 2012, COSCO Ports (Holdings) Limited (中遠碼頭控股有限公司) ("COSCO Ports", together with its subsidiaries, "COSCO Ports Group"), a non wholly-owned subsidiary of the Company through COSCO Pacific, entered into a finance leasing master agreement (the "Finance Leasing Master Agreement") with Florens Capital Management Company Limited ("Florens Capital Management", together with its subsidiaries, "Florens Capital Management Group"), a non wholly-owned subsidiary of the Company through COSCO Pacific, in relation to the provision of finance leasing by relevant members of Florens Capital Management Group to members of COSCO Ports Group for a term of three years from 1 January 2013 to 31 December 2015.

   Florens Capital Management is owned as to 50% by COSCO, which is the controlling Shareholder of the Company. Accordingly, members of Florens Capital Management Group (including Florens Capital Management) are connected persons of the Company under the Listing Rules.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2012.

2. On 30 October 2012, COSCO Ports and Piraeus Container Terminal S.A. ("PCT"), each a non-wholly-owned subsidiary of the Company through COSCO Pacific, entered into a shipping services master agreement (the "APM Shipping Services Master Agreement") with the entities trading under the names of Maersk Line, Safmarine, MCC or any other future names with majority ownership by A.P. Moller — Maersk A/S ("APM") (collectively, the "Line") in relation to the provision of shipping related services by members of the COSCO Ports Group or PCT to the Line for a term of three years from 1 January 2013 to 31 December 2015.

   APM Terminals Invest Company Limited, which is a subsidiary of APM, is a substantial shareholder of a subsidiary of the Company. The Line are majority-owned by APM and are therefore associates of APM Terminals Invest Company Limited. Accordingly, the Line are connected persons of the Company under the Listing Rules by virtue of their relationship with the Company's subsidiary.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2012.

3. On 30 October 2012, COSCO Ports and PCT entered into a shipping and terminal services master agreement ("COSCO Shipping Services and Terminal Services Master Agreement") with COSCO in relation to the (a) provision of shipping related services by members of COSCO Ports Group and PCT to members of COSCO Group (excluding the Group), and (b) provision of terminal related services by members of the COSCO Group (excluding the Group) to members of COSCO Ports Group for a term of three years from 1 January 2013 to 31 December 2015.

   As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2012.

4. On 30 October 2012, COSCO Ports and Guangzhou South China Oceangate Container Terminal Company Limited (廣州南沙海港集裝箱碼頭有限公司) ("GZ South China"), a non-wholly owned subsidiary of the Company through COSCO Pacific, entered into a purchase master agreement (the "Nansha Diesel Oil Purchase Master Agreement") with China Marine Bunker Guangzhou Co., Ltd* (中國船舶燃料廣州有限公司) ("CM Supply") in relation to the purchase of diesel oil by GZ South China from CM Supply for a term of three years from 1 January 2013 to 31 December 2015.

   CM Supply is owned as to 50% by COSCO which is the controlling Shareholder of the Company. Accordingly, CM Supply is a connected person of the Company under the Listing Rules.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2012.

5. On 30 October 2012, COSCO Ports and GZ South China entered into a container terminal services master agreement (the "Nansha Container Terminal Services Master Agreement") with Guangzhou Port Group Company Limited* (廣州港集團有限公司) ("GZ Port Holding") in relation to the (a) provision of container terminal related services by GZ South China to members of the GZ Port Group, (b) provision of container terminal related services by members of the GZ Port Group to GZ South China, and (c) appointment of GZ South China by GZ Port Holding to charge on behalf of GZ Port Holding the vessels which use the high-frequency wireless communication services (甚高頻無線電通訊服務) at the Guangzhou port, or the agents of such vessels, the high-frequency communication fee (甚高頻通訊費) at a rate as prescribed by GZ Port Holding from time to time for a term of three years from 1 January 2013 to 31 December 2015.

   As GZ Port Holding holds a 41% equity interest in GZ South China, which is a subsidiary of the Company, members of GZ Port Group (including GZ Port Holding) are connected persons of the Company under the Listing Rules by virtue of their relationship with the Company's subsidiary.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2012.

6. On 30 October 2012, COSCO Ports and Yangzhou Yuanyang International Ports Co., Ltd. (揚州遠揚國際碼頭有限公司) ("Yangzhou Yuanyang"), a non-wholly owned subsidiary of the Company through COSCO Pacific, entered into a terminal services master agreement (the "Yangzhou Terminal Services Master Agreement") with Jiangsu Province Yangzhou Port Group Co., Ltd* (江蘇省揚州港務集團有限公司) ("Yangzhou Port Holding") in relation to the provision of terminal related services by members of the Yangzhou Port Holding and its subsidiaries, branches and associates (collectively, "Yangzhou Port Group") to Yangzhou Yuanyang for a term of three years from 1 January 2013 to 31 December 2015.

   As Yangzhou Port Holding holds 40% equity interest in Yangzhou Yuanyang, which is a subsidiary of the Company, members of Yangzhou Port Group (including Yangzhou Port Holding) are connected persons of the Company under the Listing Rules by virtue of their relationship with the Company's subsidiary.

For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2012.

7. On 29 August 2013, the Company and COSCO Finance Co., Ltd. ("COSCO Finance") entered into a financial services agreement (the "COSCO Financial Services Agreement") in relation to the provision of certain financial services by COSCO Finance to the Group (excluding COSCO Pacific and its subsidiaries, collectively the "COSCO Pacific Group") as the renewal of the financial services agreement which would have expired on 31 December 2013. The COSCO Financial Services Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the COSCO Financial Services Agreement gives a non-renewal notice in writing to the other party.

   COSCO Finance is a non-wholly owned subsidiary of COSCO, which is the controlling Shareholder of the Company. Accordingly, COSCO Finance is a connected person of the Company under the Listing Rules.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

8. On 29 August 2013, the Company and COSCO entered into a master vessel services agreement (the "Existing Master Vessel Services Agreement") in relation to the mutual provision of certain vessel services between the Group and its associates and the COSCO Group (excluding the Group) and its associates as the combination and renewal of the master vessel services agreement and the master vessel management agreement which would have expired on 31 December 2013. The Existing Master Vessel Services Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Master Vessel Services Agreement gives a non-renewal notice in writing to the other party.

   As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

9. On 29 August 2013, the Company and COSCO entered into a master general services agreement (the "Existing Master General Services Agreement") in relation to the mutual provision of certain general services between the Group and its associates and the COSCO Group (excluding the Group) and its associates as the renewal of the master general services agreement which would have expired on 31 December 2013. The Existing Master General Services Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Master General Services Agreement gives a non-renewal notice in writing to the other party.

   As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

   For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

10. On 29 August 2013, the Company and COSCO entered into a master shipping agency services agreement (the "Existing Master Shipping Agency Services Agreement") in relation to the mutual provision of certain vessel services in domestic and overseas ports between the COSCO Group (excluding the Group) and its associates and the Group and its associates as the combination and renewal of the master overseas agency services agreement and the shipping agency master

agreement which would have expired on 31 December 2013. The Existing Master Shipping Agency Services Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Master Shipping Agency Services Agreement gives a non-renewal notice in writing to the other party.

As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

11. On 29 August 2013, the Company and COSCO entered into a master seamen leasing agreement (the "Existing Master Seamen Leasing Agreement") in relation to the mutual provision of seamen leasing services and certain other related and ancillary services between the Group and its associates and the COSCO Group (excluding the Group) and its associates as the renewal of the master seamen leasing agreement which would have expired on 31 December 2013. The Existing Master Seaman Leasing Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Master Seamen Leasing Agreement gives a non-renewal notice in writing to the other party.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

12. On 29 August 2013, the Company and COSCO entered into a master premise leasing agreement (the "Existing Master Premises Leasing Agreement") in relation to the mutual leasing of certain premises between the Group and its associates and the COSCO Group (excluding the Group) and its associates as the renewal of the master premises leasing agreement which would have expired on 31 December 2013. The Existing Master Premises Leasing Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Master Premises Leasing Agreement gives a non-renewal notice in writing to the other party.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

13. On 29 August 2013, the Company and COSCO entered into a master container services agreement (the "Existing Master Container Services Agreement") in relation to the provision of certain container services by COSCO Group (excluding the Group) and its associates to the group and its associates as the renewal of the master container services agreement which would have expired on 31 December 2013. The Existing Master Container Services Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Master Container Services Agreement gives a non-renewal notice in writing to the other party.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

14. On 29 August 2013, the Company and COSCO entered into a master port services agreement (the "Existing Master Port Services Agreement") in relation to the provision of certain port services by the COSCO Group (excluding the Group) and its associates to the Group and its associates as the renewal of the master port services agreement which would have expired on 31 December 2013. The Existing Master Port Services Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Master Port Services Agreement gives a non-renewal notice in writing to the other party.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

15. On 29 August 2013, the Company and COSCO (on behalf of COSCO Oceania Chatering Pty. Ltd. ("COSCO Bulk Oceania"), COSCO Europe Bulk Shipping GmbH ("COSCO Bulk Europe"), COSCO Bulk Carrier Americas Inc. ("COSCO Bulk Americas"), COSCO (Singapore) Pte Ltd. ("COSCO Singapore"), Xiamen COSCO Carrier Corporation ("Xiamen COSCO"), Sino-Poland Joint Stock Shipping Company ("Sino-Poland"), Sino-Tanzania Joint Shipping Company ("Sino-Tanzania") and Shanghai Ocean Industrial Company ("Shanghai Ocean Industrial"), entered into the vessels leasing master agreement (the "Existing Vessel Leasing Master Agreement") in relation to the mutual provision of time charter and bareboat charters between the Group and its associates on one side and COSCO Bulk Oceania, COSCO Bulk Europe, COSCO Bulk Americas, COSCO Singapore, Xiamen COSCO, Sino-Poland, Sino-Tanzania and Shanghai Ocean Industrial on the other side as the combination and renewal of the time charter master agreement and Qingdao bareboat leasing agreement which would have expired on 31 December 2013. The Existing Vessels Leasing Master Agreement has a term from 1 January 2014 to 31 December 2016.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

16. On 29 August 2013, the Company and COSCO entered into the freight forwarding master agreement (the "Existing Freight Forwarding Master Agreement") in relation to the (a) mutual provision of freight, slot booking, logistics and other related and ancillary services between the COSCO Group (excluding the Group) and its associates to the Group and its associates, and (b) provision of freight solicitation by the COSCO Group (excluding the Group) and its associates to the Group and its associates as the combination and renewal of the master solicitation activities agreement and the freight forwarding master agreement which would have expired on 31 December 2013. The Existing Freight Forwarding Master Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Freight Forwarding Master Agreement gives a non-renewal notice in writing to the other party.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

17. On 29 August 2013, the Company and COSCO entered into the entrusted management services master agreement (the "Existing Entrusted Management Services Master Agreement") in relation to the provision of entrusted management services by the Group and its associates to COSCO Group (excluding the Group) and its associates as the renewal of the entrusted management services master agreement which would have expired on 31 December 2013. The Existing Entrusted Management Services Master Agreement has a term from 1 January 2014 to 31 December 2016 which shall be automatically renewed for a further term of three years upon expiration of the current term, unless at any time during the current term any party to the Existing Entrusted Management Services Master Agreement gives a non-renewal notice in writing to the other party.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

18. On 29 August 2013, the Company through its subsidiary COSCON entered into seven renewal letters with seven single-vessel companies of COSCO pursuant to which the term of seven sub-time charter agreements relating to sub-lease of seven vessels from COSCO to COSCON has been extended from 31 December 2013 to 30 November 2016.

    All seven single-vessel companies are wholly-owned subsidiaries of COSCO, which is the controlling Shareholder of the Company. Accordingly, seven single-vessel companies are connected persons of the Company under the Listing Rules.

    For further information relating to the above transactions, please refer to the announcement of the Company dated 29 August 2013.

19. On 29 August 2013, the Company through COSCON, a wholly-owned subsidiary of the Company, and COSCO renewed the annual caps of three sub-time charter agreements in relation to the sub-leases of three vessels from COSCO to COSCON for another three years until 31 December 2016. The three sub-time charter agreements will expire on 24 February 2017.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

20. On 29 August 2013, the Company and COSCO entered into a trademark license agreement (the "Trademark License Agreement"), pursuant to which COSCO has granted a non-exclusive license to the Company with the right to use certain trademarks at the same rate of RMB1.00 per annum for a term from 1 January 2014 to 31 December 2016.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

21. On 29 August 2013, the Company and COSCO entered into a consumer services master agreement (the "Consumer Services Master Agreement") in relation to the mutual provision of daily consumer services (including hotel, air tickets, conference services, business refreshment, catering for staff, etc.) between the Group and its associates and the COSCO Group (excluding the Group) and its associates for a term from 1 January 2014 to 31 December 2016.

As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

22. On 29 August 2013, the Company and COSCO (for and on behalf of COSCO Oceania Chartering Services Pty. Ltd., COSCO Europe Bulk Carrier Company Limited, COSCO Bulk Carrier Americas Company Limited, COSCO (Singapore) Pte Ltd., Xiamen COSCO Carrier Corporation, Sino-Poland Joint Stock Shipping Company and Sino-Tanzania Joint Shipping Company) entered into a voyage charter master agreement (the "Voyage Charter (including TCT) Master Agreement") as the renewal of the existing voyage charter (including TCT) master agreement which would have expired on 31 December 2013. The Voyage Charter (including TCT) Master Agreement has a term from 1 January 2014 to 31 December 2016.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 29 August 2013.

23. On 28 August 2014, COSCO Pacific, a non wholly-owned subsidiary of the Company and COSCO Finance entered into a financial services agreement (the "COSCO Pacific Financial Services Agreement") in relation to the provision of certain financial services by COSCO Finance to COSCO Pacific, including deposit service, borrowing service, settlement service and new financial services provided by COSCO Finance from time to time. The COSCO Pacific Financial Services Agreement has a term from 1 November 2014 to 31 December 2016.

    As COSCO Finance is a non wholly-owned subsidiary of COSCO, which is the controlling Shareholder of the Company, COSCO Finance is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 28 August 2014.

24. On 30 October 2014, COSCO Tianjin Transportation Company Limited ("COSCO Tianjin"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with COSCO pursuant to which COSCO Tianjin agreed to dispose of, and COSCO agreed to acquire 3% equity interest in COSCO Shipyard Engineering Group Company Limited held by COSCO Tianjin.

    As COSCO is the controlling Shareholder of the Company, it is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2014.

25. On 30 October 2014, Shanghai Ocean Shipping Company Limited ("COSCO Shanghai"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Shanghai Ocean Industrial pursuant to which COSCO Shanghai agreed to dispose of, and Shanghai Ocean Industrial agreed to acquire 48.07% equity interest in COSCO Shanghai Hotel Company Limited held by COSCO Shanghai.

    As Shanghai Ocean Industrial is a wholly-owned subsidiary of COSCO, which is the controlling Shareholder of the Company, Shanghai Ocean Industrial is a connected person of the Company under the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 30 October 2014.

With respect to the related party transactions as disclosed in note 42 to the consolidated financial statements, those transactions which constitute connected transactions or continuing connected transactions have been disclosed above or constitute fully exempted connected transactions or continuing connected transactions of the Company due to all the applicable percentage ratios are less than 0.1%. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in relation to the above connected transactions and continuing connected transactions.

The following table sets out the relevant annual caps and the actual figures for the year ended 31 December 2014 in relation to the continuing connected transactions of the Group:

The annual caps and actual figures in respect of the non-exempt continuing connected transactions of the Group

Transactions		Annual Cap for the year ended 31 December 2014 (000)	Actual Figure for the year ended 31 December 2014 (000)
1	Transactions under the COSCO Financial Services Agreement		
(a)	Maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group (excluding COSCO Pacific Group) with COSCO Finance	RMB18,000,000	RMB12,725,649
(b)	Maximum daily outstanding balance of loans (including accrued interest and handling fee) granted by COSCO Finance to the Group (excluding COSCO Pacific Group)	RMB8,000,000	RMB122,803
2	Transactions under the Existing Master Vessel Services Agreement		
(a)	Purchase of vessel services from the COSCO Group and its associates	RMB26,500,000	RMB10,750,465
(b)	Provision of vessel services to the COSCO Group and its associates	RMB120,000	RMB17,352
3	Transactions under the Existing Master General Services Agreement		
(a)	Purchase of general services from the COSCO Group and its associates	RMB150,000	RMB46,052
(b)	Provision of general services to the COSCO Group and its associates	RMB50,000	RMB10,211
4	Transactions under the Existing Master Shipping Agency Services Agreement		
(a)	Provision of shipping agency services to the COSCO Group and its associates	RMB10,000	RMB4,776
(b)	Purchase of shipping agency services from the COSCO Group and its associates	RMB500,000	RMB229,228
5	Transactions under the Existing Master Seamen Leasing Agreement		
(a)	Purchase of services from the COSCO Group and its associates	RMB100,000	RMB16,007
(b)	Provision of services to the COSCO Group and its associates	RMB400,000	RMB77,946
6	Transactions under the Existing Master Premises Leasing Agreement		
(a)	Rent and other fees and charges payable to the COSCO Group and its associates	RMB230,000	RMB151,473
(b)	Rent and other fees and charges receivable from the COSCO Group and its associates	RMB20,000	RMB5,274
7	Transactions under the Existing Master Container Services Agreement	RMB260,000	RMB82,185
8	Transactions under the Existing Master Port Services Agreement	RMB1,250,000	RMB901,570

Transactions		Annual Cap for the year ended 31 December 2014 (000)	Actual Figure for the year ended 31 December 2014 (000)
9	Transactions under the Existing Time Charter Master Agreement		
(a)	Total charterhire payable to COSCO Bulk Oceania, COSCO Bulk Europe, COSCO Bulk Americas, COSCO Singapore, Xiamen COSCO, Sino-Poland and Sino-Tanzania under the Existing Vessels Leasing Master Agreement	RMB700,000	RMB77,235
(b)	Total charterhire receivable from COSCO Bulk Oceania, COSCO Bulk Europe, COSCO Bulk Americas, COSCO Singapore, Xiamen COSCO, Sino-Poland and Sino-Tanzania under the Existing Vessels Leasing Master Agreement	RMB660,000	RMB101,572
10	Transactions under the Existing Freight Forwarding Master Agreement		
(a)	Purchase of services from the COSCO Group and its associates	RMB20,000	–
(b)	Provision of services to the COSCO Group and its associates	RMB800,000	RMB362,087
11	Existing Entrusted Management Services Master Agreement		
(a)	Provision of entrusted management services to the COSCO Group and its associates	RMB50,000	RMB14,577
12	Sub-lease of time charters and sub-time charters		
(a)	Sub-lease of time charters from COSCO to COSCON	RMB500,000	RMB313,222
(b)	Sub-time charters from COSCO to COSCON	RMB160,000	RMB117,726
13	Transactions under the Finance Leasing Master Agreement	USD250,000	USD7,755
14	Transactions under the COSCO Shipping Services and Terminal Services Master Agreement		
(a)	Provision of shipping related services from COSCO Group to COSCO Ports Group and PCT	RMB104,520	RMB3,032
(b)	Provision of terminal related services from the COSCO Ports Group to the COSCO Group	RMB227,999	–
15	Transactions under the Nansha Diesel Oil Purchase Master Agreement	RMB135,000	RMB3,750
16	Transactions under the APM Shipping Services Master Agreement	RMB1,318,430	RMB303,422
17	Transactions under the Nansha Container Terminal Services Master Agreement		
(a)	Provision of containers terminal related services by GZ South China to GZ Port Group	RMB94,030	RMB11,489
(b)	Provision of container terminal related services by GZ Port Group to GZ South China	RMB439,450	RMB53,987
(c)	Appointment of GZ South China by GZ Port Holding to charge on behalf of GZ Port Holding vessels which use high-frequency wireless communication services		
(i)	High-frequency communication fee payable by GZ South China to GZ Port Group	RMB9,000	RMB989
(ii)	Handling fee payable to GZ South China in respect of charging of high-frequency communication fee	RMB300	–
18	Transactions under the Yangzhou Terminal Services Master Agreement	RMB270,240	RMB74,056
19	Transactions under COSCO Pacific Financial Services Agreement		
(a)	The daily maximum balance of deposits (including accrued interest) deposited with COSCO Finance by COSCO Pacific Group	RMB1,000,000	RMB133,740
(b)	The daily maximum balance of loans (including accrued interest) granted to COSCO Pacific Group by COSCO Finance	RMB1,000,000	–
(c)	The annual fees paid to COSCO Finance by COSCO Pacific and its subsidiaries in respect of settlement services	RMB800	–

Review of Continuing Connected Transactions for the year 2014

The independent non-executive Directors have reviewed the above continuing connected transactions (other than transactions under the master agreements set out as items 13 to 19 in the above table) and confirm that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The independent non-executive directors of COSCO Pacific have reviewed the continuing connected transactions set forth as items 13 to 19 in the above table (other than Dr. FAN HSU Lai Tai, Rita who has not reviewed the continuing connected transactions set forth as items 13 to 19 in the above table as she is a Director and a director of COSCO Pacific) and confirm that these transactions have been entered into:

(1) in the ordinary and usual course of business of COSCO Pacific Group;

(2) on terms no less favourable to COSCO Pacific Group than terms available from/to independent third parties; and

(3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of COSCO Pacific as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company, PricewaterhouseCoopers, to report on the above continuing connected transactions (other than transactions under the master agreements set out as items 13 to 19 in the above table) as identified by management for the year ended 31 December 2014 (the "Transactions") in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the Transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

For the purpose of Rule 14A.56 of the Listing Rules, the board of directors of COSCO Pacific engaged the auditor of COSCO Pacific to report on the above continuing connected transactions set forth as items 13 to 19 in the above table and as identified by management for the year ended 31 December 2014 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of COSCO Pacific has issued its unqualified letter containing its findings and conclusions in respect of these transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by COSCO Pacific to the Hong Kong Stock Exchange.

Substantial Interests in the Shares and Underlying Shares of the Company

As at 31 December 2014, so far as was known to the Directors, Shareholders who had interests or short positions in the Shares and underlying shares of the Company which fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap.571) of Hong Kong (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was:

		Number of H-Shares/Percentage of total issued share capital of the H-Shares						
Name	Capacity and nature of interest	Long position	(approx) %	Short position	(approx) %	Lending pool	(approx) %	Note
BlackRock Group	Interest of controlled corporation	138,118,895	5.35	123,600,500	4.79			(1)

Note:

(1) The long position in such 138,118,895 shares are associated with shares held by the following associated corporations of BlackRock Group: Trident Merger, LLC, BlackRock Investment Management, LLC., BlackRock Holdco 2 Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4 LLC, BlackRock Holdco 6 LLC, BlackRock Delaware Holdings, Inc., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Advisors Holdings Inc., BlackRock International Holdings Inc., BR Jersey International LP, BlackRock Cayco Ltd., BlackRock Trident Holding Company Limited, BlackRock Japan Holdings GK, BlackRock Japan Co Ltd, BlackRock (Institutional) Canada Ltd, BlackRock Holdings Canada Limited, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty Ltd, BlackRock Investment Management (Australia) Limited, BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Group Limited, BlackRock (Netherlands) B.V., Blackrock Advisors (UK) Limited, BlackRock International Limited, BlackRock Luxembourg Holdco S.a.r.l., BlackRock Investment Management Ireland Holdings Ltd, BlackRock Asset Management Ireland Limited, BlackRock Investment Management (UK) Ltd, BlackRock Fund Managers Ltd. and BlackRock Life Limited. The short position in 123,600,500 shares are associated with shares held by the following associated corporations of BlackRock Group: BlackRock Holdco 2 Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4 LLC, BlackRock Holdco 6 LLC, BlackRock Delaware Holdings, Inc., BlackRock Institutional Trust Company, N.A., BlackRock Advisors Holdings Inc., BlackRock Capital Holdings, Inc., BlackRock Advisors, LLC, BlackRock International Holdings Inc., BR Jersey International LP, BlackRock Group Limited, BlackRock Luxembourg Holdco S.a.r.l. and BlackRock (Luxembourg) S.A.

Save as disclosed above, as at 31 December 2014, so far as was known to the Directors, there was no person (other than a Director, Supervisor or chief executive officer of the Company) who had any other interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As at 31 December 2014, so far as was known to the Directors, the Shareholder having interest in 5% or more of the total issued share capital of the Company (including A Shares and H Shares) was:

		Number of shares/Percentage of total issued share capital of the Company					
Name	Capacity and nature of interest	Long position	%	Short position	%	Lending Pool	%
COSCO	Beneficial owner	A Shares: 5,313,082,844 H Shares: 81,179,500 Total: 5,394,262,344	52.80	–	–	–	–

Share Appreciation Rights Plan

A share appreciation rights plan (the "Share Appreciation Rights Plan") was adopted by the Company, which was designed to align the interests of Directors, Supervisors and senior management of the Company with the Company's operating results and market value of the Shares. The issuance of share appreciation rights does not involve any issuance of new Shares, nor does it have any dilutive effect on the Shareholders.

On 16 December 2005, the Board granted share appreciation rights to certain directors, supervisors and senior management of the Company and its subsidiaries, and other personnel designated by the Board, including nine Directors and three Supervisors at an exercise price of HK$3.195 each under the Share Appreciation Rights Plan. On 5 October 2006, the Board granted share appreciation rights to certain directors, supervisors and senior management of the Company and its subsidiaries, and other personnel designated by the Board, including eight Directors and three Supervisors at an exercise price of HK$3.588 each under the Share Appreciation Rights Plan. On 4 June 2007, the Company granted further share appreciation rights to certain directors, supervisors and senior management of the Company and its subsidiaries, and other personnel designated by the Board, including seven Directors and four Supervisors at an exercise price of HK$9.540 each under the Share Appreciation Rights Plan. As of 31 December 2014, the Company did not grant any share appreciation rights after the grant on 4 June 2007.

Movements of the share appreciation rights, which were granted to Directors, Supervisors or senior management by the Company pursuant to the Share Appreciation Rights Plan during the year of 2014 are set out below:

				Number of units of share appreciation rights							
Name of director/ supervisor/ senior management	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2014	Transfer (to)/from other category during the period	Granted during the period	Exercised during the period	Lapsed duing the period	Outstanding as at 31 December 2014	Approximate % of issued share capital of the Company's H shares as at 31 December 2014	Note
LI Yunpeng	Beneficial owner	Personal	HK$3.195	450,000	–	–	–	–	450,000	0.017%	(1)
			HK$3.588	600,000	–	–	–	–	600,000	0.023%	(2)
			HK$9.540	580,000	–	–	–	–	580,000	0.022%	(3)
SUN Yueying	Beneficial owner	Personal	HK$3.195	450,000	–	–	–	–	450,000	0.017%	(1)
			HK$3.588	600,000	–	–	–	–	600,000	0.023%	(2)
			HK$9.540	580,000	–	–	–	–	580,000	0.022%	(3)
SUN Jiakang	Beneficial owner	Personal	HK$3.195	375,000	–	–	–	–	375,000	0.015%	(1)
			HK$3.588	500,000	–	–	–	–	500,000	0.019%	(2)
			HK$9.540	480,000	–	–	–	–	480,000	0.019%	(3)
YE Weilong	Beneficial owner	Personal	HK$9.540	480,000	–	–	–	–	480,000	0.019%	(3)
FU Xiangyang	Beneficial owner	Personal	HK$3.195	–	100,000	–	–	–	100,000	0.004%	(1) (5)
			HK$3.588	–	90,000	–	–	–	90,000	0.003%	(2) (5)
			HK$9.540	–	85,000	–	–	–	85,000	0.003%	(3) (5)
MA Jianhua	Beneficial owner	Personal	HK$9.540	–	480,000	–	–	–	480,000	0.019%	(3) (4)
GAO Ping	Beneficial owner	Personal	HK$3.195	100,000	–	–	–	–	100,000	0.004%	(1) (6)
			HK$3.588	90,000	–	–	–	–	90,000	0.003%	(2) (6)
			HK$9.540	85,000	–	–	–	–	85,000	0.003%	(3) (6)

				Number of units of share appreciation rights							
Name of director/ supervisor/ senior management	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2014	Transfer (to)/from other category during the period	Granted during the period	Exercised during the period	Lapsed duing the period	Outstanding as at 31 December 2014	Approximate % of issued share capital of the Company's H shares as at 31 December 2014	Note
WAN Min	Beneficial owner	Personal	HK$3.195	75,000	–	–	–	–	75,000	0.003%	(1)
			HK$3.588	280,000	–	–	–	–	280,000	0.011%	(2)
			HK$9.540	260,000	–	–	–		260,000	0.010%	(3)
TANG Runjiang	Beneficial owner	Personal	HK$3.195	75,000	–	–	–	–	75,000	0.003%	(1)
			HK$3.588	65,000	–	–	–	–	65,000	0.003%	(2)
Other continuous contract employees (Under the Company's employment, excluding senior management)	Beneficial owner	Personal	HK$3.195	8,660,750	(831,250)	–	–	–	7,829,000	0.303%	(1)
			HK$3.588	10,525,000	(950,000)	–	–	–	9,575,000	0.371%	(2)
			HK$9.540	9,140,000	(925,000)	–	–	–	8,215,000	0.318%	(3)
Others (Not under the Company's employment, including ex-Directors)	Beneficial owner	Personal	HK$3.195	5,025,000	731,250	–	–	–	5,756,250	0.223%	(1)
			HK$3.588	6,410,000	860,000	–	–	–	7,270,000	0.282%	(2)
			HK$9.540	12,695,000	360,000	–	–	–	13,055,000	0.506%	(3)
				58,580,750	–	–	–	–	58,580,750		

Notes:

(1) The share appreciation rights were granted by the Company in units with each unit representing one H Share pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 16 December 2005), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK$3.195 per unit according to its terms between 16 December 2007 and 15 December 2015.

(2) The share appreciation rights were granted by the Company in units with each unit representing one H Share pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 5 October 2006), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK$3.588 per unit according to its terms between 5 October 2008 and 4 October 2016.

(3) The share appreciation rights were granted by the Company in units with each unit representing one H Share pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 4 June 2007), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK$9.540 per unit according to its terms between 4 June 2009 and 3 June 2017.

(4) At the general meeting of the Company held on 20 May 2014, the elections of Wang Yuhang as the non-executive Director, Yang, Liang Yee Philip as the independent non-executive Director, Ma Jianhua as the Supervisor representing the Shareholders and Zhang Li as the Supervisor representing staff were considered and approved; Song Dawei ceased to be a Supervisor representing the Shareholders, Teo Siong Seng ceased to be an independent non-executive Director, Luo Jiulian ceased to be a Supervisor representing the Shareholders and Wei Qing ceased to be a Supervisor representing staff and workers.

(5) On 20 May 2014, the Company convened the first meeting of the fourth session of the Board to consider and approve the election of Fu Xiangyang as the chairman of the fourth session of the Supervisory Committee.

(6) On 15 April 2014, the Board announced that Gao Ping and Zhang Li were elected democratically as the Supervisors representing the staff and workers by the staff and workers of the Company, with effect from 20 May 2014.

Share Options Scheme of COSCO Pacific

At the special general meeting of COSCO Pacific held on 23 May 2003, its shareholders approved the adoption of a share option scheme (the "2003 Share Option Scheme").

Movements of the share options, which were granted under the 2003 Share Option Scheme, during the period are set out below:

Category	Exercise price (HK$)	Outstanding as at 1 January 2014	Transterred (to)/ from other categories during the period	Granted during the period	Excerised during the period	Lapsed during the period	Outstanding as at 31 December 2014	Percentage of total issued share captial of COSCO Pacific as at 31 December 2014	Exercisable period	Note
		Number of share option								
Directors										
SUN Jiakang	13.75	700,000	–	–	–	(700,000)	–	0%	01/12/2004-30/11/2014	(2) (4)
Others	13.75	12,756,000	–	–	–	(12,756,000)	–	0%	(Refer to Note 1)	(1) (5)
	19.30	13,390,000	–	–	–	(150,000)	13,240,000	0.45%	(Refer to Note 2)	(2) (5)
Total		26,846,000	–	–	–	(13,606,000)	13,240,000	0.45%		

Notes:

(1) The share options were granted during the period from 25 November 2004 to 16 December 2004 under the 2003 Share Option Scheme at an exercise price of HK$13.75. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options of the grantees was from 25 November 2004 to 16 December 2004.

(2) The share options were granted during the period from 17 April 2007 to 19 April 2007 under the 2003 Share Option Scheme at an exercise price of HK$19.30. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 17 April 2007 to 19 April 2007.

(3) The share options were granted during the period from 17 April 2007 to 19 April 2007 under the 2003 Share Option Scheme at an exercise price of HK$19.30. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 17 April 2007 to 19 April 2007.

(4) These options represent personal interests held by the relevant directors as beneficial owners. The 700,000 share options held by Mr. Sun Jiakang lapsed on 1 December 2014.

(5) This category comprises, inter alia, continuous contract employees of COSCO Pacific.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests of Directors and Supervisors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

(1) Long positions in the shares, underlying shares and debentures of the Company:

Name of Director	Capacity	Nature of interest	Number of H Shares	Percentage of total issued H share capital
FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%
Peter Guy BOWIE	Beneficial owner	Personal	15,000	0.0006%

Name of Director/Supervisor	Capacity	Nature of interest	Number of A Shares	Percentage of total issued A share capital
LI Yunpeng	Beneficial owner	Family	3,000	0.00004%
LUO Jiulian(Note)	Beneficial owner	Family	1,000	0.00001%

Note: Mr. Luo Jiulian resigned as a Supervisor representing the Shareholders on 20 May 2014.

(2) Long positions in shares, underlying shares and debentures of associated corporations of the Company:

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of ordinary Shares	Percentage of total issued share capital
COSCO Corporation (Singapore) Limited	SUN Yueying	Beneficial owner	Personal	600,000	0.03%
COSCO Pacific	KWONG Che Keung, Gordon	Beneficial owner	Personal	250,000	0.009%

(3) Long positions in the underlying shares of equity derivatives of the Company

Movements of the share appreciation rights, which were granted pursuant to the Share Appreciation Rights Plan of the Company, during the year ended 31 December 2014 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section above.

(4) Long positions in underlying shares of equity derivatives of associated corporations of the Company

Movements of the share options granted to the Directors and Supervisors by the associated corporations of the Company during the year ended 31 December 2014 are set out as below:

					Number of share options							
Name of associated corporation	Name of Director/ Supervisor	Capacity	Nature of interest	Exercise price	Outstanding as at 1 January 2014	Transterred (to)/ from other categories during the year	Granted during year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2014	Percentage of total issued share capital of associated corporation as at 31 December 2014	Note
COSCO International Holdings Limited	SUN Jiakang	Beneficial owner	Personal	HK$3.087	800,000	–	–	(800,000)	–	–	–	(1) (2)

Note:

(1) These share options were granted on 2 December 2004 pursuant to the share option scheme of COSCO International Holdings Limited, an associated corporation of the Company, and can be exercised at HK$1.37 per share at any time between 29 December 2004 and 28 December 2014.

(2) Mr. Sun Jiakang exercised 800,000 share options held by him on 19 December 2014 and sold the shares allotted in respect thereof on the same day.

Save as disclosed above, as at 31 December 2014, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any Shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In relation to the financial assistance granted by COSCO Pacific, a listed subsidiary of the Company, to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 31 December 2014 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	RMB'000
Non-current assets	5,003,990
Current assets	740,527
Current liabilities	(419,659)
Non-current liabilities	(2,752,687)
Net assets	2,572,171
Share Capital	695,394
Reserves	1,613,482
Non-controlling interests	263,295
Capital and reserves	2,572,171

As at 31 December 2014, the Group's share of net assets of these affiliated companies amounted to RMB1,828,443,000.

Arrangements to Purchase Shares or Debentures

At no time during the reporting period was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors, Supervisors or senior management of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors', Supervisors' and Five Highest Paid Individuals' Remunerations

Details of the remuneration of the Directors and the Supervisors of the Company and the five highest paid individuals of the Group are set out in note 37 to the consolidated financial statements.

There were no arrangements under which a Director or Supervisor of the Company had waived or agreed to waive any remuneration in respect of the year ended 31 December 2014.

Service Contracts of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company. No Director or Supervisor has entered into any service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Interests of Directors and Supervisors in Contracts or Arrangements

None of the Directors or Supervisors had any material interest, whether directly or indirectly, in any contracts of significance or arrangements to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2014.

Board Committees

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

Corporate Governance

The Company is committed to maintaining high standards of corporate governance by the Group and the Board is of the view that effective corporate governance makes an important contribution to the corporate success and to the enhancement of shareholder value. Please refer to pages 57 to 86 of this annual report for details.

Employees and Remuneration Policies

As at 31 December 2014, there were approximately 37,027 employees in the Group. Total staff costs for the Group for the year, including directors' remuneration, totaled approximately RMB6,888,619,618.09.

To enhance the quality and capability of our human resources as well as their team spirit and to fully cope with the business expansion of the container shipping, dry bulk shipping, container terminal, container leasing, freight forwarding and shipping agency business of the Company, the Group has organised many professional and comprehensive training programs during the year under review. The remuneration policies of the Group (including with respect to emolument payable to the Directors) are reviewed on a regular basis, taking into account the Group's results and market conditions, in order to formulate better incentives and appraisal measures.

Establishment of management system of the use of information by third parties

In accordance with the relevant requirements of regulatory authorities, the Company made amendments to the "Measures on Information Disclosures" (信息披露管理辦法) in 2009 and 2013, pursuant to which adding the administrative measures on the use of information by third parties. During the reporting period, for any insider information required to be disclosed to third parties according to the laws and regulations including statistics and statements, the Company will register and file relevant officers of such third parties who received such insider information as insiders and remind such officers of third parties to keep such information confidential in written form.

Corporate Governance and Insiders Registration and Management System

During the reporting period, the Company further optimized corporate governance and operation efficiency strictly in compliance with applicable laws and regulations, including the PRC Company Law, the Code of Corporate Governance for Listed Companies (上市公司治理準則), the Guiding Opinions for the Establishment of Independent Directorship by Listed Companies (關於在上市公司建立獨立董事制度的指導意見), the Rules for the General Meetings of Shareholders of Listed Companies (上市公司股東大會規則), the Guidelines on Articles of Association of Listed Companies (上市公司章程指引). The Company also ensured the stringent implementation of rules of procedures of the Shareholders' general meeting and meetings of the Board and the Supervisory Committee and the terms of reference of the general manager. As such, the Company was able to effectively capitalize on the expertise of the committees of the Board and ensure that members of the Shareholders' general meetings and the meetings of the Board of Directors and the Supervisory Committee perform their duties and obligations and protect the interest of the Shareholders and the Company.

During the reporting period, in compliance with the requirements of regulatory authorities in a timely manner and fully following the requirements of the Guidelines on Comprehensive Risk Management of State-owned Enterprises (中央企業全面風險管理指引) issued by the SASAC, the Guidelines on Internal Control of Enterprises (企業內部控制基本規範) and supplemental guidelines issued by five ministries, the Company further refined its internal control system and risk management procedures, and through the information systems of comprehensive risk management enhanced the collection, analysis, collation and reporting of risk data and response to risks while strengthening budget management. In addition, the Company further refined the organization structure and accountability system of domestic and overseas asset management.

The Company participated in training programs for directors, supervisors and senior management organized by regulatory authorities. The Company places great emphasis on the training of all employees, particularly on compliance, for the establishment of corporate culture. Effective measures were also adopted to raise the awareness of all employees on compliance.

The Company ensured the confidentiality of inside information and prevented insider trading through tightening the management of the circulation of insider information.

According to internal inspection of the Company, there was no insider trading of Shares before the disclosure of material inside information of the Company in 2014.

There is no deviation for the corporate governance of the Company from the PRC Company Law and applicable requirements of the CSRC during the reporting period.

Shareholders' General Meetings

Session	Date of meeting	Names of resolutions	Details of resolutions	Designated website for the publication of resolutions	Date of disclosure of resolutions
First extraordinary general meeting in 2014	27 March 2014	To consider and approve the proposal on external guarantee agreements of China COSCO.	All resolutions were considered and approved. Please refer to the announcements published on the relevant date for details.	www.sse.com.cn	28 March 2014
Annual General Meeting of 2013	20 May 2014	1. To consider and approve the proposed Directors' Report of China COSCO for 2013; 2. To consider and approve the proposed Report of Supervisory Committee of China COSCO for 2013; 3. To consider and approve the proposed financial report and audit report of China COSCO for 2013 prepared under the China Accounting Standards and the Hong Kong Accounting Standards, respectively; 4. To consider and approve the proposed profit distribution plan of China COSCO for 2013; 5. To consider and approve the proposal to reappoint Ruihua Certified Public Accountants, LLP as the domestic auditor for 2014 and to reappoint PricewaterhouseCoopers as the international auditor of the Company for 2014;	All resolutions were considered and approved. Please refer to the announcements published on the relevant date for details.	www.sse.com.cn	21 May 2014

Session	Date of meeting	Names of resolutions	Details of resolutions	Designated website for the publication of resolutions	Date of disclosure of resolutions
		6. to consider and approve the proposal on the nomination of Director candidates of the Fourth Session of the Board of Directors of China COSCO;			
		7. to consider and approve the proposal on the nomination of Supervisor candidates of the Fourth Session of the Supervisory Committee of China COSCO;			
		8. to consider and approve the proposal on the remuneration for Directors and Supervisor of the Fourth Session of the Board of Directors and Supervisory Committee of China COSCO;			
		9. to consider and approve the proposal on the appointment of Mr. Fu Xiangyang as the Supervisor representing the Shareholders.			

Session	Date of meeting	Names of resolutions	Details of resolutions	Designated website for the publication of resolutions	Date of disclosure of resolutions
Second extraordinary general meeting in 2014	28 August 2014	1. to consider and approve the proposal on the construction of five container vessels with capacity of 14000TEUs and authorize the Directors of Company to deal with relevant matters; 2. to consider and approve the proposal on the construction of six bulk carriers with capacity of 81,600 tons and authorize the Directors of Company to deal with relevant matters.	All resolutions were considered and approved. Please refer to the announcements published on the relevant date for details.	www.sse.com.cn	29 August 2014
Third extraordinary general meeting in 2014	30 October 2014	1. to consider and approve the proposal on the Financial Services Agreement entered into between COSCO Pacific Limited and COSCO Finance Co., Ltd and the annual caps	All resolutions were considered and approved. Please refer to the announcements published on the relevant date for details.	www.sse.com.cn	31 October 2014

Explanation on general meeting

Nil.

Objections of Independent Non-executive Directors on Relevant Matters of the Company

Name of independent non-executive directors	Matters subject to objections raised by independent non-executive directors	Details of objections	Adopted or not	Remarks
Nil	Nil	Nil	Nil	

Explanation on objections of Independent Non-executive Directors on Relevant Matters of the Company

Nil

Major opinions and recommendations made by special committees under the Board during the performance of duties

Audit Committee:

In 2014, the Audit Committee had convened a total of four meetings. At each of the meetings, members who were present had heard and considered the relevant reports and resolutions, and provided their relevant opinions and recommendations in the course of the meetings on issues including the proposal for the management to pay attention to the control of subsequent one-off related party transactions and improve the projection and planning capacity for related party transactions; the suggestion for the Company to add notes with explanation for those data contained in the monthly operation report which are largely different from those of last period; the proposal for the Company to provide appropriate financial information when and as appropriate, for the independent directors who are not members of the Audit Committee to learn more about the Company; the suggestion for the Board to further clarify the responsibilities of the Audit Committee in internal control assessment and other related works; the recommendation for the Company to regularly report anti-fraud works of the Company to the Audit Committee, for the Audit Committee to understand the operation of our anti-fraud mechanism.

Remuneration Committee:

In 2014, the Remuneration Committee had convened a total of one meeting, whereby it is proposed that remuneration structure and standards for independent non-executive Directors of the fourth session of the Board and Supervisors of the fourth session of the Supervisory Committee shall be the same with that of the third session, taking into account of the actual conditions and market position of the Company.

Nomination Committee:

In 2014, the Nomination Committee had convened a total of one meeting, whereby resolutions regarding to the nomination of director candidates for the fourth session of the Board of China COSCO were approved. Mr. Ma Zehua was nominated as the candidate for the Chairman and the non-executive Director. Mr. Li Yunpeng was nominated as the candidate for the vice Chairman and the non-executive Director. Mr. Jiang Lijun was nominated as the candidate for the executive Director and general manager. Ms. Sun Yueying and Mr. Wang Yuhang were nominated as the candidates for the non-executive Directors. Mr. Sun Jiakang and Mr. Ye Weilong were nominated as the candidates for executive Directors. Dr. Fan Hsu Lai Tai, Rita, Mr. Kwong Che Keung, Gordon, Mr. Peter Guy Bowie and Mr. Yang, Liang Yee Philip were nominated as the candidates for the independent non-executive Directors.

No major opinions or recommendations were provided by other specialized committees, including the Risk Management Committee and Strategic Development Committee, in the course of performing their duties during the reporting period.

Risks identified by the Supervisory Committee

The Supervisory Committee has no objections to the supervision of the Company during the reporting period.

Matters affecting the independence and separate operation of the Company against the controlling shareholders in terms of businesses, personnel, assets, organizations and financial position

Not applicable.

Relevant follow-up measures, progress and plans of the Company in connection with the competition arising from share reform, characteristic of the industry, national policy and mergers and acquisitions

Not applicable.

Appraisal system and the establishment and implementation of incentive mechanism for senior management during the Reporting Period

Annual salary were paid to senior management members of China COSCO, including the general manager, deputy general managers, chief financial officer and secretary of the Board, which was determined according to the Administrative Measures for the Remuneration of Senior Management of China COSCO Holdings Company Limited approved by the second Board meeting. The annual salary was linked to the results of operation and stock performance of the Company and the individual performance appraisal of the senior management in terms of operation and management according to the Interim Measures for the Annual Appraisal of Senior Management and was determined by the Remuneration Committee. The Company has established a comprehensive risk control system and improved the long term incentive and punishment mechanism for senior management based on the strategic needs of the development of the Company. The share appreciation rights plan was approved by the Shareholders' general meeting based on the requirements of the Company and international practices in compliance with the PRC laws and regulations.

According to the share appreciation rights plan, certain amount of "virtual share options" will be granted to the senior management. The grantee is entitled to the gain from the price appreciation of physical shares in such number equivalent to the amount of the "virtual share options", but the grantee is not entitled to the ownership of such shares.

Unless otherwise approved, the total share appreciation rights granted shall not exceed 10% of the issued H shares, and shall be granted once a year. The first grant of share appreciation rights shall not exceed 1% of the issued H shares.

The scope of the share appreciation rights plan shall be determined by the Board of Directors of the Company, which shall include the Directors, Supervisors and senior management including the general manager, deputy general managers, chief financial officer and the secretary of the Board as well as other parties approved by the Board.

Unless for the occurrence of the grounds for early termination prescribed under the plan, the valid term of share appreciation rights for each grant shall be 10 years, with a lock-up period of 2 years, during which the grantees are restricted from exercising the rights. The proportion of rights exercisable by the grantees in the third, fourth, fifth and sixth year since the date of grant shall not exceed 25%, 50%, 75% and 100% of the total share appreciation rights granted to such grantees respectively.

During the Reporting Period, no share appreciation rights were exercised and no new appreciation rights were granted.

Internal Control

I. Statement on the responsibility on internal control and the establishment of internal control system

1. Statement of the Board

The Board is responsible for the establishing and implementing of an effective internal control system, evaluating its effectiveness and truthfully disclosing the internal control evaluation report. The Supervisory Committee is responsible for organizing and supervising the establishment and implementation of internal control system by the Board of Directors. The management is responsible for supervising the daily operation of internal control system of the Company. The Board, Supervisory Committee and Directors, Supervisors and senior management of the Company warrant that there are no misstatements, misleading representations or material omissions in this report, and shall assume joint and several liabilities for the truthfulness, accuracy and completeness of its contents. The internal control of the Company aims to reasonably ensure the lawful operation and management, security of assets and the truthfulness of financial reports and relevant information, and to enhance the operational efficiency in order to facilitate the implementation of development strategies. Due to the inherent limitation of the internal control system, it can only provide reasonable protection for the achievement of above objectives of the Company.

2. Establishment of internal control system

In 2014, China COSCO continued to improve and optimize its internal control pursuant to the Guidelines on Internal Control of Enterprises (企業內部控制基本規範) and supplemental guidelines issued by five ministries including the PRC Ministry of Finance.

(1) The Company have strengthened control and included of risk management and internal control in its performance assessment. The Company have put risk management and internal control indicators into the responsibility statements for annual operation results of associated entities, and procured each associated entity to strengthen its risk management and internal control.

(2) The Company have made effective risk assessment by taking into account of the actual circumstances. It have also engaged professional organizations and established a project team to carry out the annual risk assessment at the headquarters level of China COSCO by conforming to the "practicable, simple and effective" principles. On this basis, we identified the top 10 risks faced by China COSCO and proposed basic solutions based on the risk assessment and analysis of each second-tier companies.

(3) The Company have worked intensively and meticulously to build a long-term internal control assessment mechanism. We cautiously selected companies in line with the "important and economic" principles. We focused on key business areas, and have organized completed the annual internal control assessment and issued assessment reports for each assessed company. Meanwhile, we have adopted cross-assessment method on internal control for this year, i.e. staffs designated by different associated entities of China COSCO conducted cross-assessment for each other. By adopting cross-assessment method, we can gradually foster a professional internal assessment team for the Company. In addition, we continued to improve the internal control assessment system and process, so as to build a long-term internal control assessment mechanism which is both pragmatic and effective.

(4) The Company have solidified its foundation and progressed with the construction of risk control system of its associated entities. On one hand, we improved the system and laid down requirements for the internal control and risk management works. On the other hand, we accelerated the system construction works and gradually expanded the coverage of the system. China COSCO continued to carry forward the internal control system construction of second-tier companies, and require second-tier companies to systematically promote system constructions of their respective associated entities.

For details of the internal control evaluation report, please refer to the report of the Company released on 27 March 2015 at the Website of Shanghai Stock Exchange.

II. Audit report on internal control

In accordance with the relevant requirements, such as the guidelines on internal control audit, China COSCO engaged Ruihua Certified Public Accountants, LLP to prepare the audit report on the internal control of China COSCO.

For details of the internal control audit report, please refer to the report of the Company released on 27 March 2015 on the website of Shanghai Stock Exchange.

III. Accountability system for material errors in annual report and its implementation

Based on the amendments to the Measures on Information Disclosures in 2010, the Company strictly complied with regulatory requirements to further specify the responsibilities of Directors, Supervisors, senior management and person-in-charge of information disclosure and clarify the matters that may involve necessary information disclosure in the daily operation and material decision of the Company.

During the reporting period, the Company was not aware of any material errors in its regular disclosure documents, including the annual report.

I. Directors, Supervisors, Senior Management and Employees

(I) Equity change and remuneration of Directors, Supervisors and senior management in office and retired during the reporting period

Name	Position (Note)	Gender	Age	Date of appointment	Date of termination	Shareholding at the beginning of the year	Shareholding at the end of the year	Change in shareholding during the year	Reason for change	Total Payable remuneration received from the Company during the reporting period (RMB'0,000) (before tax)	Total remuneration received from shareholders entities during the reporting period (RMB'0,000)
Ma Zehua	Chairman of the Board	M	62	2014.05.20						0	Note 1
Li Yunpeng	Vice chairman of the Board	M	56	2014.05.20						0	Note 1
Sun Yueying	Director	F	56	2014.05.20						0	Note 1
Sun Jiakang	Director	M	55	2014.05.20						0	Note 1
Ye Weilong	Director	M	52	2014.05.20						0	Note 1
Wang Yuhang	Director	M	53	2014.05.20						0	Note 1
Jiang Lijun	Director	M	59	2014.05.20						97.12	
	General manager			2014.05.20							
Teo Siong Seng	Independent non-executive Director	M	60	2011.05.17	2014.05.20					19.52	
Fan Hsu Lai Tai, Rita	Independent non-executive Director	F	69	2014.05.20						48	
Kwong Che Keung, Gordon	Independent non-executive Director	M	65	2014.05.20						48.9	
Peter Guy Bowie	Independent non-executive Director	M	68	2014.05.20						48	
Yang, Liang Yee Philip	Independent non-executive Director	M	67	2014.05.20						29.5	
Song Dawei	Chairman of the Supervisory Committee	M	59	2012.02.28	2014.05.20					0	Note 1
Fu Xiangyang	Chairman of the Supervisory Committee	M	47	2014.05.20						0	Note 1
Luo Jiulian	Supervisor	M	60	2011.05.17	2014.05.20					0	30.38
Ma Jianhua	Supervisor	M	52	2014.05.20						0	42.53
Gao Ping	Supervisor	M	59	2014.05.20						93.65	

Name	Position (Note)	Gender	Age	Date of appointment	Date of termination	Shareholding at the beginning of the year	Shareholding at the end of the year	Change in shareholding during the year	Reason for change	Total Payable remuneration received from the Company during the reporting period (RMB'0,000) (before tax)	Total remuneration received from shareholders entities during the reporting period (RMB'0,000)
Wei Qing	Supervisor	M	59	2013.05.31	2014.05.20					13.73	8.96
Zhang Li	Supervisor	F	49	2014.05.20						37.16	
Meng Yan	Independent Supervisor	M	59	2014.05.20						31	
Zhang Jianping	Independent Supervisor	M	49	2014.05.20						31.3	
Xu Zunwu	Deputy general manager	M	57	2014.05.20						78.18	
Wan Min	Deputy general manager	M	46	2014.05.20	2015.03.26	35,000	35,000			87.87	Note 1, 2
Wang Xingru	Deputy general manager	M	49	2014.05.20	2014.08.08					320.83	Note 2
Tang Runjiang	Chief financial Officer	M	46	2014.05.20						89.31	Note 2
Guo Huawei	Secretary of the Board	M	49	2014.05.20						79.84	
Wang Xiaodong	Assistant to general manager	M	56	2014.05.20						73.84	
Hung Man, Michelle	Joint secretary	F	45	2014.05.20	2015.01.09					279.35	
Total	/	/	/	/	/	35,000	35,000		/	1,507.1	81.87

Notes:

1. Ma Zehua (Chairman), Li Yunpeng (Vice Chairman), Sun Yueying (Director), Sun Jiakang (Director), Ye Weilong (Director), Wang Yuhang (Director), Song Dawei (former chairman of the Supervisory Committee), Fu Xiangyang (chairman of the Supervisory Committee) and Wan Min (deputy general manager) (from November 2014) receive remuneration in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"). Pursuant to the requirements of SASAC for operational performance evaluation and remuneration management of responsible persons of central enterprises, annual remunerations of responsible persons of central enterprises are distributed under the principle of "payment by results". As on the date of annual results announcement of the Company, the 2014 operational performance evaluation of responsible persons of central enterprises is still under way and the evaluation results of remunerations of responsible persons of central enterprises for 2014 have yet to be released by SASAC, and it cannot be disclosed.

2. The remunerations of Wan Min (deputy general manager), Wang Xingru (deputy general manager) and Tang Runjiang (chief financial officer) disclosed herein include the data disclosed in 2014 annual report of COSCO Pacific.

3. Remuneration of Directors and Supervisors were determined by shareholders' meeting. Determination of the remuneration of senior management is set out in the section headed "Appraisal system and the establishment and implementation of incentive mechanism for senior management during the reporting period" of this annual report.

4. The travelling expense and accommodation expense incurred by Directors, Supervisors and senior management in relation to attendance at the Board meetings, Supervisory Committee meetings and shareholders' meetings shall be borne by the Company.

(II) Share options granted to Directors, Supervisors and senior management during the Reporting Period

Not applicable.

II. Positions of current directors, supervisors and senior management and those who resigned during the reporting period

(I) Position in Shareholder-related entity

Name	Name of entity	Position	Date of appointment	Date of termination
Ma Zehua	China Ocean Shipping (Group) Company	Chairman and secretary of the CPC subcommittee	2013.07.13	
Ma Zehua	Hainan COSCO Boao Co., Ltd.	Chairman	2013.09.10	
Ma Zehua	COSCO (Hong Kong) Group Limited	Chairman	2013.09.10	
Ma Zehua	Sino-Poland Joint Stock Shipping Company	Head of Management Committee	2013.09.10	
Li Yunpeng	China Ocean Shipping (Group) Company	Director, General Manager and member of the CPC subcommittee	2013.07.13	
Li Yunpeng	COSCO (Hon Kong) Company Limited (中國遠洋(香港)有限公司)	Chairman	2014.08.04	
Li Yunpeng	China Ocean Investment Company Limited (中遠投資有限公司)	Chairman	2012.01.17	
Li Yunpeng	COSCO Corporation (Singapore) Limited	Chairman of the board	2013.09.10	
Li Yunpeng	Sino-Tanzania Joint Shipping Company	Chairman	2013.09.10	
Sun Yueying	China Ocean Shipping (Group) Company	Chief accountant and member of the CPC subcommittee	2004.04.13	
Sun Yueying	COSCO Finance Ltd.	Chairman	2008.06.02	
Sun Yueying	COSCO Japan Co., Ltd.	Chairman	1998.11.03	
Sun Yueying	COSCO (Cayman) Fortune Holdings Co., Ltd.	Chairman	2001.08.21	
Sun Yueying	COSCO International Ship Trading Company Limited	Chairman	2013.09.10	
Sun Yueying	Cosco Capital Co. Ltd	Chairman	2011.11.08	
Sun Jiakang	China Ocean Shipping (Group) Company	Deputy general manager, member of the CPC subcommittee and chief legal consultant	2011.02.11	
Sun Jiakang	COSCO Logistics Co., Ltd.	Chairman	2014.03.22	
Sun Jiakang	COSCO Europe GmbH	Chairman	2012.01.17	
Sun Jiakang	COSCO Americas, Inc.	Chairman	2012.01.17	
Sun Jiakang	COSCO Oceania Pty Limited	Chairman	2012.01.17	
Sun Jiakang	COSCO Africa (Pty) Ltd.	Chairman	2012.01.17	
Sun Jiakang	COSCO International Holdings Limited	Chairman of the board	2013.09.10	
Ye Weilong	China Ocean Shipping (Group) Company	Deputy general manager and member of the CPC subcommittee	2011.12.07	

Name	Name of entity	Position	Date of appointment	Date of termination
Ye Weilong	COSCO Shipping Co., Ltd.	Chairman	2011.12.28	2015.02.06
Ye Weilong	COSCO West Asia FZE	Chairman	2012.01.17	
Wang Yuhang	China Ocean Shipping (Group) Company	Deputy general manager and member of the CPC subcommittee	2014.02.24	
Wang Yuhang	CCOSCO Shipyard Group Co., Ltd.	Chairman	2014.04.15	
Wang Yuhang	COSCO Korea Co. Ltd	Chairman	2014.03.22	
Song Dawei	China Ocean Shipping (Group) Company	Member of the CPC subcommittee and Head of the CPC Discipline Inspection Committee	2011.12.07	
Fu Xiangyang	China Ocean Shipping (Group) Company	Chairman of labour union	2011.10.08	
Wan Min	China Ocean Shipping (Group) Company	Deputy general manager and member of the CPC subcommittee	2014.09.18	
Wan Min	COSCO Shipping Co., Ltd	Chairman	2015.02.06	
Tang Runjiang	Sino-Poland Joint Stock Shipping Company	Member of Management Committee	2012.03.16	
Tang Runjiang	COSCO Finance Co., Ltd.	Director	2001.03.21	
Tang Runjiang	COSCO (Hong Kong) Group Limited	Director	2012.03.16	
Tang Runjiang	COSCO Holdings (Singapore) Limited	Director	2012.05.01	
Tang Runjiang	COSCO (Australia) Ltd.	Director	2012.03.16	
Tang Runjiang	COSCO (Cayman) Fortune Holding Co., Ltd.	Director	2012.08.02	
Tang Runjiang	China Ocean Asset Management Limited	Chairman	2014.01.03	
Tang Runjiang	COSCO (Hong Kong) Company Limited	Director	2014.08.04	
Tang Runjiang	China Ocean Asset Management Limited	Chairman	2014.01.03	
Tang Runjiang	COSCO Finance (2011) Limited	Director	2013.02.21	2014.08.04
Tang Runjiang	Diamond Co., Ltd.	Director	2012.08.02	2014.08.04
Tang Runjiang	COSCO Capital Co., Ltd.	Director	2012.08.02	
Tang Runjiang	Golden Co., Ltd.	Chairman	2014.03.04	
Tang Runjiang	Bright Sea Management Limited	Chairman	2014.08.04	
Tang Runjiang	Zhen Sea Shipping Company limited	Chairman	2014.08.04	
Tang Runjiang	COSCO (Cayman) Mercury Co., Ltd.	Chairman	2014.08.04	

(II) Position in other entities

Name	Name of other entity	Position	Date of appointment	Date of termination
Ma Zehua	China Merchants Bank Co., Ltd.	Vice Chairman	2014.03.25	
Ma Zehua	China Bohai Bank Limited	Director	2012.03.21	2014.02.27
Li Yunpeng	China Bohai Bank Limited	Director	2014.02.27	
Sun Yueying	China Merchants Bank Co., Ltd.	Director	2001.04.29	
Sun Yueying	China Merchants Securities Co., Ltd.	Director	2001.03.26	
Sun Jiakang	China LNG Shipping (Holdings) Limited	Chairman	2011.12.31	
Sun Jiakang	China Marine Bunker (Petro China) Co., Ltd.	Chairman	2013.09.10	
Ye Weilong	Yuanli Shipping Co., Ltd.	Vice Chairman	2014.03.22	
Fu Xiangyang	Suzhou Industrial Park Co., Ltd.	Vice Chairman	2013.09.10	
Tang Runjiang	Sinochem Corporation	Supervisor	2012.08.02	

III. Remunerations of Directors, Supervisors and Senior Management

Determination of remuneration of Directors, Supervisors and senior management	Remuneration of Directors and Supervisors were determined by Shareholders' meeting. Determination of the remuneration of senior management is set out in the section headed "Appraisal system and the establishment and implementation of incentive mechanism for senior management during the reporting period" under the Directors' Report of this annual report.
Basis of remuneration of Directors, Supervisors and senior management	Remuneration of Directors and Supervisors were determined by Shareholders' meeting. Determination of the remuneration of senior management is set out in the section headed "Appraisal system and the establishment and implementation of incentive mechanism for senior management during the reporting period" under the Directors' Report of this annual report.
Remuneration payable to Directors, Supervisors and senior management	The salaries of Directors and Supervisors shall be paid in accordance with the service contracts entered into by them. Remuneration of senior management shall be determined on annual basis in accordance with the Determination of the Remuneration of Senior Management of China COSCO Holdings Company Limited (中國遠洋控股股份有限公司高管層薪酬管理辦法) approved by the Board. The annual remuneration shall be determined by the remuneration committee taking into account the operating results and share price.
Total actual remuneration of all Directors, Supervisors and senior management at the end of the reporting period (including remuneration received from shareholders and associated entities)	RMB19,545,000 (before tax)

IV. Changes in Directors, Supervisors and Senior Management

Name	Position	Change	Reason of change
Wang Yuhang	Non-executive Director	Selected	Change of session of the Board, determined by the Shareholders' general meeting
Ye Weilong	Executive Director	Selected(1)	Change of session of the Board, determined by the Shareholders' general meeting
Teo Siong Seng	Independent non-executive Director	Resigned	Change of session of the Board, expiration of the term
Yang, Liang Yee Philip	Independent non-executive Director	Selected	Change of session of the Board, determined by the Shareholders' general meeting
Song Dawei	Chairman of the Supervisory Committee and Shareholder representative Supervisor	Resigned	Change of session of the Supervisory Committee, determined by the Shareholders' general meeting
Fu Xiangyang	Chairman of the Supervisory Committee and Shareholder representative Supervisor	Selected	Change of session of the Supervisory Committee, determined by the Shareholders' general meeting and selected by the Supervisory Committee
Luo Jiulian	Shareholder representative Supervisor	Resigned	Change of session of the Supervisory Committee, determined by the Shareholders' general meeting
Ma Jianhua	Shareholder representative Supervisor	Selected	Change of session of the Supervisory Committee, determined by the Shareholders' general meeting
Wei Qing	Employee Supervisor	Resigned	Selected by the general meeting of employee representatives
Zhang Li	Employee Supervisor	Selected	Selected by the general meeting of employee representatives
Wan Min	Deputy general manager	Resigned	Resigned
Wang Xingru	Deputy general manager	Resigned	Resigned

Note:

(1) Mr. Ye Weilong, a non-executive director, was re-designated as an executive director on 20 May 2014 with the approval of the Shareholders at the Company's general meeting.

1. Appointment of Directors and changes

On 27 March 2014, the Company convened the 26th meeting of the third session of the Board, whereby resolutions regarding the nomination of Ma Zehua, Li Yunpeng, Sun Yueying, Sun Jiakang, Ye Weilong, Wang Yuhang and Jiang Lijun, as the candidates of directors for the fourth session of the Board of the Company, and the nomination of Fan Hsu Lai Tai, Rita, Kwong Che Keung, Gordon, Peter Guy Bowie and Yang, Liang Yee Philip, as the candidates of independent non-executive directors for the fourth session of the Board of the Company were approved, which were submitted to the general meeting for consideration.

On 20 May 2014, the Company convened the 2013 annual generating meeting, on which Ma Zehua, Li Yunpeng, Sun Yueying, Sun Jiakang, Ye Weilong, Wang Yuhang and Jiang Lijun were selected as the directors for the fourth session of the Board of the Company, and FAN HSU Lai Tai, Rita, KWONG Che Keung, Gordon, Peter Guy BOWIE and Yang, Liang Yee Philip were selected as the independent non-executive directors for the fourth session of the Board of the Company.

On 20 May 2014, the Company convened the 1st meeting of the fourth session of the Board, on which the director Ma Zehua was selected as the chairman of the fourth session of the Board of the Company and the director Li Yunpeng was selected as the vice chairman of the fourth session of the Board of the Company.

2. Appointment of Supervisors and changes

On 27 March 2014, the Company convened the 16th meeting of the third session of the Supervisory Committee, whereby resolutions regarding the nomination of Song Dawei, Ma Jianhua, Gao Ping, Zhang Li, Meng Yan and Zhang Jianping, as the candidates of supervisors for the fourth session of the Supervisory Committee of the Company were approved , and the resolutions regarding the appointment of Song Dawei, Ma Jianhua, Meng Yan and Zhang Jianping as the members of the fourth session of the Supervisory Committee of the Company were approved and submitted to the general meeting for consideration.

On 4 May 2014, the Company issued a supplementary notice to convene the 2013 annual general meeting, at which Song Dawei offered to cease to be the Supervisor of the Company due to his work commitment and confirmed that he has no disagreement with the Board, the Supervisory Committee and the Company, and there is no other relevant matter that needs to be brought to the attention of the shareholders. With his consent, the Company proposed to nominate Fu Xiangyang as the candidate of shareholder representative Supervisory of the fourth session of the Supervisory Committee.

On 20 May 2014, the Company convened the 2013 annual general meeting, at which Fu Xiangyang, Ma Jianhua, Meng Yan and Zhang Jianping were selected as the Supervisors of the fourth session of the Supervisory Committee of the Company.

Gao Ping and Zhang Li were selected by the 2nd joint meeting of the fifth session of the general meeting of employee representatives to serve as employee Supervisors of the fourth session of the Supervisory Committee of the Company and Wei Qing ceased to be the employee Supervisor representing the staff and workers of the Company.

On 20 May 2014, the Company convened the 1st meeting of the fourth session of the Supervisory Committee, on which Fu Xiangyang was selected as the chairman of the Supervisory Committee of the Company.

3. Appointment of senior management and changes

On 20 May 2014, the Company convened the 1st meeting of the fourth session of the Board, at which Jiang Lijun was appointed as the general manager, Xu Zunwu, Wan Min and Wang Xingru were appointed as deputy general managers, Tang Runjiang was appointed as the chief financial officer, Guo Huawei was appointed as the Board secretary and Wang Xiaodong was appointed as the assistant to the general manager. The senior management mentioned above was appointed for a term from 20 May 2014 to the date of convening the 1st meeting of the fifth session of the Board.

On 8 August 2014, the Company convened the fourth meeting of the fourth session of the Board, whereby the resignation letter of Wang Xingru to resign from the position as the deputy general manager was approved.

On 26 March 2015, the Company convened the ninth meeting of the fourth session of the Board, whereby the resignation letter of Wan Min to resign from the position as the deputy general manager was approved.

V. Major technical team and technicians of the Company

China COSCO has always made human resources as an integral part of its development strategy. The Company realises that human resources are important in operation and encourages its staff to bring up innovative ideas to improve management and organisation structure under the straregy of "excellent enterprise with talents"(人才強企). With continuous building of a strong working team, the Company is committed to develop professional teams in the areas of shipping, logistics, terminal operation and shipbuilding to facilitate the development of the Company. China COSCO operates international business with its base in China and has adopted a distinctive management system to attract, retain, motivate and employ outstanding personnel around the globe. China COSCO has successfully developed its human resources for achieving its strategic objectives.

VI. Staff of the parent company and subsidiaries

(1) Information of staff

Number of working staff of the parent company	384
Number of working staff of major subsidiaries	29,695
Total number of working staff	30,079
Number of retired staff receiving retirement benefit from the parent company and major subsidiaries	16,569
Qualification	
Class of qualification	**Number of staff**
Production	12,647
Sales	1,812
Technicians	680
Accounting	1,122
Administration	1,283
Total	17,544
Education level	
Level of education	**Number of staff**
Post graduate or above	1,541
Graduate	8,903
Tertiary	10,086
Secondary or below	9,549
Total	30,079

(2) Remuneration policy

To allow all staff to enjoy the results of the Company, the Company regularly improve its staff remuneration, benefit and insurance policy in accordance with the conditions of the Company and the external and internal business environment to facilitate the development of the Company and the building of a strong working team.

The Company also safeguard the legal rights of minority group of staff strictly in accordance with the laws and regulations of China. For entities operating in the PRC, we determine the minimum salary of staff in accordance with the requirements of the local governments. We have established retirement benefit scheme, medical insurance scheme, work injury insurance scheme, pregnancy and birth insurance scheme and unemployment insurance scheme for all staff. We have also established a housing provident fund. For entities operating outside China, we have established a remuneration policy strictly in accordance with the laws and policy of the local governments.

(3) Training Program

By focusing on central tasks of the enterprise and maintaining the overall situation of reform, development and stability, the Company enhanced the systematicness, pertinence and effectiveness of educational training work, speeded up the reform and innovation of such work and continued to improve the scientific level of educational training under the people-oriented principle to safeguard the healthy, stable and sustainable development of the enterprise. In 2014, the training work was conducted mainly in the following two aspects: the first was to pay attention to the training program provided to key personnels and coordinate the provision of training program for staff at various levels; the second was to innovate and improve the system and mechanism of training work so as to further enhance the scientific level of such work.

(4) Outsourcing

Total working hours outsourced	5,645,096.64 hours
Total cost of outsourcing	RMB348,702,173.02

VII. Repurchase, Sale or Redemption of the Company's Shares

During the reporting period, the Company did not redeem any of its listed shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the year.

VIII. Sufficiency of Public Float

As at the latest practicable date prior to the issue of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the public float of the Company satisfied the requirement of the Listing Rules.

By order of the Board of Directors
Ma Zehua
Chairman

Beijing, the PRC
26 March 2015

Report of Supervisory Committee

To all Shareholders,

The Supervisory Committee has conscientiously performed its duties and diligently conducted its work in accordance with the laws and regulations of the jurisdictions where the Company's shares are listed, the Articles of Association, the Rules of Procedures of the Supervisory Committee and other applicable laws and regulations. In 2014, the Company convened five meetings of the Supervisory Committee, including four physical meetings and one meeting by written communications. The members of the Supervisory Committee attended all such meetings in personal. In addition, the Supervisory Committee has organized one site inspection.

Members of the Supervisory Committee presented at all general meetings of the Shareholders and Board meetings and convened meetings of the Supervisory Committee to review the working reports and financial reports, consider financial reports and audit reports, perform its checks on the procedural aspects of the Board meetings and general meetings as well as resolutions passed at such meetings, the implementation of Shareholders' resolutions, the conduct of duties by the Directors and the senior management, the financial position, the internal control, deposit and use of proceeds and related-party transactions of the Company, so as to safeguard the interests of the Shareholders and the Company in accordance with applicable laws and regulations.

The Supervisory Committee is of the opinion that the Board and the senior management of the Company have strictly complied with the Articles of Association and relevant requirements of the applicable laws of the jurisdictions where the Company's shares are listed, and have dutifully and diligently operated the business of the Company within the relevant regulatory framework. To the best knowledge of the Supervisory Committee, the Directors and senior management of the Company did not breach any applicable laws or the Articles of Association or behave in a manner that would harm the interest of the Company. The Supervisory Committee had reached unanimous opinions in the supervision matters during the reporting period.

The Supervisory Committee has carefully reviewed the 2014 financial report, the annual profits distribution plan of the Company and the unqualified auditors' reports issued by the Company's domestic and international auditors. The Supervisory Committee approved the unqualified auditor's reports issued by Ruihua Certified Public Accountants, LLP. and PricewaterhouseCoopers, respectively.

After considering the report on the use of proceeds from the management of the Company, the Supervisory Committee is of the opinion that the actual use of proceeds raised recently was consistent with the intended use and there was no change to the intended uses.

The Supervisory Committee has examined the related-party transactions conducted and the caps of such transactions during the reporting period and is of the opinion that all transactions were conducted at fair market value without causing any detriment to the interest of the Company or its Shareholders. No insider dealings were identified and there was no circumstance causing any detriment to the interest of certain Shareholders or any loss of assets of the Company.

The Supervisory Committee considered the "Evaluation Report on Internal Control for 2014" issued by the Board and is of the opinion that the report truly reflected the fundamental internal control condition of the Company and complied with the relevant regulations of the state and the requirements of securities regulatory authorities.

In addition, the Supervisory Committee has made a site inspection on the development of bulk vessels fleet of the Company.

In 2015, the Supervisory Committee will continue to strictly adhere to the Articles of Association and the relevant requirements, so as to enhance the establishment of its system and to increase its supervision efforts to effectively safeguard and protect the legal interests of the Company and its Shareholders.

Supervisory Committee of China COSCO Holdings Company Limited
26 March 2015

Independent Auditor's Report

TO THE SHAREHOLDERS OF CHINA COSCO HOLDINGS COMPANY LIMITED

(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China COSCO Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 125 to 245, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2015

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**80,097,345**	81,404,047
Investment properties	7	**476,432**	401,885
Leasehold land and land use rights	8	**1,934,852**	1,986,279
Intangible assets	9	**107,078**	114,441
Joint ventures	11	**6,051,578**	4,877,158
Associates	12	**6,096,396**	5,881,784
Loans to joint ventures and an associate	13	**636,219**	229,683
Available-for-sale financial assets	14	**1,640,570**	1,510,630
Deferred income tax assets	15	**109,129**	173,443
Restricted bank deposits	17	**1,482**	6,106
Other non-current assets	16	**917,629**	765,561
Total non-current assets		**98,068,710**	97,351,017
Current assets			
Inventories	18	**1,926,723**	2,374,978
Trade and other receivables	19	**7,722,068**	9,078,897
Available-for-sale financial assets	14	**500,000**	4,000,000
Restricted bank deposits	17	**865,429**	850,825
Cash and cash equivalents	17	**39,705,524**	48,206,390
Total current assets		**50,719,744**	64,511,090
Total assets		**148,788,454**	161,862,107

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	20	**10,216,274**	10,216,274
Reserves	21	**14,162,888**	14,006,311
		24,379,162	24,222,585
Non-controlling interests		**18,578,796**	17,891,222
Total equity		**42,957,958**	42,113,807
LIABILITIES			
Non-current liabilities			
Long-term borrowings	22	**68,056,685**	68,351,377
Provisions and other liabilities	23	**1,271,566**	1,283,942
Deferred income tax liabilities	15	**527,062**	2,042,587
Total non-current liabilities		**69,855,313**	71,677,906
Current liabilities			
Trade and other payables	24	**15,377,316**	18,151,708
Short-term borrowings	25	**3,127,600**	2,765,570
Current portion of long-term borrowings	22	**15,758,769**	25,278,430
Current portion of provisions and other liabilities	23	**493,489**	602,657
Tax payable		**1,218,009**	1,272,029
Total current liabilities		**35,975,183**	48,070,394
Total liabilities		**105,830,496**	119,748,300
Total equity and liabilities		**148,788,454**	161,862,107
Net current assets		**14,744,561**	16,440,696
Total assets less current liabilities		**112,813,271**	113,791,713

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 125 to 245 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf by:

Mr. Ma Zehua
Director

Mr. Jiang Lijun
Director

Balance Sheet

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	549	2,090
Intangible assets	9	581	914
Subsidiaries	10	52,301,720	52,301,720
Loans to subsidiaries	10	4,900,945	4,885,831
Total non-current assets		57,203,795	57,190,555
Current assets			
Prepayments, deposits and other receivables	19	3,765	44,446
Advances to and amounts due from subsidiaries	10	104,925	307,153
Available-for-sale financial assets	14	500,000	4,000,000
Cash and cash equivalents	17	1,593,234	8,483,468
Total current assets		2,201,924	12,835,067
Total assets		59,405,719	70,025,622
EQUITY			
Share capital	20	10,216,274	10,216,274
Reserves	21	39,517,624	39,976,412
Total equity		49,733,898	50,192,686
LIABILITIES			
Non-current liabilities			
Long-term borrowings	22	8,867,496	8,840,407
Current liabilities			
Trade and other payables	24	295,086	487,304
Current portion of long-term borrowings	22	–	9,990,000
Amounts due to subsidiaries	10	37,144	37,704
Tax payable		472,095	477,521

Balance Sheet

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Total current liabilities		**804,325**	10,992,529
Total liabilities		**9,671,821**	19,832,936
Total equity and liabilities		**59,405,719**	70,025,622
Net current assets		**1,397,599**	1,842,538
Total assets less current liabilities		**58,601,394**	59,033,093

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 125 to 245 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf by:

Mr. Ma Zehua
Director

Mr. Jiang Lijun
Director

Consolidated Income Statement

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Continuing operations			
Revenues	5	**66,901,438**	66,137,861
Cost of services and inventories sold	30	**(62,877,383)**	(67,030,192)
Gross profit/(loss)		**4,024,055**	(892,331)
Other income, net	26	**718,572**	74,633
Gain on disposal of a joint venture and an available-for-sale financial asset	28	**608,330**	–
Gain on disposal of subsidiaries	29	**–**	3,690,633
Selling, administrative and general expenses	30	**(4,308,227)**	(4,175,907)
Operating profit/(loss)		**1,042,730**	(1,302,972)
Finance income	31	**998,500**	1,022,769
Finance costs	31	**(2,965,968)**	(3,212,282)
Net related exchange gain		**66,214**	876,744
Net finance expense		**(1,901,254)**	(1,312,769)
		(858,524)	(2,615,741)
Share of profits less losses of			
– joint ventures	11	**654,494**	540,909
– associates	12	**711,317**	561,236
Profit/(loss) before income tax		**507,287**	(1,513,596)
Income tax	32	**1,043,534**	(299,472)
Profit/(loss) for the year from continuing operations		**1,550,821**	(1,813,068)
Discontinued operations			
Profit for the year from discontinued operations	39	**–**	4,692,490
Profit for the year		**1,550,821**	2,879,422
Profit attributable to:			
Equity holders of the Company		**362,529**	235,470
Non-controlling interests		**1,188,292**	2,643,952
		1,550,821	2,879,422
Profit/(loss) attributable to equity holders of the Company arising from:			
– Continuing operations		**362,529**	(2,960,159)
– Discontinued operations		**–**	3,195,629
		362,529	235,470

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Consolidated Income Statement

For the year ended 31 December 2014

		2014	2013
		RMB	RMB
Earnings/(loss) per share attributable to equity holders of the Company:			
Basic earnings/(loss) per share from			
– Continuing operations	35(a)	**0.0355**	(0.2898)
– Discontinued operations	35(a)	**–**	0.3128
		0.0355	0.0230
Diluted earnings/(loss) per share from			
– Continuing operations	35(b)	**0.0355**	(0.2898)
– Discontinued operations	35(b)	**–**	0.3128
		0.0355	0.0230

		2014	2013
		RMB'000	RMB'000
Dividend	34	**–**	–

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Profit for the year	**1,550,821**	2,879,422
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Fair value gains on available-for-sale financial assets, net of tax	**131,288**	2,283
Share of other comprehensive loss of joint ventures and associates	**(20,925)**	(9,029)
Release of reserves upon disposal of subsidiaries, a joint venture and an associate	**(87,244)**	(375,977)
Currency translation differences	**(84,079)**	(1,285,436)
Item that may not be reclassified subsequently to profit or loss		
Remeasurements of post-employment benefit obligations	**(221,851)**	—
Total other comprehensive loss	**(282,811)**	(1,668,159)
Total comprehensive income for the year	**1,268,010**	1,211,263
Total comprehensive income/(loss) for the year attributable to:		
– Equity holders of the Company	**127,619**	(968,251)
– Non-controlling interests	**1,140,391**	2,179,514
	1,268,010	1,211,263
Total comprehensive income/(loss) attributable to equity holders of the Company arising from:		
– Continuing operations	**127,619**	(4,036,820)
– Discontinued operations	**—**	3,068,569
	127,619	(968,251)

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2014

	Attributable to equity holders of the Company				
	Share capital RMB'000	Reserves RMB'000 (Note 21)	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2014	**10,216,274**	**14,006,311**	**24,222,585**	**17,891,222**	**42,113,807**
Comprehensive income/(loss)					
Profit for the year	–	362,529	362,529	1,188,292	1,550,821
Other comprehensive income/(loss):					
Fair value gains on available-for-sale financial assets, net of tax	–	74,007	74,007	27,172	101,179
Impairment loss on available-for-sale financial assets charged to the consolidated income statement (note 14(e))	–	30,109	30,109	–	30,109
Share of other comprehensive loss of joint ventures and associates	–	(9,372)	(9,372)	(11,553)	(20,925)
Release of reserves upon disposal of subsidiaries and a joint venture	–	(84,480)	(84,480)	(2,764)	(87,244)
Currency translation differences	–	(23,323)	(23,323)	(60,756)	(84,079)
Remeasurements of post-employment benefit obligations	–	(221,851)	(221,851)	–	(221,851)
Total other comprehensive loss	–	(234,910)	(234,910)	(47,901)	(282,811)
Total comprehensive income	–	127,619	127,619	1,140,391	1,268,010
Total contributions by and distributions to owners of the Company recognised directly in equity					
Contributions from non-controlling interests of subsidiaries	–	–	–	25,500	25,500
Dividends paid to non-controlling interests of a subsidiary	–	–	–	(429,723)	(429,723)
Issue of shares on settlement of scrip dividend of a subsidiary	–	23,660	23,660	79,047	102,707
Acquisition of remaining equity interests from non-controlling interests	–	–	–	(128,516)	(128,516)
Others	–	5,298	5,298	875	6,173
Total contributions by and distributions to owners of the Company	–	28,958	28,958	(452,817)	(423,859)
As at 31 December 2014	**10,216,274**	**14,162,888**	**24,379,162**	**18,578,796**	**42,957,958**

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2013

	Attributable to equity holders of the Company				
	Share capital RMB'000	Reserves RMB'000 (Note 21)	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2013, as previously reported	10,216,274	14,920,612	25,136,886	16,560,635	41,697,521
Adoption of merger accounting (note 21(e))	—	4,712	4,712	(2,032)	2,680
Balance at 1 January 2013, as restated	10,216,274	14,925,324	25,141,598	16,558,603	41,700,201
Profit for the year	—	235,470	235,470	2,643,952	2,879,422
Other comprehensive (loss)/income:					
Fair value (losses)/gains on available-for-sale financial assets, net of tax	—	(35,113)	(35,113)	5,789	(29,324)
Share of other comprehensive (loss)/income of joint ventures and associates	—	(11,194)	(11,194)	2,165	(9,029)
Release of reserves upon disposals of subsidiaries and an associate	—	(144,033)	(144,033)	(231,944)	(375,977)
Currency translation differences	—	(1,044,988)	(1,044,988)	(240,448)	(1,285,436)
Impairment loss on available-for-sale financial assets charged to the consolidated income statement (note 14(e))	—	31,607	31,607	—	31,607
Total other comprehensive loss	—	(1,203,721)	(1,203,721)	(464,438)	(1,668,159)
Total comprehensive (loss)/income	—	(968,251)	(968,251)	2,179,514	1,211,263
Total contributions by and distributions to owners of the Company recognised directly in equity					
Contributions from non-controlling interests of subsidiaries	—	—	—	88,280	88,280
Dividends paid to non-controlling interests of subsidiaries	—	—	—	(1,091,776)	(1,091,776)
Disposal of a subsidiary	—	—	—	(285,694)	(285,694)
Issue of shares on exercising of share options of a subsidiary	—	7,263	7,263	7,306	14,569
Issue of shares on settlement of scrip dividend of a subsidiary (note 38(b))	—	41,395	41,395	435,035	476,430
Others		580	580	(46)	534
Total contributions by and distributions to owners of the Company	—	49,238	49,238	(846,895)	(797,657)
As at 31 December 2013	10,216,274	14,006,311	24,222,585	17,891,222	42,113,807

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	38(a)	**5,419,882**	(2,888,002)
Interest received		**1,046,583**	1,028,695
Income tax paid		**(429,109)**	(457,295)
Net cash generated/(used in) operating activities		**6,037,356**	(2,316,602)
Cash flows from investing activities			
Purchase of property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets		**(6,957,974)**	(10,629,198)
Acquisition of a subsidiary, net of cash acquired		**—**	(198,010)
Investments in joint ventures and associates		**(1,301,215)**	(477,238)
Proceeds from disposal of property, plant and equipment, investment properties, land use right, and intangible assets		**2,358,201**	1,505,474
Cash received from disposal of subsidiaries, joint ventures and an associate		**328,359**	14,464,378
Cash paid for purchase of available-for-sale financial assets		**(5,899,000)**	(4,283,572)
Cash received from disposal of available-for-sale financial assets		**9,677,355**	—
Acquisition of remaining equity interests from non-controlling interests		**(128,516)**	—
Loans to joint ventures		**(427,296)**	—
Repayments of loans granted to joint ventures and associates		**167,213**	341,596
Dividends received from joint ventures		**784,710**	402,829
Dividends received from associates		**378,060**	189,505
Dividends and interest received from available-for-sale financial assets		**195,330**	114,607
Decrease/(increase) in restricted bank deposits		**61,415**	(619,700)
Net cash (used in)/generated from investing activities		**(763,358)**	810,671

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		**21,831,390**	25,799,123
Repayments of borrowings		**(31,942,678)**	(17,558,560)
Dividends paid to non-controlling interests		**(332,745)**	(563,787)
Contributions from non-controlling interests of subsidiaries		**25,500**	88,280
Proceeds from exercise of share options		**–**	15,906
Interest paid		**(2,916,557)**	(3,206,706)
Other incidental borrowing costs and charges paid		**(339,177)**	(259,079)
Increase in restricted bank deposits		**(57,298)**	(200,522)
Net cash (used in)/generated from financing activities		**(13,731,565)**	4,114,655
Net (decrease)/increase in cash and cash equivalents		**(8,457,567)**	2,608,724
Cash and cash equivalents as at 1 January		**48,206,390**	46,361,293
Exchange losses		**(43,299)**	(763,627)
Cash and cash equivalents as at 31 December	17	**39,705,524**	48,206,390

The notes on pages 136 to 245 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

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

The businesses of the Company and its subsidiaries (the "Group") include the provisions of a range of container shipping, dry bulk shipping, managing and operating container terminals 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 (note 42). 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 26 March 2015.

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 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for the Common Control Combinations'' issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in note 4.

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

(i) Amendments to standards which are effective in 2014 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 2014. The adoption of those amendments does not have any significant impact to the Group's results for the year ended 31 December 2014 and the Group's financial position as at 31 December 2014.

(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 2014 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
New and amended standards and interpretation to standard		
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	1 July 2014
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Bearer plants	1 January 2016
HKFRS 10 and HKFRS 28 (Amendment)	The sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27 (Amendment)	The equity method	1 January 2016
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 July 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	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.

2 Summary of significant accounting policies (Continued)

(b) Group accounting

The Consolidated Financial Statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(i) Merger accounting for common control combinations

The Consolidated Financial Statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Consolidated Financial Statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

(ii) Purchase method of accounting for non-common control combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, other than the common control combinations (note 2(b) (i)). The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2 Summary of significant accounting policies (Continued)

(b) Group accounting (Continued)

(ii) Purchase method of accounting for non-common control combinations (Continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

(iii) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Company's balance sheet, the investments in subsidiaries are accounted for at cost less impairment (note 2(h)). For common control combination, the cost of investment is being either the cash consideration amount (for cash-settled transaction) or the amount of the net asset value of the subsidiary acquired at date of completion (for share-settled transaction). For non-common control combination, the cost of investment is being the amount of the fair value of the consideration for the subsidiary acquired at date of completion.

The results of subsidiaries are accounted by the Company on the basis of dividend income.

(iv) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(v) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as joint venture, associate, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 Summary of significant accounting policies (Continued)

(b) Group accounting (Continued)

(vi) Joint ventures/associates

HKFRS 11 classifies joint arrangements as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in joint ventures/associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in joint ventures/associates include goodwill identified on acquisition. The measurement of goodwill is the same as that of goodwill arising from the acquisition of subsidiaries. Appropriate adjustments to the Group's share of the profits or losses after acquisition are made to the Consolidated Financial Statements based on the fair values of the assets and liabilities acquired at the date of acquisition.

If the ownership interest in a joint venture/an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of its joint ventures'/associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture/an associate equals or exceeds its interest in the joint ventures/associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint ventures/associates.

Dilution gains and losses arising in investments in joint ventures/associates are recognised in the consolidated income statement.

In the Company's balance sheet, the investments in the joint ventures/associates are stated at cost less provision for impairment losses (note 2(h)). The results of joint ventures/associates are accounted for by the Company on the basis of dividend received and receivable.

Accounting policies of subsidiaries, joint ventures and associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Intercompany transactions and balances between group companies are eliminated. Unrealised gains on transactions between group companies and between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest. Unrealised losses are also eliminated but unless the transaction provides evidence of an impairment of the asset transferred.

2 Summary of significant accounting policies (Continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Consolidated Financial Statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in profit or loss within "other income, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the securities, and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the consolidated income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

2 Summary of significant accounting policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies (Continued)

(3) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange difference arising are recognised in equity.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in joint ventures or associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(d) Property, plant and equipment

(i) Assets under construction

Assets under construction represent primarily vessels and buildings under construction, and plant and equipment pending installation and are stated at cost less accumulated impairment losses. Cost includes all direct costs relating to the construction of the assets and acquisition. No depreciation is provided for assets under construction until such time as the relevant assets are completed and ready for intended use. Assets under construction are transferred to relevant categories of property, plant and equipment upon the completion of their respective construction.

(ii) Container vessels, dry bulk vessels and containers

Container vessels, dry bulk vessels and containers are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Container vessels, dry bulk vessels and containers are depreciated on a straight-line basis over their anticipated useful lives, after taking into account the estimated residual values.

2 Summary of significant accounting policies (Continued)

(d) Property, plant and equipment (Continued)

(ii) Container vessels, dry bulk vessels and containers (Continued)

Container vessels	25 years
Dry bulk vessels for	
– Ocean transportation	20 years
– Coastal transportation	30 years (from the date of first registration)
Containers	15 years

When the containers cease to be used by the Group and are held for sale, these containers are transferred to inventories at their carrying amount.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

(iii) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Other property, plant and equipment are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives to their respective residual values estimated by the Directors or management on a straight-line basis. The estimated useful lives of these assets are summarised as follows:

Buildings	25 to 50 years
Trucks, chassis and motor vehicles	5 to 10 years
Computer and office equipment	3 to 5 years

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the period in which they are incurred.

The residual values of the property, plant and equipment and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(h)).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2 Summary of significant accounting policies (Continued)

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entities in the Group, is classified as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses. The cost less accumulated impairment and residual values of investment properties are depreciated on a straight-line basis over their estimated useful lives.

(f) Leasehold land and land use rights

Leasehold land and land use rights classified as prepaid operating lease payments are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term.

(g) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, joint ventures and associates and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years on a straight-line basis.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

2 Summary of significant accounting policies (Continued)

(h) Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Assets that have an indefinite useful life are not subject to depreciation/amortisation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, joint ventures or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, joint ventures or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(i) Assets under leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases.

(i) Where the Group is the lessee

(1) Operating leases

Payments made under operating leases (net of any incentives received from the leasing company) are expensed in profit or loss on a straight-line basis over the lease periods.

(2) Finance leases

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The finance charges are charged to profit or loss over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

For sales and leaseback transactions resulting in an finance lease, differences between sales proceeds and net book values are deferred and amortised over the minimum lease terms.

2 Summary of significant accounting policies (Continued)

(i) Assets under leases (Continued)

(ii) Where the Group is the lessor

(1) Operating leases

When assets are leased out under operating leases, the assets are included in the balance sheet according to their nature and where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in notes 2(d) (ii) and 2(d) (iii) above. Revenue arising from assets leased out under operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(v) (iv) below.

(2) Finance leases

When assets are leased out under finance leases, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Revenue on containers leased out under finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(v) (iv) below.

(j) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: Financial assets at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of these assets at initial recognition.

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets. Loans and receivables are classified as loans to a joint venture and an associate, trade and other receivables, cash and cash equivalents and restricted bank deposits in the balance sheet (notes 2(l) and 2(m)).

2 Summary of significant accounting policies (Continued)

(j) Financial assets (Continued)

(i) Classification (Continued)

(3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of reporting period.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

(iii) Impairment

(1) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 Summary of significant accounting policies (Continued)

(j) Financial assets (Continued)

(iii) Impairment (Continued)

(1) Assets carried at amortised cost (Continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(2) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2 Summary of significant accounting policies (Continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are calculated on a weighted average basis. Net realisable value of bunkers is the expected amount to be realised from use as estimated by the Directors/ management. Net realisable value of other inventories such as resaleable containers, general merchandises, spare parts and consumable stores and marine supplies is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(l) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

(m) Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in short-term borrowings on the balance sheet.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Provision for an onerous contract is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract.

2 Summary of significant accounting policies (Continued)

(n) Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

(q) Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government subsidies relating to property, plant and equipment are included in non-current liabilities as deferred government subsidies and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(r) Employee benefits

(i) Post-retirement and early retirement benefit costs

The Group has both defined benefit and defined contribution plans in a number of territories. The assets of defined contribution plans are generally held in separate trustee-administered funds. The plans are generally funded by payments from employees and the relevant companies in the Group.

2 Summary of significant accounting policies (Continued)

(r) Employee benefits (Continued)

(i) Post-retirement and early retirement benefit costs (Continued)

Contributions under the defined contribution plans are charged to profit or loss as expense when incurred.

The liability recognised in the balance sheet in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually by independent actuaries/management using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement benefit liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income directly in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement benefit insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee early retirement benefits have been paid to those employees who accept voluntary retirement before the normal retirement date as approved by management. The related benefit payments are made from the date of early retirement through the normal retirement date.

(ii) Housing funds

All full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

2 Summary of significant accounting policies (Continued)

(r) Employee benefits (Continued)

(iii) Housing subsidies

The Group has provided one-off cash housing subsidies based on PRC regulations to those eligible employees who have not been allocated with staff quarters at all or who have not been allocated with quarters up to the prescribed standards before 31 December 1998 when the staff quarter allocation schemes were terminated. The subsidies are determined based on a staff member's years of service, position and other criteria. In addition, monthly cash housing allowances should be made to other employees following the withdrawal of allocation of staff quarters regulations, which are recognised as incurred.

The liability recognised in the balance sheet is the present value of the obligation of the one-off housing subsidies at the balance sheet date and the past-service costs are recognised immediately in profit or loss.

(iv) Share-based payments

The Group regularly entered into equity-settled or cash-settled share-based payment transactions with employees.

(i) Employee services settled in cash

Employee services received in exchange for cash-settled share-based payments, are recognised at the fair value of the liability incurred and are expensed over the vesting period, when consumed or capitalised as assets, which are depreciated or amortised. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately in profit or loss.

(ii) Employee services settled in equity instruments

One of the Group's subsidiaries operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share options of the subsidiary is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium of the subsidiary when the options are exercised.

2 Summary of significant accounting policies (Continued)

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Consolidated Financial Statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

2 Summary of significant accounting policies (Continued)

(t) Contingent liabilities and contingent assets (Continued)

Contingent assets are not recognised but are disclosed in the notes to the Consolidated Financial Statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(u) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(v) Recognition of revenues and income

Revenues comprise the fair value of the consideration received or receivable for merchandise sold or the provision of services in the ordinary course of the Group's activities. Revenues are shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenues when the amount of revenues can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group recognises revenues and income on the following basis:

(i) Revenues from container shipping

Freight revenues from the operation of international and domestic containerised transportation business are recognised on a percentage-of-completion basis, which is determined on the time proportion method of each individual vessel voyage.

(ii) Revenues from dry bulk shipping

Revenues from time charter of dry bulk shipping are recognised on a straight-line basis over the period of each charter.

Revenues from voyage charter of dry bulk shipping are recognised on a percentage-of-completion basis, which is determined on the time proportion method of each individual voyage.

(iii) Revenues from container terminal operations

Revenues from container terminal operations are recognised when the services rendered are complete and the vessel leaves the berth.

2 Summary of significant accounting policies (Continued)

(v) Recognition of revenues and income (Continued)

(iv) Revenues from lease rental income

Rental income arising from assets leased out under operating leases is recognised on a straight-line basis over the period of each lease.

Revenues on assets leased out under finance leases are allocated to accounting period to give a constant periodic rate of return on the net investment in the lease in each period.

(v) Revenues from freight forwarding and shipping agency

Revenues are recognised when the services are rendered.

For freight forwarding business, it generally coincides with the date of departure for outward freights and the time of transfer of goods to the customers at the designated location for inward freight. For shipping agency services, it generally coincides with the date of departure of the relevant vessels from the port.

Where the Group effectively acts as a principal in arranging transportation of goods for customers, revenue recognised generally includes the carrier's charges to the Group. Where the Group effectively acts as an agent for the customers, revenue recognised comprises fees for services provided by the Group.

(vi) Revenues from sale of resaleable containers

Revenues from sale of resaleable containers are recognised on the transfer of risks and rewards of ownership, which generally coincides with the times when the resaleable containers are delivered to customers and title has passed. Direct costs relating to the lifting and storage of resaleable containers for sale are expensed as incurred.

(vii) Revenues from sale of merchandises

Revenues from the sale of merchandises are recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the merchandises and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the merchandises sold.

(viii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2 Summary of significant accounting policies (Continued)

(v) Recognition of revenues and income (Continued)

(ix) Dividend income

Dividend income is recognised when the right to receive payment is established.

(x) Other service income

Other service income is recognised when the services are rendered.

(w) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's equity holders or Directors, where appropriate.

(x) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to profit or loss in the year in which they are incurred.

(y) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair value, and subsequently measured at the higher of (i) the amount initially recognised less accumulated amortisation; and (ii) the amount required to be settled by the guarantor in respect of the financial guarantee contracts at the balance sheet date.

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including market freight rate risk, foreign exchange risk, interest rate risk and bunker price risk), credit and counterparty risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to mitigate certain risk exposures.

The Group's Risk Management Committee identifies the financial risks associated with the Group. The Risk Management Committee reviews the controls and procedures for managing the risks identified. The risk management controls and procedures are carried out by respective operating units under the risk management policies as approved by the Board of Directors.

(i) Market risk

(1) Market freight rate risk

The freight rates of the Group's shipping businesses are very sensitive to economic fluctuations. The Group's revenues from operations of container shipping and dry bulk shipping may be impacted if freight rates will have any significant changes.

(2) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various non-functional currencies. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The actual foreign exchange risk faced by the Group therefore primarily with respect to non-functional currency bank balances, receivable and payable balances and bank borrowings (collectively "Non-Functional Currency Items").

Management monitors foreign exchange exposure and will consider hedging certain foreign currency exposure by using foreign exchange forward contracts when the need arises.

As at 31 December 2014, with all other variables held constant, if non-functional currencies had strengthened/weakened by 5%, the Group's post-tax profit for the year would have decreased/increased by approximately RMB590,672,000 (2013: post-tax profit for the year would have decreased/increased by approximately RMB281,809,000) and the equity as at 31 December 2014 would have decreased/increased by approximately RMB590,672,000 (2013: RMB281,809,000) respectively as a result of the translation of those Non-Functional Currency Items.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(3) Cash flow and fair value interest rate risk

Other than the deposits placed with banks and financial institutions, and loans to joint ventures and an associate (collectively the "Interest Bearing Assets"), the Group has no other significant interest bearing assets.

The Group's interest rate risk also arises from borrowings and certain balances payable to related parties (collectively the "Interest Bearing Liabilities"). Interest Bearing Assets and Interest Bearing Liabilities are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk.

As at 31 December 2014, with all other variables held constant, if the interest rate had increased/decreased by 50 basis points, the corresponding increase/decrease in net finance cost would have resulted in a decrease/an increase in the Group's post-tax profit for the year by approximately RMB131,557,000 (2013: a decrease/an increase of post-tax profit of RMB68,412,000) and the equity as at 31 December 2014 would have decreased/increased by RMB131,557,000 (2013: decreased/increased by RMB68,412,000).

Management monitors the capital market conditions and where appropriate, interest rate swap contracts with financial institutions will be used to achieve optimum ratio between fixed and floating rates borrowings.

(4) Bunker price risk

The Group is also exposed to fluctuations in bunker prices. Bunker cost is part of the voyage expenses and is a significant cost item to the Group. Management monitors the market conditions and bunker price fluctuations and where appropriate, bunker forward contracts are used to lock up the price of part of the Group's bunker requirements.

As at 31 December 2014, the Group had no outstanding bunker forward contracts (2013: Nil).

(ii) Credit and counterparty risk

The credit and counterparty risk mainly arises from deposits placed with banks and financial institutions, available-for-sale financial assets transacted with banks, financial institutions and shipping companies through shipping agents or brokers, loans to joint ventures and an associate, trade and other receivables and down payment to shipyards.

The Group has limited its credit exposure by restricting their selection of financial institutions on those state-owned PRC banks, overseas banks with good credit rating, and the associate, a state-owned financial institution with high credit rating.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Credit and counterparty risk (Continued)

The trade customers (including related parties), joint venture, associate and shipping companies are assessed and rated based on their credit quality, taking into account their financial position, past experience and other factors. Individual risk limits are set by management of the respective operating units.

The Group reviews the creditworthiness of the shipyards and considers obtaining refund guarantees from the shipyards if necessary. In addition, the Group monitors the construction progress and the financial positions of the shipyards on a regular basis.

Management does not expect any significant losses from non-performance by these relevant parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group's cash management policy is to regularly monitor its current and expected liquidity positions to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all time so that the Group can meet its short-term and long-term funding requirements. As at 31 December 2014, the Group is in the process of negotiation with the certain banks for the breach of loan covenants. Management does not expect that the breach has any significant impact to the Group or the banks will request for early or partial repayments, as required.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The Directors of the Company has reviewed the prevailing environment and believed that based on the Group's available unused banking facilities in excess of RMB35,741,844,000 and its cash and cash equivalents of RMB39,705,524,000 the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when they fall due.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2014				
Bank and other borrowings	**17,529,935**	**18,884,108**	**28,974,533**	**29,279,655**
Trade and other payables (excluding advance from customers) (note 24)	**14,884,816**	**—**	**—**	**—**
Financial guarantee contracts (note 40)	**37,014**	**37,014**	**9,270**	**—**
As at 31 December 2013				
Bank and other borrowings	30,534,948	21,973,836	26,878,427	26,718,849
Trade and other payables (excluding advance from customers) (note 24)	17,466,294	—	—	—
Financial guarantee contracts (note 40)	33,570	41,959	53,079	—

Company	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2014				
Bank and other borrowings	**435,500**	**435,500**	**5,088,500**	**5,217,500**
Trade and other payables (note 24)	**295,086**	**—**	**—**	**—**
Amounts due to subsidiaries (note 10)	**37,144**	**—**	**—**	**—**
Financial guarantee contracts (note 40)	**3,714,111**	**1,223,800**	**3,483,180**	**8,210,267**
As at 31 December 2013				
Bank and other borrowings	10,812,500	435,500	5,306,500	5,435,000
Trade and other payables (note 24)	487,304	—	—	—
Amounts due to subsidiaries (note 10)	37,704	—	—	—
Financial guarantee contracts (note 40)	1,127,927	3,743,253	1,219,380	8,459,063

3 Financial risk management (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders/equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the net debt to total equity (capital and reserves attributable to equity holders of the Company and non-controlling interests) ratio and the compliance of covenants of its borrowings. Net debt is calculated as total borrowings less cash and cash equivalents. The Group aims to maintain a manageable net debt to equity ratio. As at 31 December 2014, the net debt to equity ratio is summarised as follows:

	2014 RMB'000	2013 RMB'000
Long-term borrowings (note 22)	**83,815,454**	93,629,807
Short-term borrowings (note 25)	**3,127,600**	2,765,570
Total borrowings	**86,943,054**	96,395,377
Less: Cash and cash equivalents (note 17)	**(39,705,524)**	(48,206,390)
Net debt	**47,237,530**	48,188,987
Total equity	**42,957,958**	42,113,807
Net debt to total equity ratio	**110.0%**	114.4%

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value as at 31 December 2014.

Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets (note 14)	**446,210**	**–**	**1,694,360**	**2,140,570**

Company	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets (note 14)	**–**	**–**	**500,000**	**500,000**

The following table presents the Group's assets that are measured at fair value as at 31 December 2013.

Group	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets (note 14)	94,682	–	5,415,948	5,510,630

Company	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets (note 14)	–	–	4,000,000	4,000,000

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

– Quoted market prices or dealer quotes for similar instruments.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

– Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Movements of available-for-sale financial assets classified as level 3 recognised in the consolidated balance sheets are as follows:

	2014 RMB'000	2013 RMB'000
As at 1 January	**5,415,948**	292,192
Additions	**5,967,255**	5,160,968
Disposals	**(9,738,392)**	—
Disposal of a subsidiary	**—**	(44,690)
Net fair value gain recognised in equity	**49,134**	12,393
Currency translation differences	**415**	(4,915)
As at 31 December	**1,694,360**	5,415,948

As at 31 December 2014, description of the valuation techniques and the inputs used in the fair value measurement in level 3 include:

– The fair value of financial investments in wealth management products are determined by using discounted cash flow method.

– The fair value of investments in unlisted property management companies and a hotel are determined using valuation techniques (including asset-based approach and market comparable approach). The inputs are mainly prices per square metre.

– The fair value of other unlisted available-for-sale financial assets is determined by reference to valuation report or the valuation performed by management using valuation techniques (including price/earnings multiple method and direct market quote). The inputs are mainly price/earnings multiples. Discount rates ranging from 20% to 30% are applied to compute the fair value on top of market price/earnings multiples.

Financial assets and liabilities approximate their carrying amounts including: trade and other receivables, cash and cash equivalents, restricted bank deposits, finance lease receivables, trade and other payables, other long term liabilities and borrowings.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 Critical accounting estimates and judgements (Continued)

(i) Estimated impairment of container vessels, dry bulk vessels and containers

The Group's major operating assets represent container vessels, dry bulk vessels and containers. Management performs review for impairment indication as to whether the carrying amounts of the container vessels, dry bulk vessels and containers may be recoverable or not. Whenever there is any impairment indication exists, management performs impairment assessment of the relevant container vessels, dry bulk vessels and containers.

Management was of the view that impairment indication exists for container vessels and certain dry bulk vessels. Impairment assessment for these vessels has been performed. The recoverable amounts of these vessels have been determined either based on value-in-use or fair value less costs to sell method. The fair values of the assets were determined by management based on market transactions at the balance sheet date. While the value-in-use calculations require the use of estimates on the projections of cash inflows from the continuing use of these vessels (including the amount to be received for the disposal of these vessels) and discount rates. All these items have been historically volatile and may impact the results of the impairment assessment. Based on management's best estimates, there was no impairment for these vessels for the year.

(ii) Estimated useful lives and residual values of container vessels, dry bulk vessels and containers

The Group's major operating assets represent container vessels, dry bulk vessels and containers. Management determines the estimated useful lives, residual values and related depreciation expenses for its container vessels, dry bulk vessels and containers. Management estimates useful lives of the container vessels, dry bulk vessels and containers by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the vessels, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the vessel market.

Management determines the estimated residual value for its container vessels, dry bulk vessels and containers by reference to all relevant factors (including the use of the current scrap values of steels in an active market) at each measurement date. The depreciation expense will change where the useful lives or residual value of container vessels, dry bulk vessels and containers are different from the previous estimate.

Had the useful lives been extended/shortened by 10% from management's estimates as at 31 December 2014 with all other variables held constant, the estimated depreciation expenses of container vessels, dry bulk vessels and containers for the year would have been decreased by RMB341,964,000 or increased by RMB538,479,000 for the year ended 31 December 2014.

Had the residual values been increased/decreased by 10% from management's estimates as at 31 December 2014 with all other variables held constant, the estimated depreciation expenses of container vessels, dry bulk vessels and containers for the year would have been decreased by RMB95,153,000 or increased by RMB99,333,000 for the year ended 31 December 2014.

4 Critical accounting estimates and judgements (Continued)

(iii) Provision for onerous contracts

Management estimates the provision for onerous contracts being the present obligation of the unavoidable costs less the economic benefits expected to be received under those non-cancellable chartered-in dry bulk vessel contracts. The expected economic benefits are estimated based on contracted freight rates of associated chartered-out dry bulk vessel contracts, and estimated future freight rates by reference to market statistics and information while unavoidable costs are estimated based on charterhire payments that the Group is obliged to make under the non-cancellable chartered-in dry bulk vessel contracts.

Management conducted an assessment of the non-cancellable chartered-in dry bulk vessel contracts and had a provision of RMB385,927,000 (2013: RMB596,301,000) for onerous contracts at 31 December 2014 (note 23(b)). Those contracts under assessment relate to leases (i) with lease term expiring within 12 months from the balance sheet date; and (ii) with lease term expiring over 12 months from the balance sheet date in respect of the period being covered by the chartered-out dry bulk vessel contracts.

The dry bulk market is currently highly volatile and freight rates longer than 12 months are difficult to predict with a reasonable certainty. Management considers that it cannot reasonably assess as to whether the chartered-in dry bulk vessel contracts with lease terms expiring over 12 months after the balance sheet date, and with period not being covered by chartered-out dry bulk vessel contracts are onerous as the economic benefits expected to be received from those contracts cannot be reliably measured (note 23(b)).

Had the estimated freight rates for the onerous contracts as at 31 December 2014, with all other variables held constant, increased or decreased by 10% from management's estimates, the provision for onerous contracts would have been decreased or increased by RMB22,986,000 (2013: RMB21,626,000).

(iv) Provision of voyage expenses

Invoices for voyage expenses are normally received several months after the transaction. For voyages completed or in progress as at end of reporting period, voyage expenses are estimated based on the latest quotation and voyage statistics obtained from vendors. If the actual voyage expenses were different from the estimate, this would have an impact on the estimated voyage expenses in the following reporting period.

Had the actual expenses of the voyages been decreased/increased by 10% from management's estimates for the year ended 31 December 2014, the voyage expenses would have been RMB308,802,000 (2013: RMB339,488,000) lower or higher in the future periods.

(v) Control over COSCO Pacific

During the year ended 31 December 2014, the Group's equity interest in COSCO Pacific increased from 43.92% to 44.54%.

The Group remains as the single largest shareholder of COSCO Pacific.

4 Critical accounting estimates and judgements (Continued)

(v) Control over COSCO Pacific (Continued)

Management has exercised its critical judgement when determining whether the Group has control over COSCO Pacific by considering the following:

(a) the Group has effective control of the board of COSCO Pacific;

(b) the Group has consistently and regularly held a majority of the voting rights exercised at COSCO Pacific's shareholders' meetings and no other single shareholder directly or indirectly controls more voting rights than the Group; and

(c) the shareholding of other minority shareholders is dispersed, and the chance of all other shareholders getting together to vote against the Group is remote based on the historical records.

Based on management's assessment, it is concluded that the Group has obtained control over COSCO Pacific and the Group's 44.54% equity interest in COSCO Pacific is accounted for and consolidated into the Consolidated Financial Statements as a subsidiary.

(vi) Income taxes, business taxes, value-added taxes and withholding taxes

The Group is subject to income taxes, business taxes, value-added taxes and withholding taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes, business taxes, value-added taxes and withholding taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of overseas subsidiaries to be repatriated and distributed by way of dividends as the Directors consider that the timing of the reversal of the related temporary differences can be controlled or such profits will not be distributed and such temporary differences will not be reversed in the foreseeable future (note 15).

If those undistributed earnings of the overseas subsidiaries had been repatriated and distributed by way of dividends, the deferred income tax charge for the year and deferred income tax liabilities as at 31 December 2014 would have been increased by the same amount of RMB3,459,539,000 (2013: RMB1,781,708,000).

Recognition of deferred tax assets, which principally relate to temporary differences, depend on the management's expectation of the timing of reversal and the taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation or reversal may be different (note 15).

(vii) Impairment of trade and other receivables

The impairment of trade and other receivables is primarily assessed based on prior experience by taking into account the past due status, the financial position of debtors and the guarantees obtained for the outstanding debts. Should there be any change in the assumptions and estimates, revisions to the provision for impairment of trade and other receivables would be required.

4 Critical accounting estimates and judgements (Continued)

(viii) Provision for claims

Management estimates the provision for claims mainly based on the status of the claims, the advice of legal counsel, the recoverable amounts from insurance companies and other available information. Should there be any change in the assumptions and estimates, revisions to the provision for claims would be required.

5 Revenues and segment information

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

	2014 **RMB'000**	2013 RMB'000
Continuing operations		
Container shipping (note a)	**49,491,862**	47,464,934
Dry bulk shipping (note b)	**11,250,265**	12,957,293
Container terminal operations	**2,926,171**	2,566,983
Container leasing, management and sale (note c)	**1,105,234**	1,177,774
Turnover	**64,773,532**	64,166,984
Crew service income	**478,401**	289,112
Others	**1,649,505**	1,681,765
Total revenues from continuing operations	**66,901,438**	66,137,861
Discontinued operation		
Logistics	**–**	4,986,050
Total revenues from discontinued operation	**–**	4,986,050

Notes:

(a) Turnover from container shipping under time charterhire agreements was RMB618,282,000 for the year ended 31 December 2014 (2013: RMB769,985,000).

(b) Turnover from dry bulk shipping under time charterhire agreements was RMB3,405,713,000 for the year ended 31 December 2014 (2013: RMB3,550,014,000).

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

	2014 **RMB'000**	2013 RMB'000
Operating lease rentals	**800,806**	906,548
Finance lease income	**11,036**	5,943
Proceeds from sale of resaleable containers	**293,392**	265,283
	1,105,234	1,177,774

5 Revenues and segment information (Continued)

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
- Logistics (discontinued operation)
- Container terminal and related business
- Container leasing, management, sale and related business
- Corporate and other operations that primarily comprise container manufacturing (discontinued operation), investment holding, management services and financing

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude joint ventures, associates, loans to 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.

Notes to the Consolidated Financial Statements

5 Revenues and segment information (Continued)

Operating segments (Continued)

	Year ended 31 December 2014						
	Container shipping and related business [#] RMB'000	Dry bulk shipping and related business [#] RMB'000	Container terminal and related business RMB'000	Container leasing, management, sale and related business RMB'000	Corporate and other operations RMB'000	Inter-segment elimination RMB'000	Total 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.

5 Revenues and segment information (Continued)

Operating segments (Continued)

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

(#) It comprised the container manufacturing business of the Group.

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

5 Revenues and segment information (Continued)

Operating segments (Continued)

	As at 31 December 2014						
	Container shipping and related business RMB'000	**Dry bulk shipping and related business RMB'000**	**Container terminal and related business RMB'000**	**Container leasing, management, sale and related business RMB'000**	**Corporate and other operations RMB'000**	**Inter-segment elimination RMB'000**	**Total 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 joint ventures 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**

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

5 Revenues and segment information (Continued)

Geographical information

(a) Revenues

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

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

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

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

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

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

5 Revenues and segment information (Continued)

Geographical information (Continued)

(a) Revenues (Continued)

	2014 RMB'000	2013 RMB'000
Continuing operations		
Container shipping and related business		
– America	15,520,660	14,200,756
– Europe	11,850,850	10,663,157
– Asia Pacific	8,435,475	7,384,713
– China domestic	11,425,183	13,767,285
– Other international market	3,077,908	2,296,121
Dry bulk shipping and related business		
– International shipping	9,962,007	12,144,158
– PRC coastal shipping	2,583,373	1,918,182
Container terminal and related business, corporate and other operations		
– Europe	1,094,607	902,255
– China domestic	1,846,141	1,683,460
Unallocated	1,105,234	1,177,774
Total	66,901,438	66,137,861

	2014 RMB'000	2013 RMB'000
Discontinued operation		
Logistics		
– Europe	–	24,060
– Asia Pacific	–	75,388
– China domestic	–	4,886,602
Total	–	4,986,050

(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.

5 Revenues and segment information (Continued)

Geographical information (Continued)

(b) 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 2014 RMB'000	As at 31 December 2013 RMB'000
China domestic	26,992,510	26,755,431
Non-China domestic	5,461,323	4,502,092
Unallocated	63,010,765	64,049,883
Total	95,464,598	95,307,406

6 Property, plant and equipment

Group

	Leasehold land and buildings RMB'000	Container vessels RMB'000	Dry bulk vessels RMB'000	Containers RMB'000	Trucks, chassis and motor vehicles RMB'000	Computer and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Cost								
As at 1 January 2014	10,680,915	42,754,530	44,298,886	13,708,160	609,711	6,143,019	6,597,964	124,793,185
Currency translation differences	(108,756)	98,961	185,399	50,956	(1,126)	(134,039)	(20,844)	70,551
Reclassification between categories and transfer to investment properties and intangible assets	445,543	4,117,516	2,081,928	–	1,882	95,848	(6,865,396)	(122,679)
Additions	33,583	–	99,042	1,878,090	21,750	100,741	4,478,323	6,611,529
Disposals/write-off	(5,737)	(9,325,493)	(6,414,690)	(1,555,394)	(33,711)	(174,588)	–	(17,509,613)
Transfer to inventories	–	–	–	(645,116)	–	–	–	(645,116)
As at 31 December 2014	11,045,548	37,645,514	40,250,565	13,436,696	598,506	6,030,981	4,190,047	113,197,857
Accumulated depreciation and impairment								
As at 1 January 2014	1,255,318	15,289,341	21,844,338	2,909,114	397,442	1,693,585	–	43,389,138
Currency translation differences	(8,575)	32,574	136,047	10,206	482	(18,217)	–	152,517
Depreciation charge for the year	294,493	1,304,256	1,258,900	769,673	27,797	348,405	–	4,003,524
Disposals/write-off	(3,479)	(7,754,717)	(5,795,801)	(368,165)	(32,769)	(165,912)	–	(14,120,843)
Transfer to inventories	–	–	–	(323,824)	–	–	–	(323,824)
As at 31 December 2014	1,537,757	8,871,454	17,443,484	2,997,004	392,952	1,857,861	–	33,100,512
Net book value								
As at 31 December 2014	9,507,791	28,774,060	22,807,081	10,439,692	205,554	4,173,120	4,190,047	80,097,345

6 Property, plant and equipment (Continued)

Group (Continued)

	Leasehold land and buildings RMB'000	Container vessels RMB'000	Dry bulk vessels RMB'000	Containers RMB'000	Trucks, chassis and motor vehicles RMB'000	Computer and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
Cost								
As at 1 January 2013,	12,079,535	38,764,095	47,702,940	13,098,530	1,517,049	5,350,354	11,305,604	129,818,107
Currency translation differences	716	(732,764)	(813,809)	(407,380)	(4,509)	9,480	(131,820)	(2,080,086)
Reclassification between categories and transfer from/to investment properties and intangible assets	728,534	8,409,358	1,634,821	–	6,592	593,946	(11,729,760)	(356,509)
Additions	63,927	–	346,194	1,789,451	68,034	559,146	6,977,825	9,804,577
Acquisition of a subsidiary	–	–	–	–	–	60,415	388,620	449,035
Disposal of subsidiaries	(2,082,744)	–	(245,104)	(1,152)	(837,619)	(338,461)	(212,505)	(3,717,585)
Disposals/write-off	(109,053)	(3,686,159)	(4,326,156)	(330,744)	(139,836)	(91,861)	–	(8,683,809)
Transfer to inventories	–	–	–	(440,545)	–	–	–	(440,545)
As at 31 December 2013,	10,680,915	42,754,530	44,298,886	13,708,160	609,711	6,143,019	6,597,964	124,793,185
Accumulated depreciation and impairment								
As at 1 January 2013	1,617,856	17,313,400	25,051,899	2,587,023	948,515	1,651,200	–	49,169,893
Currency translation differences	(3,281)	(207,374)	(360,205)	(79,465)	(3,035)	(4,834)	–	(658,194)
Depreciation charge for the year	317,013	1,282,446	1,185,815	683,056	56,449	320,653	–	3,845,432
Disposal of subsidiaries	(585,043)	–	(67,568)	(562)	(519,448)	(188,348)	–	(1,360,969)
Disposals/write-off	(91,227)	(3,099,131)	(3,965,603)	(9,925)	(85,039)	(85,086)	–	(7,336,011)
Transfer to inventories	–	–	–	(271,013)	–	–	–	(271,013)
As at 31 December 2013	1,255,318	15,289,341	21,844,338	2,909,114	397,442	1,693,585	–	43,389,138
Net book value								
As at 31 December 2013	9,425,597	27,465,189	22,454,548	10,799,046	212,269	4,449,434	6,597,964	81,404,047

6 Property, plant and equipment (Continued)

Company

	Motor vehicles RMB'000	Computer and office equipment RMB'000	Total RMB'000
Cost			
As at 1 January 2014	**4,707**	**14,131**	**18,838**
Additions	**—**	**230**	**230**
Write-off	**(1,400)**	**(2,582)**	**(3,982)**
As at 31 December 2014	**3,307**	**11,779**	**15,086**
Accumulated depreciation			
As at 1 January 2014	**4,707**	**12,041**	**16,748**
Depreciation charge for the year	**—**	**1,771**	**1,771**
Write-off	**(1,400)**	**(2,582)**	**(3,982)**
As at 31 December 2014	**3,307**	**11,230**	**14,537**
Net book value			
As at 31 December 2014	**—**	**549**	**549**
Cost			
As at 1 January 2013	4,707	13,748	18,455
Additions	—	383	383
As at 31 December 2013	4,707	14,131	18,838
Accumulated depreciation			
As at 1 January 2013	4,369	10,279	14,648
Depreciation charge for the year	338	1,762	2,100
As at 31 December 2013	4,707	12,041	16,748
Net book value			
As at 31 December 2013	—	2,090	2,090

6 Property, plant and equipment (Continued)

Notes:

(a) The aggregate cost, accumulated depreciation and impairment of the leased assets, where the Group is the lessor/charterer under the operating lease/time charter arrangements, are set out below:

	Container vessels RMB'000	Dry bulk vessels RMB'000	Containers RMB'000	Total RMB'000
As at 31 December 2014				
Cost	**7,917,100**	**22,765,985**	**7,712,513**	**38,395,598**
Accumulated depreciation and impairment	**(2,017,615)**	**(10,366,882)**	**(1,887,082)**	**(14,271,579)**
	5,899,485	**12,399,103**	**5,825,431**	**24,124,019**
As at 31 December 2013				
Cost	4,890,601	18,882,676	8,650,137	32,423,414
Accumulated depreciation and impairment	(1,304,336)	(9,793,292)	(2,004,412)	(13,102,040)
	3,586,265	9,089,384	6,645,725	19,321,374

(b) As at 31 December 2014, container vessels, dry bulk vessels and vessels under construction with aggregate net book values of RMB20,937,978,000, RMB13,501,112,000 and nil (2013: RMB18,937,452,000, RMB11,723,419,000 and RMB2,038,896,000) respectively were pledged as security for loan facilities granted by banks (note 22(i)(i)).

(c) As at 31 December 2014, certain property, plant and equipment with net book value of RMB337,271,000 (2013: RMB399,180,000) were pledged as security for long-term bank borrowings (note 22(i)(i)).

(d) In 2006, the Group entered into agreements for finance lease. Two vessels with net book values of approximately RMB587,386,000 as at 31 December 2014 (2013: approximately RMB613,113,000) are accounted for as property, plant and equipment (note 22(i)(ii)).

As at 31 December 2014, the balance of approximately RMB236,761,000 (2013: approximately RMB270,958,000) in respect of such finance lease arrangements was included in bank loans under long-term borrowings (note 22).

(e) During the year, interest expenses of RMB55,192,000 (2013: RMB135,449,000) were capitalised in vessel costs during the vessel construction period (note 31).

(f) As at 31 December 2014, deposits paid by the Group in relation to construction of vessels not yet commenced, amounting to RMB20,229,000 (2013: RMB20,156,000) were included in assets under construction.

(g) The accumulated impairment losses of property, plant and equipment as at 31 December 2014 amounted to RMB414,695,000 (2013: RMB1,793,343,000).

7 Investment properties

	Group 2014 RMB'000	2013 RMB'000
Cost	**603,903**	713,457
Accumulated depreciation	**(202,018)**	(237,866)
Net book value as at 1 January	**401,885**	475,591
Currency translation differences	**(12)**	792
Acquisition of a subsidiary	**–**	421
Reclassification from/to property, plant and equipment and leasehold land and land use rights (notes 6 and 8)	**104,156**	427,724
Disposal of subsidiaries	**–**	(478,780)
Depreciation	**(29,597)**	(23,863)
Net book value as at 31 December	**476,432**	401,885
Cost	**710,136**	603,903
Accumulated depreciation	**(233,704)**	(202,018)
Net book value as at 31 December	**476,432**	401,885

The fair value of the investment properties as at 31 December 2014 was RMB1,751,821,000 (2013: RMB1,663,374,000). The fair value is estimated by management or independent professional property valuers. The valuations are derived using direct comparison method, discounted cash flow method and income capitalisation method respectively. Discounted cash flow method is based on net present value of estimated income stream by adopting an appropriate discount rate which reflects the risk profile and net operating income growth rate. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Income capitalisation method is based on the capitalisation of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalisation rates. Capitalisation is estimated by valuer based on the risk profile of the properties being valued.

The Group's interests in investment properties at their net book value are analysed as follows:

	Group 2014 RMB'000	2013 RMB'000
In Hong Kong, held on:		
Leases of over 50 years	**–**	5,132
In China Mainland, held on:		
Leases of over 50 years	**–**	11,381
Leases of between 10 to 50 years	**412,515**	383,821
Leases of less than 10 years	**63,917**	1,551
	476,432	396,753
Total	**476,432**	401,885

8 Leasehold land and land use rights

	Group 2014 RMB'000	2013 RMB'000
Cost	**2,227,234**	2,880,556
Accumulated amortisation	**(240,955)**	(313,122)
Net book value as at 1 January	**1,986,279**	2,567,434
Currency translation differences	**(1,922)**	666
Additions	**–**	98,685
Acquisition of a subsidiary	**–**	85,176
Reclassification to investment properties (note 7)	**–**	(93,870)
Disposal	**(126)**	(21,735)
Disposal of subsidiaries	**–**	(589,795)
Amortisation	**(49,379)**	(60,282)
Net book value as at 31 December	**1,934,852**	1,986,279
Cost	**2,223,649**	2,227,234
Accumulated amortisation	**(288,797)**	(240,955)
Net book value as at 31 December	**1,934,852**	1,986,279

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values, are analysed as follows:

	Group 2014 RMB'000	2013 RMB'000
Outside Hong Kong, held on:		
Leases of over 50 years	**16,179**	16,532
Leases of between 10 to 50 years	**1,918,673**	1,969,747
Total	**1,934,852**	1,986,279

9 Intangible assets

	Group Computer software RMB'000	Company Computer Software RMB'000
Year ended 31 December 2014		
Opening net book value	**114,441**	**914**
Currency translation differences	**1,652**	**—**
Additions	**4,774**	**—**
Reclassification from property, plant and equipment (note 6)	**18,523**	**—**
Amortisation	**(32,293)**	**(333)**
Disposal	**(19)**	**—**
Closing net book value	**107,078**	**581**
At 31 December 2014		
Cost	**735,001**	**4,032**
Accumulated amortisation	**(627,923)**	**(3,451)**
Net book value	**107,078**	**581**

	Group Goodwill RMB'000	Group Computer software RMB'000	Group Total RMB'000	Company Computer Software RMB'000
Year ended 31 December 2013				
Opening net book value	26,471	176,026	202,497	1,541
Currency translation differences	—	(764)	(764)	—
Additions	—	15,566	15,566	—
Reclassification from property, plant and equipment (note 6)	—	22,655	22,655	—
Amortisation	—	(36,220)	(36,220)	(627)
Disposal	—	(772)	(772)	—
Disposal of subsidiaries	(26,471)	(62,050)	(88,521)	—
Closing net book value	—	114,441	114,441	914
At 31 December 2013				
Cost	—	711,745	711,745	4,032
Accumulated amortisation	—	(597,304)	(597,304)	(3,118)
Net book value	—	114,441	114,441	914

10 Subsidiaries

	Company 2014 RMB'000	2013 RMB'000
Non-current assets		
Unlisted investments, at cost	**52,301,720**	52,301,720
Loans to subsidiaries (note c)	**4,900,945**	4,885,831
Current assets		
Amounts due from subsidiaries (note a)	**104,925**	105,930
Advances to subsidiaries (note b)	**–**	201,223
	104,925	307,153
Current liabilities		
Amounts due to subsidiaries (note a)	**(37,144)**	(37,704)

Notes:

(a) Amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(b) The advances to subsidiaries were unsecured, bore interest at 1% per annum and were wholly repayable on demand. These advances were funded from the Company's A-share proceeds used for special purposes. They were arranged and entrusted through PRC banks to its subsidiaries. These advances were fully settled in 2014.

(c) The loans to subsidiaries are unsecured and were funded by the proceeds from the issue of notes by the Company (note 22(c)(i)).

As at 31 December 2014, the fair value of the loans to subsidiaries amounted to RMB4,854,323,000 (2013: RMB4,592,411,000).

(d) Details of the principal subsidiaries as at 31 December 2014 are shown in note 43(a).

(e) Material non-controlling interests

The total non-controlling interest for the year is RMB18,578,796,000, of which RMB17,991,067,000 is for COSCO Pacific.

Set out below are summarised financial information for COSCO Pacific.

Summarised balance sheet

	COSCO Pacific 2014 RMB'000	2013 RMB'000
Current		
Assets	**8,137,126**	9,029,685
Liabilities	**(5,527,782)**	(5,061,847)
Total current net assets	**2,609,344**	3,967,838
Non-current		
Assets	**38,469,524**	37,009,860
Liabilities	**(10,124,914)**	(11,447,399)
Total non-current net assets	**28,344,610**	25,562,461
Net assets	**30,953,954**	29,530,299

10 Subsidiaries (Continued)

(e) Material non-controlling interests (Continued)

Summarised income statement

	COSCO Pacific	
	2014	2013
	RMB'000	RMB'000
Revenue	5,343,664	4,949,085
Profit before income tax	2,161,084	2,071,670
Income tax expense	(239,488)	(207,581)
Post-tax profit from continuing operations	1,921,596	1,864,089
Post-tax profit from discontinued operations	–	2,580,865
Other comprehensive (loss)/income	(123,874)	52,786
Total comprehensive income	1,797,722	4,497,740
Total comprehensive income allocated to Non-Controlling Interests	1,085,171	2,107,236
Dividends paid to Non-Controlling Interests	393,857	1,031,763

Summarised cash flows

	COSCO Pacific	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	2,882,323	2,981,005
Interest received	181,702	101,154
Tax paid	(208,522)	(129,016)
Net cash generated from operating activities	2,855,503	2,953,143
Net cash (used in)/from investing activities	(1,703,878)	4,706,094
Net cash used in financing activities	(1,850,716)	(5,199,476)
Net (decrease)/increase in cash and cash equivalents	(699,091)	2,459,761
Cash, cash equivalents and bank overdrafts at beginning of year	7,544,322	5,332,763
Exchange differences	(14,548)	(248,202)
Cash and cash equivalents at end of year	6,830,683	7,544,322

The information above is the amount before inter-company eliminations.

11 Joint ventures

	Group 2014 RMB'000	2013 RMB'000
Share of net assets – unlisted	**5,517,230**	4,345,660
Goodwill on acquisitions (note a)	**258,993**	257,137
Loan to a joint venture (note b)	**275,355**	274,361
	6,051,578	4,877,158

Notes:

(a) The carrying amount of goodwill on acquisitions of joint ventures mainly arising from acquisitions of equity interests in certain terminal companies.

(b) The loan to a joint venture was equity in nature, unsecured, interest free and was not repayable within twelve months.

(c) The financial information below, after making adjustments to conform to the Group's significant accounting policies, represents the Group's respective interests in the joint ventures:

	Total assets RMB'000	Total liabilities RMB'000	Non-controlling interests RMB'000	Revenues RMB'000	Profits less losses after income tax RMB'000
31 December 2014	**11,528,178**	**(5,574,241)**	**(161,352)**	**2,973,631**	**654,494**
31 December 2013	8,289,377	(3,638,809)	(30,547)	2,761,042	540,909

(d) The Company has no directly owned joint ventures as at 31 December 2014 and 2013. Details of the principal joint ventures as at 31 December 2014 are shown in note 43(b).

(e) Qingdao Qianwan Container Terminal Co., Ltd. ("QQCT") is a joint venture that is material to the Group. QQCT is a container terminal operator and developer of the port facilities in the Qingdao Qianwan Container Terminal. The information below reflects the amounts presented in the financial statements of the joint venture, adjusted for differences in accounting policies between the Group and the joint venture, and not the Group's share of those amounts.

QQCT is a non-listed company and there is no quoted market price available for its shares.

11 Joint ventures (Continued)

Set out below are the summarised consolidated financial information for QQCT which is accounted for using the equity method:

Summarised consolidated balance sheet

	2014 RMB'000	2013 RMB'000
Non-current		
Assets	9,018,274	10,752,554
Liabilities	(2,588,478)	(2,099,998)
Current		
Cash and cash equivalents	551,102	499,281
Other current assets	822,700	385,385
Total current assets	1,373,802	884,666
Financial liabilities (excluding trade and other payables)	(500,497)	(1,350,000)
Other current liabilities	(1,691,720)	(2,511,587)
Total current liabilities	(2,192,217)	(3,861,587)
Net assets	5,611,381	5,675,635

Summarised consolidated statement of comprehensive income

	2014 RMB'000	2013 RMB'000
Revenue	2,700,110	2,425,655
Depreciation and amortisation	(315,004)	(388,930)
Interest income	159,808	180,419
Interest expense	(251,734)	(141,130)
Profit before income tax	1,608,741	1,223,455
Income tax expense	(404,510)	(320,670)
Profit and total comprehensive income for the year	1,204,231	902,785
Dividends received from the joint venture	252,422	178,678
Group's share of profits of joint venture	239,727	182,942

Reconciliation of summarised consolidated financial information

Reconciliation of summarised consolidated financial information presented to the carrying amount of the Group's interest in the joint venture.

11 Joint ventures (Continued)

Summarised consolidated financial information

	2014 RMB'000	2013 RMB'000
Opening net assets	5,725,879	5,694,990
Profit and total comprehensive income for the year	1,208,371	915,601
Dividends	(1,226,869)	(884,101)
Other appropriations	(1,548)	(614)
Exchange difference	(8,401)	3
Closing net assets	5,657,432	5,725,879
Interest in joint venture @20%	1,131,489	1,145,175
Goodwill	32,804	32,685
Carrying value	1,164,293	1,177,860

12 Associates

	Group 2014 RMB'000	2013 RMB'000
Share of net assets		
Unlisted investments	5,911,651	5,542,619
Goodwill on acquisitions (note a)	184,745	173,250
Loans to associates (note b)	—	165,915
	6,096,396	5,881,784

Notes:

(a) The carrying amount of goodwill on acquisitions of associates mainly arises from acquisition of equity interests in certain terminal companies.

(b) The loans to associates were equity in nature, unsecured, interest free and not repayable within twelve months.

(c) The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's respective interests in the associates:

	Total assets RMB'000	Total liabilities RMB'000	Non-controlling interests RMB'000	Revenues RMB'000	Profits less losses after income tax RMB'000
31 December 2014	9,612,730	(2,694,112)	(1,006,967)	2,125,505	711,317
31 December 2013	9,558,546	(2,879,534)	(970,478)	6,456,821	561,236

(d) The Company had no directly owned associate as at 31 December 2014 and 2013. Details of the principal associates as at 31 December 2014 are shown in note 43(c).

12 Associates (Continued)

(e) Sigma Enterprises Limited ("Sigma"), Wattrus Limited ("Wattrus") and their subsidiary companies (collectively "Sigma and Wattrus Group"), and COSCO Finance Co., Ltd ("COSCO Finance") are associates (note 43(c)) that are material to the Group. Sigma and Wattrus Group are engaged in the operation, management and development of container terminals and investment holding. COSCO Finance is engaged in financial services and investment in banking, securities, insurance and fund. Set out below are the summarised financial information, after fair value adjustments upon acquisition, for these associates which are accounted for using the equity method:

Summarised balance sheet

	Sigma and Wattrus Group	
	2014	2013
	RMB'000	RMB'000
Non-current assets	**24,032,532**	24,060,489
Current assets	**4,549,752**	4,225,737
Non-current liabilities	**(4,528,378)**	(2,477,518)
Current liabilities	**(3,433,389)**	(6,138,694)

Summarised statement of comprehensive income

	Sigma and Wattrus Group	
	2014	2013
	RMB'000	RMB'000
Revenues	**5,689,301**	5,336,596
Profit attributable to equity holders for the year	**1,477,725**	1,655,727
Group's share of profits of associates	**303,673**	340,252

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in these associates.

Summarised financial information

	Sigma and Wattrus Group	
	2014	2013
	RMB'000	RMB'000
Capital and reserves attributable to equity holders	**16,067,417**	15,416,357
Group's effective interest	**20.55%**	20.55%
Group's share of net assets	**3,289,758**	3,116,888
Equity loans to associates	**—**	165,915
Adjustment to cost of investment	**286,736**	285,701
Carrying amount	**3,576,494**	3,568,504

12 Associates (Continued)

Summarised balance sheet

	COSCO Finance	
	2014	2013
	RMB'000	RMB'000
Assets	28,573,260	25,880,632
Liabilities	(25,672,393)	(23,596,830)

Summarised statement of comprehensive income

	COSCO Finance	
	2014	2013
	RMB'000	RMB'000
Revenues	1,230,011	460,792
Profit attributable to equity holders for the year	868,577	307,795
Group's share of profits of associates	271,430	96,186

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in this associate.

Summarised financial information

	COSCO Finance	
	2014	2013
	RMB'000	RMB'000
Capital and reserves attributable to equity holders	2,900,867	2,283,802
Group's effective interest	31.25%	31.25%
Group's share of net assets	906,521	713,688
Carrying amount	906,521	713,688

13 Loans to joint ventures and an associate

	Group	
	2014	2013
	RMB'000	RMB'000
Loans to joint ventures (note a)	449,763	25,175
Loan to an associate (note b)	186,456	204,508
	636,219	229,683

13 Loans to joint ventures and an associate (Continued)

Notes:

(a) As at 31 December 2014, the loans to joint ventures are secured. Loan of RMB23,690,000 bears interest at 5% (2013: 5%) above the 3 months Euro Interbank Offered Rate per annum, and loan of RMB426,073,000 bears interest at 5% above the 1 month Hong Kong InterBank Offered Rate per annum (2013: Nil) respectively and are wholly repayable on or before December 2015 and December 2018 respectively.

(b) The loan to an associate is unsecured, bears interest at 2% (2013: 2%) per annum above the 10-year Belgium prime rate and has no fixed terms of repayment.

14 Available-for-sale financial assets

Available-for-sale financial assets represent the following:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Listed investments in the PRC (note a)	**446,210**	94,682	**—**	—
Unlisted investments (note b)	**1,694,360**	5,415,948	**500,000**	4,000,000
	2,140,570	5,510,630	**500,000**	4,000,000
Less: current portion	**(500,000)**	(4,000,000)	**(500,000)**	(4,000,000)
	1,640,570	1,510,630	**—**	—

Notes:

(a) Listed investments represent equity interests in entities which are principally engaged in comprehensive operation of ports, securities service, and the management of international and domestic transportation.

(b) Unlisted investments mainly comprise equity interests in entities which are involved in container terminal operations, wealth management products and the remaining 19% equity interests in property holding companies (note 29).

(c) Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**2,123,984**	5,492,114	**500,000**	4,000,000
Korean WON	**16,586**	18,516	**—**	—
	2,140,570	5,510,630	**500,000**	4,000,000

14 Available-for-sale financial assets (Continued)

(d) Movement of the available-for-sale financial assets during the year is as follows:

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	**5,510,630**	499,121	**4,000,000**	—
Additions	**5,967,255**	5,287,908	**5,899,000**	4,000,000
Disposals	**(9,454,330)**	(491)	**(9,399,000)**	—
Disposal of subsidiaries	**—**	(238,252)	**—**	—
Net fair value gains/(losses)	**116,600**	(32,741)	**—**	—
Currency translation differences	**415**	(4,915)	**—**	—
As at 31 December	**2,140,570**	5,510,630	**500,000**	4,000,000

(e) As at 31 December 2014, available-for-sale financial assets of carrying amount of RMB16,586,000 (2013: RMB18,516,000) were impaired and the debit reserves recycled to profit or loss were RMB30,109,000 (2013: RMB31,607,000).

15 Deferred income tax assets/(liabilities)

Deferred income tax is calculated in full on temporary differences under the liability method using taxation rates ranging from 16.5% to 41% for the year (2013: 12.5% to 46%).

The movement on the net deferred tax (liabilities)/assets is as follows:

	Group		Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	**(1,869,144)**	(2,179,315)	**—**	10,117
Currency translation differences	**(265)**	8,742	**—**	—
Credited/(charged) to consolidated income statement	**1,468,826**	40,030	**—**	(10,117)
Disposal of subsidiaries and an associate	**—**	257,982	**—**	—
(Charged)/credited to other comprehensive income (note 32(c))	**(17,350)**	3,417	**—**	—
As at 31 December	**(417,933)**	(1,869,144)	**—**	—

Deferred income tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2014, the Group had tax losses of RMB29,757,239,000 (2013: RMB32,733,380,000) to carry forward, which were not recognised as deferred tax assets as the Directors considered that the utilisation of these tax losses in the foreseeable future is not probable, of which an amount of RMB29,146,712,000 (2013: RMB32,320,394,000) will expire through year 2019 (2013: year 2018) and an amount of RMB428,527,000 (2013: RMB412,986,000) has no expiry date.

The Directors of the Company approved that undistributed profits of certain overseas subsidiaries will not be distributed to the Company and therefore the related deferred income tax liability of RMB1,557,867,000 was credited to consolidated income statement during the year.

15 Deferred income tax assets/(liabilities) (Continued)

As at 31 December 2014, the unrecognised deferred income tax liabilities were RMB3,459,539,000 (2013: RMB1,781,708,000), relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled or such profits will not be distributed and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 31 December 2014 amounted to RMB14,976,851,000 (2013: RMB8,050,323,000).

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year was as follows:

Group

Deferred income tax liabilities

	Undistributed profits of subsidiaries, joint ventures and associates	Accelerated tax depreciation	Fair value gain	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2013	(1,977,377)	(251,618)	(40,140)	(148,461)	(2,417,596)
Currency translation differences	6,951	1,238	(3)	(405)	7,781
Credited to consolidated income statement	38,427	43,261	2,289	2,111	86,088
Disposal of subsidiaries and an associate	163,607	—	21,557	92,559	277,723
Credited to other comprehensive income (note 32(c))	—	—	3,417	—	3,417
As at 31 December 2013 and 1 January 2014	(1,768,392)	(207,119)	(12,880)	(54,196)	(2,042,587)
Currency translation differences	(486)	292	(1)	245	50
Credited to consolidated income statement	1,464,911	24,711	29,229	13,974	1,532,825
Charged to other comprehensive income (note 32(c))	—	—	(17,350)	—	(17,350)
As at 31 December 2014	**(303,967)**	**(182,116)**	**(1,002)**	**(39,977)**	**(527,062)**

15 Deferred income tax assets/(liabilities) (Continued)

Group (Continued)

Deferred income tax assets

	Tax loss RMB'000	Staff benefit RMB'000	Accelerated accounting depreciation RMB'000	Onerous contracts RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2013	5,884	57,780	130,435	1,901	42,281	238,281
Currency translation differences	(62)	—	—	—	1,023	961
Credited/(charged) to consolidated income statement	236	(17,359)	(42,805)	(750)	14,620	(46,058)
Disposal of a subsidiary	—	(12,696)	(3,015)	—	(4,030)	(19,741)
As at 31 December 2013 and 1 January 2014	6,058	27,725	84,615	1,151	53,894	173,443
Currency translation differences	7	—	—	—	(322)	(315)
(Charged)/credited to consolidated income statement	(3,815)	(4,577)	(79,168)	3,596	19,965	(63,999)
As at 31 December 2014	**2,250**	**23,148**	**5,447**	**4,747**	**73,537**	**109,129**

Company

Deferred income tax assets

	Staff benefit RMB'000
As at 1 January 2013	10,117
Charged to income statement	(10,117)
As at 31 December 2013 and 1 January 2014	—
Charged to income statement	—
As at 31 December 2014	—

15 Deferred income tax assets/(liabilities) (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance and a net basis. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	Group	
	2014	2013
	RMB'000	RMB'000
Deferred income tax assets		
Deferred income tax assets to be recovered after more than 12 months	**101,956**	163,293
Deferred income tax assets to be recovered within 12 months	**7,173**	10,150
	109,129	173,443
Deferred income tax liabilities		
Deferred income tax liabilities to be settled after more than 12 months	**(500,547)**	(1,887,279)
Deferred income tax liabilities to be settled within 12 months	**(26,515)**	(155,308)
	(527,062)	(2,042,587)
Deferred income tax liabilities, net	**(417,933)**	(1,869,144)

16 Other non-current assets

	Group	
	2014	2013
	RMB'000	RMB'000
Prepaid operating lease payments (note)	**548,887**	523,613
Prepayment for land use rights	**152,026**	118,199
Financial lease receivables	**188,433**	89,719
Value-added tax receivable	**61,758**	48,075
	951,104	779,606
Less: current portion of financial lease receivables	**(33,475)**	(14,045)
	917,629	765,561

Note:

The amount mainly represents the unamortised upfront concession fee payments in respect of the concession agreement with Piraeus Port Authority S.A. ("PPA") for the concession of Pier 2 and 3 of the Piraeus Port in Greece of COSCO Pacific Limited, the Company listed subsidiary, for a term of 35 years ("Concession"). The Concession commenced on 1 October 2009.

17 Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current portion				
Restricted bank deposits (note a)	**1,482**	6,106	**–**	–
Current portion				
Restricted bank deposits (note a)	**865,429**	850,825	**–**	–
Balances placed with COSCO Finance (note b)	**11,449,117**	9,029,650	**57,853**	5,901
Bank balances and cash - unpledged	**28,256,407**	39,176,740	**1,535,381**	8,477,567
	40,570,953	49,057,215	**1,593,234**	8,483,468
Total bank deposits and cash and cash equivalents (note c)	**40,572,435**	49,063,321	**1,593,234**	8,483,468
Less:				
Restricted bank deposits	**(866,911)**	(856,931)	**–**	–
Cash and cash equivalents	**39,705,524**	48,206,390	**1,593,234**	8,483,468

Notes:

(a) Restricted bank deposits mainly held as security for borrowings and bank guarantees and facilities (note 22(i)(v)).

(b) Balances placed with COSCO Finance bear interest at prevailing market rates.

(c) The carrying amounts of bank deposits and cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
US dollar	**16,324,145**	18,447,366	**2,794**	8,117
RMB	**22,223,050**	28,666,125	**1,535,989**	8,222,172
EURO	**700,469**	691,186	**–**	–
HK dollar	**497,564**	726,979	**54,451**	253,179
Other currencies	**827,207**	531,665	**–**	–
	40,572,435	49,063,321	**1,593,234**	8,483,468

(d) The effective interest rates on time deposits as at 31 December 2014 were in the range of 0.07% to 3.3% per annum (2013: 0.06% to 5.20% per annum). The deposits earn interests at floating rates based on prevailing market rates.

18 Inventories

	Group 2014 RMB'000	Group 2013 RMB'000
Bunkers	**1,583,768**	2,075,128
Spare parts and consumable stores	**235,137**	213,625
Merchandises	**6,539**	8,713
Resaleable containers	**99,604**	75,467
Marine supplies and others	**1,675**	2,045
	1,926,723	2,374,978

19 Trade and other receivables

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Trade receivables (note a)				
– third parties	**3,384,336**	4,052,880	**—**	—
– fellow subsidiaries	**98,982**	141,517	**—**	—
– joint ventures	**46,251**	58,736	**—**	—
– associates	**754**	2,351	**—**	—
– other related companies	**63,071**	62,343	**—**	—
	3,593,394	4,317,827	**—**	—
Bills receivables (note a)	**165,741**	242,239	**—**	—
	3,759,135	4,560,066	**—**	—
Prepayments, deposits and other receivables				
– third parties (note b)	**2,912,923**	3,253,475	**3,765**	44,446
– fellow subsidiaries (note d)	**690,110**	675,216	**—**	—
– joint ventures (note d)	**152,521**	338,037	**—**	—
– associates (note d)	**17,058**	53,142	**—**	—
– other related companies (note d)	**156,846**	184,916	**—**	—
	3,929,458	4,504,786	**3,765**	44,446
Current portion of financial lease receivables	**33,475**	14,045	**—**	—
Total	**7,722,068**	9,078,897	**3,765**	44,446

19 Trade and other receivables (Continued)

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 2014, the ageing analysis of trade and bills receivables is as follows:

	2014 RMB'000	2013 RMB'000
1-3 months	**3,514,997**	4,393,309
4-6 months	**144,907**	184,285
7-12 months	**117,543**	39,828
Over 1 year	**155,342**	130,669
Trade and bills receivables, gross	**3,932,789**	4,748,091
Less: impairment of		
1-3 months	**(31,716)**	(53,085)
4-6 months	**(14,485)**	(13,931)
7-12 months	**(3,681)**	(3,626)
Over 1 year	**(123,772)**	(117,383)
Provision for impairment	**(173,654)**	(188,025)
	3,759,135	4,560,066

As at 31 December 2014, the Group's trade and bills receivables of RMB3,166,765,000 (2013: RMB3,661,813,000) 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.

As at 31 December 2014, trade receivables of RMB365,281,000 (2013: RMB694,646,000) were past due but were considered not impaired by management. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 RMB'000	2013 RMB'000
1-3 months	**316,516**	678,411
4-6 months	**390**	12,888
7-12 months	**47,007**	3,331
Over 1 year	**1,368**	16
	365,281	694,646

As at 31 December 2014, trade receivables of RMB400,743,000 (2013: RMB391,632,000) were considered as impaired by management, of which amounts of RMB173,654,000 (2013: RMB188,025,000) were provided for.

19 Trade and other receivables (Continued)

Notes: (Continued)

(a) (Continued)

	2014 RMB'000	2013 RMB'000
As at 1 January	188,025	297,213
Provision for receivable impairment	19,625	49,037
Receivables written off during the year as uncollectible	–	(4,133)
Reversal of provision	(27,844)	(26,894)
Disposal of a subsidiary	–	(130,312)
Currency translation differences	(6,152)	3,114
As at 31 December	173,654	188,025

The creation and release of provision for impaired receivables have been included in the consolidated income statement (note 26). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Management considered that there is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

(b) Prepayments, deposits and other receivables due from third parties

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Prepayments and deposits	1,719,555	1,786,391	–	–
Claims receivables	132,817	164,087	–	–
Other receivables less provision (note c)	1,060,551	1,302,997	3,765	44,446
	2,912,923	3,253,475	3,765	44,446

(c) As at 31 December 2014, the Group's net other receivables of RMB1,060,551,000 (2013: RMB1,302,997,000) were considered fully collectible by management. As at 31 December 2014, the Group's other receivables of RMB214,031,000 (2013: RMB216,606,000) were impaired and full provision was made by management.

Movements on the provision for impairment of other receivables are as follows:

	2014 RMB'000	2013 RMB'000
As at 1 January	216,606	274,072
Provision for receivable impairment	23,114	14,973
Receivables written off during the year as uncollectible	(1,100)	(2,161)
Reversal of provision	(24,234)	(44,783)
Disposal of a subsidiary	–	(25,384)
Currency translation differences	(355)	(111)
As at 31 December	214,031	216,606

19 Trade and other receivables (Continued)

Notes: (Continued)

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

(e) The carrying amount of trade and other receivables (excluding prepayments and deposits) are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
US dollar	**3,126,687**	3,132,205	**–**	–
RMB	**1,884,806**	3,033,619	**3,765**	44,296
EURO	**534,912**	619,550	**–**	–
HK dollar	**35,077**	58,460	**–**	150
Other currencies	**421,031**	448,672	**–**	–
	6,002,513	7,292,506	**3,765**	44,446

(f) The carrying amounts of trade and other receivables (excluding prepayments and deposits) approximate their fair values.

(g) Management considered the maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

20 Share capital and equity linked benefits

(a) Share capital

	2014		2013	
	Number of shares (thousands)	**Nominal value RMB'000**	Number of shares (thousands)	Nominal value RMB'000
Registered, issued and fully paid				
H-Shares of RMB1.00 each	**2,580,600**	**2,580,600**	2,580,600	2,580,600
A-Shares of RMB1.00 each	**7,635,674**	**7,635,674**	7,635,674	7,635,674
As at 31 December	**10,216,274**	**10,216,274**	10,216,274	10,216,274

As at 31 December 2014, the A-Shares rank pari passu, in all material respects, with H-Shares.

(b) Share appreciation rights

The Group has adopted a cash-settled, share-based payment scheme (the "Plan") which was approved on 9 June 2005. The Plan provides for the grant of share appreciation rights ("SARs") to eligible participants as approved by the Company's Board of Directors (collectively the "Grantees"). The Plan will remain in force unless otherwise cancelled or amended.

20 Share capital and equity linked benefits (Continued)

(b) Share appreciation rights (Continued)

Under the Plan, the holders of SARs are entitled the rights to receive an amount in respect of the appreciation in market value of the Company's H-Shares from the date of grant of SARs and the date of exercise. No shares will be issued under the Plan and therefore the Company's equity interests will not be diluted as a result of the issuance of SARs. The initial grant of SARs was limited to 10% of the Company's H-Shares in issue at the date of grant. The maximum number of unexercised SARs permitted to be granted under the Plan is, upon their exercise, limited to 10% of the Company's H-Shares in issue at any time during each year. The maximum number of SARs granted to any eligible participant (including share appreciation rights granted prior to this Plan) is limited to 25% of the total number of SARs in issue at any time. Any further grant of SARs in excess of the above limits is subject to the approval of the Company's Board of Directors.

Movements in the number of SARs granted by the Company during the year ended 31 December 2014 and 2013 are set out below.

			For the year ended 31 December 2014 Number of units of SARs				
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2014
16 December 2005 ("2005 SARs")	between 16 December 2007 to 15 December 2015	HK$3.195	**15,210,750**	**–**	**–**	**–**	**15,210,750**
5 October 2006 ("2006 SARs")	between 5 October 2008 to 4 October 2016	HK$3.588	**19,070,000**	**–**	**–**	**–**	**19,070,000**
4 June 2007 ("2007 SARs")	between 4 June 2009 to 3 June 2017	HK$9.540	**24,300,000**	**–**	**–**	**–**	**24,300,000**
			58,580,750	**–**	**–**	**–**	**58,580,750**

			For the year ended 31 December 2013 Number of units of SARs				
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2013
16 December 2005 ("2005 SARs")	between 16 December 2007 to 15 December 2015	HK$3.195	15,210,750	–	–	–	15,210,750
5 October 2006 ("2006 SARs")	between 5 October 2008 to 4 October 2016	HK$3.588	19,070,000	–	–	–	19,070,000
4 June 2007 ("2007 SARs")	between 4 June 2009 to 3 June 2017	HK$9.540	24,300,000	–	–	–	24,300,000
			58,580,750	–	–	–	58,580,750

20 Share capital and equity linked benefits (Continued)

(b) Share appreciation rights (Continued)

The fair values of 2005 SARs, 2006 SARs and 2007 SARs as at 31 December 2014 as determined using the binomial valuation model ranged from HK$0.05 per unit to HK$0.78 per unit (2013: HK$0.3 per unit to HK$1.21 per unit). The significant inputs into the model were spot price of HK$3.83 as at 31 December 2014, vesting period, volatility of the underlying stock, risk-free interest rate, forfeiture rate, dividend yield and sub-optional exercise factor. The expected volatility of 28.59%, 30.90% and 33.84% for 2005 SARs, 2006 SARs and 2007 SARs respectively (2013: 41.01%, 46.43% and 43.16% respectively) are estimated based on past H-Shares share prices of the Company at year end.

The amount, that was recognised in the consolidated income statement and included in staff costs for the year in relation to the above SARs transactions, was a credit of RMB14,379,000 (2013: RMB18,814,000).

As at 31 December 2014, the total carrying amount of the liabilities arising from SARs transactions included in other payables in the consolidated balance sheet amounted to RMB42,361,000 (2013: RMB57,715,000) and the total intrinsic value of the exercisable SARs was RMB11,261,000 (2013: RMB9,874,000).

(c) Share options of a subsidiary

The Group's subsidiary, COSCO Pacific, operates share option schemes whereby options are granted to eligible employees and directors or any participants (as defined in the relevant share option schemes) of the Group, to subscribe for its shares. All the outstanding options were vested and exercisable as at 31 December 2014 and 2013. COSCO Pacific has no legal or constructive obligation to repurchase or settle the options in cash.

Movements of the share options granted by COSCO Pacific during the year ended 31 December 2014 and 2013 are set out below:

			For the year ended 31 December 2014 Number of share options					
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2014
During the period from 25 November 2004 to 16 December 2004	Note (ii)	HK$13.75	13,456,000	–	–	–	(13,456,000)	–
During the period from 17 April 2007 to 19 April 2007	Note (iii)	HK$19.30	13,390,000	–	–	–	(150,000)	13,240,000
			26,846,000	–	–	–	(13,606,000)	13,240,000

20 Share capital and equity linked benefits (Continued)

(c) Share options of a subsidiary (Continued)

Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2013	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2013
			For the year ended 31 December 2013 Number of share options					
During the period from 28 October 2003 to 6 November 2003	Note (i)	HK$9.54	2,231,000	–	(1,911,000)	–	(320,000)	–
During the period from 25 November 2004 to 16 December 2004	Note (ii)	HK$13.75	13,578,000	–	–	–	(122,000)	13,456,000
During the period from 17 April 2007 to 19 April 2007	Note (iii)	HK$19.30	13,460,000	–	–	–	(70,000)	13,390,000
			29,269,000	–	(1,911,000)	–	(512,000)	26,846,000

Notes:

(i) The share options were exercisable at any time within ten years from the date on which an offer was accepted or deemed to be accepted by the grantee under the 2003 Share Option Scheme from 28 October 2003 to 6 November 2003. The share options were expired during the period from 28 October 2013 to 6 November 2013.

(ii) The share options are exercisable at any time within ten years from the date on which an offer is accepted or deemed to be accepted by the grantee under the 2003 Share Option Scheme from 25 November 2004 to 16 December 2004. The share options were expired during the period from 25 November 2014 to 16 December 2014.

(iii) The share options are exercisable at any time within ten years from the date on which an offer is accepted or deemed to be accepted by the grantee under the 2003 Share Option Scheme from 17 April 2007 to 19 April 2007. The share options will be expired during the period 17 April 2017 to 19 April 2017.

(iv) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2014 Average exercise price per share HK$	**2014** Number of share options	2013 Average exercise price per share HK$	2013 Number of share options
As at 1 January	**16.52**	**26,846,000**	15.98	29,269,000
Exercised	**–**	**–**	9.54	(1,911,000)
Lapsed	**13.81**	**(13,606,000)**	11.88	(512,000)
Cancelled	**–**	**–**	–	–
As at 31 December	**19.30**	**13,240,000**	16.52	26,846,000

21 Reserves

Group

	Capital Reserve RMB'000	Hedging Reserve RMB'000	Other reserves RMB'000	Statutory reserve fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
As at 1 January 2014	39,068,412	6,964	(494,155)	851,456	(37,725)	(7,950,891)	(17,437,750)	14,006,311
Comprehensive income/(loss)								
Profit for the year	–	–	–	–	–	–	362,529	362,529
Other comprehensive income/(loss)								
Fair value gains on available-for-sale financial assets, net of tax	–	–	–	–	74,007	–	–	74,007
Impairment loss on available-for-sale financial assets charged to the consolidated income statement	–	–	–	–	30,109	–	–	30,109
Share of other comprehensive income/(loss) of joint ventures and associates	–	1,176	(479)	–	–	(10,069)	–	(9,372)
Release of reserves upon disposal of subsidiaries and a joint venture	–	–	(82,263)	–	–	(2,217)	–	(84,480)
Currency translation differences	–	–	–	–		(23,323)	–	(23,323)
Remeasurements of post-employment benefit obligations	–	–	(221,851)	–	–	–	–	(221,851)
Total other comprehensive income/(loss)	–	1,176	(304,593)	–	104,116	(35,609)	–	(234,910)
Total comprehensive income/(loss) for the year ended 31 December 2014	–	1,176	(304,593)	–	104,116	(35,609)	362,529	127,619
Total contributions by and distributions to owners of the Company recognised directly in equity:								
Issue of shares on settlement of scrip dividend of a subsidiary	–	(13)	31,800	–	215	8,189	(16,531)	23,660
Other	–	–	5,092	–	–	–	206	5,298
Total contributions by and distributions to owners of the Company	–	(13)	36,892	–	215	8,189	(16,325)	28,958
As at 31 December 2014	39,068,412	8,127	(761,856)	851,456	66,606	(7,978,311)	(17,091,546)	14,162,888

Notes to the Consolidated Financial Statements

21 Reserves (Continued)

Group (Continued)

	Capital Reserve RMB'000	Hedging Reserve RMB'000	Other reserves RMB'000	Statutory reserve fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
As at 1 January 2013, as previously reported	39,050,126	2,103	(408,964)	648,417	(44,147)	(6,837,610)	(17,489,313)	14,920,612
Adoption of merger accounting (note e)	18,286	–	–	–	–	(1,895)	(11,679)	4,712
As at 1 January 2013	39,068,412	2,103	(408,964)	648,417	(44,147)	(6,839,505)	(17,500,992)	14,925,324
Comprehensive income								
Profit for the year	–	–	–	–	–	–	235,470	235,470
Other comprehensive income								
Fair value losses on available-for-sale financial assets, net of tax	–	–	–	–	(35,113)	–	–	(35,113)
Share of other comprehensive income/(loss) of joint ventures and associates	–	2,585	(20,355)	–	3,561	3,015	–	(11,194)
Release of reserves upon disposal of subsidiaries and an associate	–	2,328	(100,508)	–	(3,454)	(78,296)	35,897	(144,033)
Currency translation differences	–	–	–	–	–	(1,044,988)	–	(1,044,988)
Impairment loss on available-for-sale financial assets charged to the consolidated income statement	–	–	–	–	31,607	–	–	31,607
Total other comprehensive income/(loss)	–	4,913	(120,863)	–	(3,399)	(1,120,269)	35,897	(1,203,721)
Total comprehensive income/(loss) for the year ended 31 December 2013	–	4,913	(120,863)	–	(3,399)	(1,120,269)	271,367	(968,251)
Total contributions by and distributions to owners of the Company recognised directly in equity:								
Issue of shares on exercising of share options of a subsidiary	–	–	–	–	–	–	7,263	7,263
Issue of shares on settlement of scrip dividend of a subsidiary	–	(52)	36,715	–	88	8,883	(4,239)	41,395
Transfer to statutory reserve funds (note a)	–	–	–	203,039	–	–	(203,039)	–
Other	–	–	(1,043)	–	9,733	–	(8,110)	580
Total contributions by and distributions to owners of the Company	–	(52)	35,672	203,039	9,821	8,883	(208,125)	49,238
As at 31 December 2013	39,068,412	6,964	(494,155)	851,456	(37,725)	(7,950,891)	(17,437,750)	14,006,311

21 Reserves (Continued)

Company

	Capital reserve RMB'000	Statutory reserve fund RMB'000	Retained profits RMB'000	Exchange reserve RMB'000	Total RMB'000
As at 1 January 2014	**39,134,574**	**913,032**	**3,271,598**	**(3,342,792)**	**39,976,412**
Loss for the year	**–**	**–**	**(458,788)**	**–**	**(458,788)**
As at 31 December 2014	**39,134,574**	**913,032**	**2,812,810**	**(3,342,792)**	**39,517,624**

	Capital reserve RMB'000	Statutory reserve fund RMB'000	Retained profits RMB'000	Exchange reserve RMB'000	Total RMB'000
As at 1 January 2013	39,134,574	648,417	1,317,571	(3,342,792)	37,757,770
Profit for the year	–	–	2,218,642	–	2,218,642
Transfer to statutory reserve funds (note a)	–	203,039	(203,039)	–	–
As at 31 December 2013	39,134,574	851,456	3,333,174	(3,342,792)	39,976,412

Notes:

(a) Statutory reserve fund

In accordance with the PRC Company Law and the Company's articles of association, the Company is required to allocate 10% of net profit of the Company, as determined in accordance with the China Accounting Standards, to the statutory reserve fund until such statutory reserve fund reaches 50% of the registered capital of the Company. The appropriation to the statutory reserve fund must be made before any distribution of dividends to equity holders. The statutory reserve fund can be used to offset previous year's losses, if any, and part of the statutory reserve fund can be capitalised as the Company's share capital provided that the amount of such statutory reserve fund remaining after the capitalisation shall not be less than 25% of the share capital of the Company.

(b) In accordance with the articles of association of the Company, the profit available for appropriation by the Company for the purpose of dividend payments is based on the lesser of (i) the net profit determined in accordance with the CAS; and (ii) the net profit determined in accordance with HKFRSs. Profit distribution is made after the appropriation to statutory reserve fund and recovery of previous years' losses.

(c) Other reserves of the Group as at 31 December 2014 represented capital reserve and other reserves of joint ventures and associates, and remeasurements of post-employment benefit obligations.

(d) Capital reserve mainly represents the capitalisation of the reserves of the acquired subsidiaries from the parent company upon the incorporation of the Company on 3 March 2005 and the share premium (net with share issuance expenses) arising upon issuance of the Company's H-shares and A-shares in 2005 and 2007.

21 Reserves (Continued)

(e) Business combinations under common control

On 31 December 2013, the Group completed the acquisition of 51% equity interest in Sea Trade International Transportation Agency Co., Ltd. ("Seatrade") and 100% equity interest in Welley Shipping Limited ("Welley"). The parent company of Seatrade and Welley is COSCO and the aforesaid transactions are regarded as business combination under common control. Statements of adjustments for common control combinations on the consolidated balance sheets as at 31 December 2013 and the Group's result for the year then ended are as follows:

	The Group before Acquired Subsidiaries RMB'000	Effect of adoption of merger accounting RMB'000	Year ended as at 31 December 2013 RMB'000
Year ended 31 December 2013			
Continuing operations			
Revenues	65,941,990	195,871	66,137,861
(Loss)/profit before income tax	(1,513,860)	264	(1,513,596)
Income tax expenses	(299,447)	(25)	(299,472)
(Loss)/profit for the year	(1,813,307)	239	(1,813,068)

	The Group before Acquired Subsidiaries RMB'000	Effect of adoption of merger accounting RMB'000	Year ended as at 31 December 2013 RMB'000
As at 31 December 2013			
ASSETS			
Non-current assets	97,346,499	4,518	97,351,017
Current assets	64,466,371	44,719	64,511,090
Total assets	161,812,870	49,237	161,862,107
EQUITY			
Capital and reserves			
Share capital	10,216,274	—	10,216,274
Reserves	14,007,879	(1,568)	14,006,311
	24,224,153	(1,568)	24,222,585
Non-controlling interests	17,893,214	(1,992)	17,891,222
Total equity	42,117,367	(3,560)	42,113,807
LIABILITIES			
Non-current liabilities	71,677,906	—	71,677,906
Current liabilities	48,017,597	52,797	48,070,394
Total liabilities	119,695,503	52,797	119,748,300
Total equity and liabilities	161,812,870	49,237	161,862,107

22 Long-term borrowings

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank loans				
– secured (note i)	**21,475,272**	20,244,211	**–**	–
– unsecured	**44,579,185**	46,245,280	**–**	–
Loans from COSCO Finance				
– unsecured	**134,474**	121,328	**–**	–
Other loans				
– unsecured	**20**	20	**–**	–
Finance lease obligations	**–**	71,126	**–**	–
Notes/bonds (note c)	**16,720,554**	26,642,997	**8,867,496**	18,830,407
Loans from non-controlling shareholders of subsidiaries (note d)	**905,949**	304,845	**–**	–
Total long-term borrowings	**83,815,454**	93,629,807	**8,867,496**	18,830,407
Current portion of long-term borrowings	**(15,758,769)**	(25,278,430)	**–**	(9,990,000)
	68,056,685	68,351,377	**8,867,496**	8,840,407

Notes:

(a) The long-term borrowings are analysed as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Wholly repayable within five years				
– Bank loans	**55,327,840**	55,185,723	**–**	–
– Loans from COSCO Finance	**134,474**	121,328	**–**	–
– Other loans	**20**	20	**–**	–
– Notes	**3,952,999**	13,930,999	**3,952,999**	13,930,999
– Finance lease obligations	**–**	71,126	**–**	–
– Loans from non-controlling shareholders of subsidiaries	**905,949**	304,845	**–**	–
	60,321,282	69,614,041	**3,952,999**	13,930,999
Not wholly repayable within five years				
– Bank loans	**10,726,617**	11,303,768	**–**	–
– Notes	**12,767,555**	12,711,998	**4,914,497**	4,899,408
	23,494,172	24,015,766	**4,914,497**	4,899,408
	83,815,454	93,629,807	**8,867,496**	18,830,407

22 Long-term borrowings (Continued)

(b) As at 31 December 2014, the long-term borrowings were repayable as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank loans				
– within one year	**15,758,136**	15,274,152	**–**	–
– in the second year	**21,686,745**	19,765,014	**–**	–
– in the third to fifth years	**17,882,959**	20,146,557	**–**	–
– after the fifth year	**10,726,617**	11,303,768	**–**	–
	66,054,457	66,489,491	**–**	–
Loans from COSCO Finance				
– within one year	**613**	609	**–**	–
– in the second year	**120,544**	120,719	**–**	–
– in the third to fifth years	**13,317**	–	**–**	–
	134,474	121,328	**–**	–
Other loans				
– within one year	**20**	20	**–**	–
Finance lease obligations				
– within one year	**–**	13,669	**–**	–
– in the second year	**–**	14,803	**–**	–
– in the third to fifth years	**–**	42,654	**–**	–
	–	71,126	**–**	–
Notes				
– within one year	**–**	9,990,000	**–**	9,990,000
– in the second year	**–**	–	**–**	–
– in the third to fifth years	**3,952,999**	3,940,999	**3,952,999**	3,940,999
– after the fifth year	**12,767,555**	12,711,998	**4,914,497**	4,899,408
	16,720,554	26,642,997	**8,867,496**	18,830,407
Loans from non-controlling shareholders of subsidiaries				
– in the second year	**905,949**	304,845	**–**	–
	83,815,454	93,629,807	**8,867,496**	18,830,407

22 Long-term borrowings (Continued)

(c) Details of the notes as at 31 December 2014 are as follows:

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Principal amount	**17,174,650**	27,174,650	**9,000,000**	19,000,000
Discount on issue	**(90,439)**	(90,439)	**–**	–
Notes issuance cost	**(424,183)**	(424,183)	**(384,891)**	(384,891)
Proceeds received	**16,660,028**	26,660,028	**8,615,109**	18,615,109
Currency translation differences	**(217,136)**	(245,113)	**–**	–
Accumulated amortised amounts of				
– discount on issue	**17,422**	8,826	**–**	–
– notes issuance cost	**260,240**	219,256	**252,387**	215,298
	16,720,554	26,642,997	**8,867,496**	18,830,407

(i) Notes issued by the Company

Notes with principal amount of RMB10,000,000,000, which bore interest at a fixed rate of 3.77%, was issued by the Company to investors on 21 April 2009 at a price equal to the principal amount. The interest was payable annually in arrears and it was matured at its principal amount on 22 April 2014.

Notes with principal amount of RMB5,000,000,000 and RMB4,000,000,000, which bear interest at a fixed rate of 4.35% and 5.45% per annum, were issued by the Company to investors on 3 September 2010 and 29 November 2011 respectively at a price equal to the principal amount. The notes will mature at their principal amount on 6 September 2020 and 30 November 2018 respectively.

(ii) Notes and bonds issued by subsidiaries

On 3 December 2012, COSCO Finance (2011) Limited, a subsidiary of the Company, issued bonds with an aggregate principal amount of US$1,000,000,000 (equivalent to approximately RMB6,285,500,000). The bonds carry a fixed interest yield of 4.00% per annum and were issued at a price of 98.766% of their principal amount. The bonds bear interest from 3 December 2012, payable semi-annually in arrears. The bonds are guaranteed by an irrevocable standby letter of credit issued by Bank of China Limited, Beijing Branch. The bonds have been listed on The Stock Exchange of Hong Kong Limited. Unless previously redeemed or repurchased by COSCO Finance (2011) Limited, the bonds will mature on 3 December 2022 at their principal amount. The bonds are subject to redemption in whole, at the option of COSCO Finance (2011) Limited at any time in the event of certain changes affecting the taxes of certain jurisdictions at their principal amount together with accrued interest, or at any time after 3 December 2017 at a redemption price.

10-year notes with principal amount of US$300,000,000 (equivalent to approximately RMB1,835,700,000) were issued by a subsidiary of the Company to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320 per cent of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US$2,040,000 (equivalent to approximately RMB12,483,000). The notes bear interest from 31 January 2013, payable semi-annually in arrear on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by the Company and listed on the Stock Exchange. Unless previously redeemed or repurchased by the Company, the notes will mature on 31 January 2023 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting the taxes of certain jurisdictions.

22 Long-term borrowings (Continued)

(d) As at 31 December 2014 and 2013, balance of bank borrowings of US$50,000,000 (equivalent to approximately RMB305,950,000) (2013: approximately RMB304,845,000) was unsecured, interest free and not repayable within next twelve months. As at 31 December 2014, balance of bank borrowings of US$98,055,000 (equivalent to approximately RMB599,999,000) (2013: nil) was unsecured, bore interest at 6% per annum and wholly repayable on or before Oct 2016.

(e) The exposure of the Group's long-term borrowings to interest rate changes and the contractual repricing dates at balance sheet date are as follows:

	Less than one year RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2014				
Total borrowings	**64,201,165**	**6,540,786**	**13,073,503**	**83,815,454**
As at 31 December 2013				
Total borrowings	74,314,482	6,506,910	12,808,415	93,629,807

(f) The effective interest rates per annum of the long-term borrowings as at 31 December 2014 were as follows:

		2014		
	US dollar	**RMB**	**EURO**	**Singapore dollar**
Bank borrowings	**0.7% to 3.7%**	**3.2% to 6.6%**	**1.4%**	**2.3%**
Borrowings from COSCO Finance	**1.8%**	**4.8%**	**—**	**—**
Other borrowings	**—**	**—**	**—**	**—**
Notes	**4.0% to 4.4%**	**3.8% to 5.5%**	**—**	**—**
Borrowings from non-controlling shareholders of subsidiaries	**—**	**6.0%**	**—**	**—**

		2013		
	US dollar	RMB	EURO	Singapore dollar
Bank borrowings	0.6% to 4.3%	3.1% to 7.7%	—	2.3%
Borrowings from COSCO Finance	1.4% to 1.9%	5.8% to 6.2%	—	—
Other borrowings	—	—	—	2.5% to 4.3%
Finance lease obligations	8.3%	—	—	—
Notes	4.0% to 5.9%	3.8% to 5.5%	—	—
Borrowings from non-controlling shareholders of subsidiaries	—	—	—	—

As at 31 December 2014, balance of RMB62,736,312,000 (2013:RMB 61,958,038,000) of bank loans bore floating interest rates.

22 Long-term borrowings (Continued)

(g) The carrying amounts and fair values of the long-term borrowings are as follows:

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank loans	**66,054,457**	66,489,491	**66,054,400**	66,484,084
Loans from COSCO Finance	**134,474**	121,328	**134,474**	121,328
Other loans	**20**	20	**20**	20
Finance lease obligations	**–**	71,126	**–**	71,126
Notes	**16,720,554**	26,642,997	**16,805,397**	26,360,979
Loans from non-controlling shareholders of subsidiaries	**905,949**	304,845	**905,949**	304,845
	83,815,454	93,629,807	**83,900,240**	93,342,382

The fair values are based on cash flows discounted by respective rates as set out in note 22(f) above.

(h) The carrying amounts of the long-term borrowings are denominated in the following currencies:

	2014	2013
	RMB'000	RMB'000
US dollar	**69,109,136**	68,933,685
RMB	**13,225,724**	23,017,771
EURO	**1,480,594**	1,678,333
Singapore dollar	**–**	18
	83,815,454	93,629,807

(i) The secured bank loans as at 31 December 2014 are secured, inter alia, by one or more of the following:

(i) First legal mortgage over certain property, plant and equipment with aggregate net book value of RMB34,776,361,000 (2013: RMB33,098,947,000) (notes 6(b) and 6(c));

(ii) Two vessels with aggregate net book value of RMB587,386,000 (2013: RMB613,113,000) under Vessel Financing Lease Arrangements (note 6(d));

(iii) Assignments of the charter, rental income and earnings, requisition compensation and insurance relating to certain container vessels;

(iv) Shares of certain subsidiaries; and

(v) Bank accounts of certain subsidiaries (note 17(a)).

(j) The exposure of long term borrowings to interest rate changes and the contractual repricing dates are as follows:

	Less than one year RMB'000	One to five years RMB'000	More than five years RMB'000	Total RMB'000
At 31 December 2014 Total borrowings	**64,201,145**	**6,846,756**	**12,767,553**	**83,815,454**
At 31 December 2013 Total borrowings	74,314,482	6,506,910	12,808,415	93,629,807

23 Provisions and other liabilities

Group

	Retirement benefit obligations RMB'000 (note a)	Provision for onerous contracts RMB'000 (notes b, 4(iii))	Provision for one-off housing subsidies RMB'000	Deferred income and others RMB'000	Total RMB'000
For the year ended 31 December 2014					
As at 1 January 2014	**1,035,733**	**596,301**	**81,160**	**173,405**	**1,886,599**
Decrease during the year	**(195,586)**	**(599,998)**	**(5,920)**	**(29,166)**	**(830,670)**
Provisions for the year	**227,754**	**387,380**	**3,228**	**88,129**	**706,491**
Currency translation differences	**85**	**2,244**	**–**	**306**	**2,635**
As at 31 December 2014	**1,067,986**	**385,927**	**78,468**	**232,674**	**1,765,055**
Less: current portion of provisions and other liabilities	**(70,423)**	**(385,927)**	**–**	**(37,139)**	**(493,489)**
Non-current portion of provisions and other liabilities	**997,563**	**–**	**78,468**	**195,535**	**1,271,566**
For the year ended 31 December 2013					
As at 1 January 2013	1,177,912	1,433,722	183,911	90,466	2,886,011
Decrease during the year	(202,212)	(1,416,202)	(6,677)	(101,974)	(1,727,065)
Provisions for the year	62,345	604,663	3,917	205,055	875,980
Currency translation differences	(664)	(25,882)	–	(12,936)	(39,482)
Disposal of a subsidiary	(1,648)	–	(99,991)	(7,206)	(108,845)
As at 31 December 2013	1,035,733	596,301	81,160	173,405	1,886,599
Less: current portion of provisions and other liabilities	(171,877)	(420,745)	–	(10,035)	(602,657)
Non-current portion of provisions and other liabilities	863,856	175,556	81,160	163,370	1,283,942

23 Provisions and other liabilities (Continued)

Notes:

(a) Retirement benefit obligations

	Group 2014 RMB'000	2013 RMB'000
Balance sheet obligations for:		
Multi-employer defined benefits plans for US employees (note (i))	**17,111**	20,181
Early-retirement benefits for PRC employees (note (ii))	**177,491**	223,483
Post-retirement benefits for PRC employees (note (ii))	**873,384**	792,069
	1,067,986	1,035,733
Expensed in income statement for:		
Multi-employer defined benefits plans for US employees (note (i))	**–**	–
Early-retirement benefits for PRC employees (note (ii))	**48,517**	(3,882)
Post-retirement benefits for PRC employees (note (ii))	**(42,614)**	66,227
	5,903	62,345

(i) Multi-employer defined benefit plan

As the actuary is unable to provide sufficient information to the Group's proportional share of the defined benefit obligation and the assets and expenses associated with the multi-employer plan and there is no agreement on the future allocation of surplus/shortfall from the plan, the multi-employer defined benefit plan has been accounted for as a defined contribution plan.

(ii) Retirement benefits for PRC employees

The Group recognises a liability for the present value of the unfunded obligations relating to retirement benefits payable to certain normal retired or early retired employees in the consolidated balance sheet. The liability related to the benefit obligations for eligible retired employees existing at year end is calculated by an independent actuary, Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch, using the projected unit credit method. The actuarial liabilities of early retirement and post retirement as at 31 December 2014 totalled RMB1,050,875,000 (2013: RMB1,015,552,000). If the discount rate used to increase/decrease by 0.25% from management's estimates with all other variables held constant, the carrying amount of retirement benefit obligations as at 31 December 2014 would have been RMB19,650,000 lower or RMB20,410,000 higher.

Movements of the net liabilities recognised in the consolidated balance sheets are as follows:

	2014			2013		
	Early retirement RMB'000	Post retirement RMB'000	Total RMB'000	Early retirement RMB'000	Post retirement RMB'000	Total RMB'000
As at 1 January	**223,483**	**792,069**	**1,015,552**	328,418	825,673	1,154,091
Charged/(credited) to the consolidated income statement	**48,517**	**(42,614)**	**5,903**	(3,882)	66,227	62,345
Remeasurements of post-employment benefit obligations	**–**	**221,851**	**221,851**	–	–	–
Benefits paid	**(94,509)**	**(97,922)**	**(192,431)**	(99,405)	(99,831)	(199,236)
Disposal of a subsidiary	**–**	**–**	**–**	(1,648)	–	(1,648)
As at 31 December	**177,491**	**873,384**	**1,050,875**	223,483	792,069	1,015,552

23 Provisions and other liabilities (Continued)

(a) Retirement benefit obligations (Continued)

(ii) Retirement benefits for PRC employees (Continued)

The amounts of retirement benefit costs recognised in the consolidated income statement comprise:

	2014 Early retirement RMB'000	2014 Post retirement RMB'000	2014 Total RMB'000	2013 Early retirement RMB'000	2013 Post retirement RMB'000	2013 Total RMB'000
Interest cost	23,122	(42,614)	(19,492)	17,055	29,444	46,499
Past service costs	–	–	–	14,200	38,324	52,524
Actuarial loss/(gain)	25,395	–	25,395	(35,137)	(1,541)	(36,678)
	48,517	(42,614)	5,903	(3,882)	66,227	62,345

The principal actuarial assumptions used were as follows:

	2014 Early retirement	2014 Post retirement	2013 Early retirement	2013 Post retirement
Discount rate	3.50%	3.75%	3.17%-4.41%	4.60%-5%
Retirement benefits inflation rates	3%-4.50%	0%-8%	0%-4.8%	0%-4.8%

(b) Provision for onerous contracts

As at 31 December 2014, the Group had a provision of RMB385,927,000 (2013: RMB596,301,000) for onerous contracts relating to the non-cancellable chartered-in dry bulk vessel contracts based on management's estimation basis as mentioned in note 4(iii).

As at 31 December 2014, the committed charterhire expenses of non-cancellable chartered-in dry bulk vessel contracts with lease term expiring over 12 months from the balance sheet date and with period not being covered by chartered-out dry bulk vessel contracts of which management cannot reliably assess their onerous contracts amounted to approximately RMB7,951,441,000 (2013: RMB10,322,056,000).

24 Trade and other payables

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables (note a)				
– third parties	**3,471,235**	3,923,515	**–**	–
– fellow subsidiaries	**871,024**	1,242,575	**–**	–
– joint ventures	**96,830**	72,263	**–**	–
– associates	**5,937**	6	**–**	–
– other related companies	**384,839**	195,677	**–**	–
	4,829,865	5,434,036	**–**	–
Bills payables (note a)	**71,420**	29,020	**–**	–
	4,901,285	5,463,056	**–**	–
Advances from customers	**492,500**	685,414	**–**	–
Other payables and accruals (note b)	**8,992,782**	10,426,941	**295,086**	487,304
Due to related companies				
– fellow subsidiaries (note d)	**252,949**	280,629	**–**	–
– joint ventures (note d)	**238,054**	184,166	**–**	–
– associates (note d)	**13,307**	18,035	**–**	–
– other related companies (note e)	**486,439**	1,093,467	**–**	–
	990,749	1,576,297	**–**	–
Total	**15,377,316**	18,151,708	**295,086**	487,304

Notes:

(a) As at 31 December 2014, the ageing analysis of trade and bills payables is as follows:

	2014	2013
	RMB'000	RMB'000
1-6 months	**4,515,959**	5,156,073
7-12 months	**149,320**	82,313
1-2 years	**158,800**	122,052
2-3 years	**37,711**	39,877
Above 3 years	**39,495**	62,741
	4,901,285	5,463,056

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

24 Trade and other payables (Continued)

(b) Other payables and accruals

	Group 2014 RMB'000	Group 2013 RMB'000	Company 2014 RMB'000	Company 2013 RMB'000
Salary and welfare payables	**1,230,321**	1,340,874	**82,582**	58,211
Accruals for voyages costs	**2,387,951**	2,788,906	**–**	–
Accruals for vessel costs	**2,625,199**	2,589,881	**–**	–
Interest payables	**168,478**	452,304	**–**	350,153
Others	**2,580,833**	3,254,976	**212,504**	78,940
	8,992,782	10,426,941	**295,086**	487,304

(c) The carrying amounts of trade and other payables (excluding advances from customers) are denominated in the following currencies:

	2014 RMB'000	2013 RMB'000
US dollar	**9,112,702**	11,611,017
RMB	**4,179,972**	4,266,292
EURO	**586,201**	651,909
HK dollar	**258,043**	197,173
Other currencies	**747,898**	739,903
Total	**14,884,816**	17,466,294

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

(e) The balance including advances from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of US$8,292,000 (equivalent to approximately RMB50,739,000) (2013: US$8,193,000 (equivalent to approximately RMB49,952,000)) bears interest at 0.6% above 1-year US dollar LIBOR per annum. Balance of US$49,681,000 (equivalent to approximately RMB303,998,000) (2013: Balance of US$49,681,000 (equivalent to approximately RMB302,900,000)) is interest free. As at 31 December 2013, Balance of US$32,804,000 (equivalent to approximately RMB200,003,000) bears interest at 5.13% per annum and balance of US$65,607,000 (equivalent to approximately RMB399,999,000) bears interest at 6.77% per annum.

(f) The carrying amounts of trade and other payables (excluding advances from customers) approximate their fair values.

25 Short-term borrowings

	Group 2014 RMB'000	Group 2013 RMB'000
Bank loans – unsecured	**3,007,600**	2,715,570
COSCO Finance – unsecured	**120,000**	50,000
	3,127,600	2,765,570

25 Short-term borrowings (Continued)

Notes:

(a) The effective interest rates of short-term borrowings as at 31 December 2014 were in the range of 2.43% to 5.40% (2013: 2.07% to 5.40%) per annum.

(b) The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts of the short-term borrowings are denominated in the following currencies:

	2014 RMB'000	2013 RMB'000
US dollar	2,447,600	2,615,570
RMB	680,000	150,000
	3,127,600	2,765,570

26 Other income, net

	2014 RMB'000	2013 RMB'000
Dividend income from listed and unlisted investments	160,119	115,237
Government subsidy for the demolition of vessels (note 27)	1,379,000	—
Other government subsidies	363,720	290,031
Gain/(loss) on disposal of/write off property, plant and equipment, net		
– container vessels	(1,041,206)	(268,930)
– dry bulk vessels	(28,277)	244,176
– containers	39,877	2,646
– others	10,941	(26,119)
Gain on disposal of available-for-sale financial assets	9,000	123
Loss on disposal of joint ventures and associates	—	(9,792)
Net (loss)/gain on derivatives financial instruments	(33,510)	3,436
Reversal of provision for impairment of trade and other receivables	52,078	71,677
Provision for impairment of trade and other receivables	(42,739)	(64,010)
Net exchange loss	(249,758)	(17,538)
Compensation expense	(136,287)	(287,263)
Compensation income	91,207	29,884
Donations	(346)	(1,006)
Impairment of available-for-sale financial assets	(32,039)	(31,607)
Gain on fair value change on share appreciation rights	14,379	18,814
Reversal of provision for litigation	183,357	—
Others	(20,944)	4,874
Total	718,572	74,633

27 Government subsidy for the demolition of vessels

	2014 RMB'000	2013 RMB'000
Subsidy	1,379,000	—

Note:

In September 2014, the Company received a subsidy of RMB1,379,000,000 from the Ministry of Finance ("MoF") through COSCO in respect of the demolition of vessels in accordance with the "Implementation Plan for Early Retirement and Replacement of Obsolete and Worn-out Transportation Vessels And Single-hull Oil Tankers" (《老舊運輸船舶和單殼油輪提前報廢更新實施方案》) and "Administrative Measure For The Special Subsidies Given By The Central Finance To Encourage Retirement And Replacement Of Obsolete and Worn-out Transportation Vessels And Single-hull Oil Tankers" (《老舊運輸船舶和單殼油輪報廢更新中央財政補助專項資金管理辦法》) jointly promulgated by MoF, the Ministry of Transport, the Development and Reform Commission, and the Ministry of Industry and Information Technology of China.

28 Gain on disposal of a joint venture and an available-for-sale financial asset

	2014 RMB'000	2013 RMB'000
Gain on disposal of a joint venture (note a)	394,305	—
Gain on disposal of an available-for-sale financial asset (note b)	214,025	—
	608,330	—

Notes:

(a) On 30 October 2014, Shanghai Ocean Shipping Co., Ltd ("COSCO Shanghai"), a wholly owned subsidiary of the Company, entered into an agreement with Shanghai Ocean Industrial Co., Ltd ("Shanghai Ocean Industrial"), a wholly owned subsidiary of COSCO, pursuant to which COSCO Shanghai agreed to transfer 48.07% equity interest in Ocean Hotel Shanghai CO., Ltd ("COSCO Shanghai Hotel"), a joint venture, to Shanghai Ocean Industrial at a consideration of RMB328,107,000. After the disposal, COSCO Shanghai Hotel ceased to be a joint venture of the Group and the Group's remaining 10% equity interests in COSCO Shanghai Hotel is classified as available-for-sale financial assets (note 14). The disposal was completed on 10 November 2014 and resulted in a net gain of RMB394,305,000.

(b) On 30 October 2014, Tianjin Ocean Shipping Co., Ltd ("COSCO Tianjin"), a wholly owned subsidiary of the Company, entered into the an agreement with COSCO, pursuant to which COSCO Tianjin conditionally agreed to transfer 3% equity interest in COSCO Shipyard Group Co., Ltd ("COSCO Shipyard"), to COSCO at a consideration of RMB259,353,000. Upon completion of the COSCO Shipyard disposal, the Company will cease to hold any interest in COSCO Shipyard. The disposal was completed on 28 December 2014 and resulted in a net gain of RMB214,025,000.

29 Gain on disposal of subsidiaries

On 29 August 2013, Qingdao Ocean Shipping Co., Ltd ("COSCO Qingdao") (a wholly-owned subsidiary of the Company) as vendor and Yuehon Investments Limited ("Yuehon"), a wholly owned subsidiary of COSCO (Hong Kong) Group Limited ("CHKG") as purchaser entered into the COSCO (Qingdao) Assets Management Co., Ltd ("Qingdao Management") equity transfer agreement, pursuant to which COSCO Qingdao agreed to sell, and Yuehon agreed to purchase, the 81% equity interest in Qingdao Management; and COSCO Container Lines Co., Ltd ("COSCON") (a wholly-owned subsidiary of the Company) as vendor, and Ling Hui Investments Limited ("Ling Hui"), a wholly owned subsidiary of CHKG as purchaser, entered into the Shanghai Tianhongli Asset Management Co. Ltd. ("Shanghai Tianhongli") equity transfer agreement, pursuant to which COSCON agreed to sell, and Ling Hui agreed to purchase, the 81% equity interest in Shanghai Tianhongli. Yuehong and Ling Hui are wholly-owned subsidiaries of CHKG. The aggregate consideration for the Qingdao Management disposal and the Shanghai Tianhongli disposal is RMB3,738,403,000. After the disposals, Qingdao Management and Shanghai Tianhongli ceased to be subsidiaries of the Group and the Group's remaining 19% equity interests in these two companies are classified as available-for-sale financial assets (note 14).

At the end of November 2013, the Group completed the disposals of Shanghai Tianhongli and Qingdao Management, details of the sales proceeds and gains on disposal are as follows:

	RMB'000
Property, plant and equipment	261,499
Investment properties	455,317
Leasehold land and land use rights	331,557
Intangible assets	26,471
Cash and cash equivalents	227,537
Restricted bank deposits	2,820
Trade and other receivables	21,412
Trade and other payables	(64,576)
Tax payable	(3,875)
Deferred income tax liabilities	(92,559)
Net assets	1,165,603
Less: non-controlling interests	(221,465)
Net assets disposed of	944,138
Other gains,including fair value gain of residual investments	3,690,633
Sales proceeds – cash received	3,738,403
Less: cash and cash equivalents of subsidiary disposed of	(227,537)
Net cash inflow on disposal of subsidiaries	3,510,866

30 Expenses by nature

	2014 RMB'000	2013 RMB'000
Cost of services and inventories sold (note a)		
Container shipping and dry bulk shipping costs		
– Equipment and cargo transportation costs	19,133,576	17,757,865
– Voyage costs (note b)	16,501,546	19,011,981
– Vessel costs (note c)	15,418,821	17,220,097
– Provision for onerous contracts (note 23)	387,380	604,663
– Others	1,473,283	1,172,686
Freight forwarding and shipping agency costs	5,987,147	7,556,011
Terminal operating and other direct costs	2,071,510	1,924,398
Cost of inventories sold	792,966	731,054
Container depreciation and other direct costs	1,021,703	928,032
Business tax	89,451	123,405
Total	62,877,383	67,030,192
Selling, administrative and general expenses		
Administrative staff costs	2,938,151	2,808,755
Depreciation and amortisation	199,502	201,141
Rental expense	244,669	186,036
Office expense	139,844	142,281
Transportation and travelling expense	126,550	130,573
Legal and professional fees	121,501	100,629
Auditors' remuneration	40,785	44,696
Telecommunication and utilities	95,593	102,101
Repair and maintenance expense	51,821	44,099
Others	349,811	415,596
Total	4,308,227	4,175,907

Notes:

(a) It included depreciation and amortisation expenses of RMB3,923,046,000 (2013: RMB3,700,756,000) and operating lease rentals of RMB7,938,540,000 (2013: RMB9,028,109,000) respectively.

(b) Voyage costs mainly comprised bunkers, port charges and commission expenses.

(c) Vessel costs mainly comprised operating lease rentals and depreciation of vessels.

31 Finance income and costs

	2014 RMB'000	2013 RMB'000
Finance income		
Interest income from:		
– deposits with COSCO Finance (note 17(b))	**262,378**	226,646
– loans to joint ventures and an associate (note 13)	**30,413**	14,916
– banks	**705,709**	781,207
	998,500	1,022,769
Finance costs		
Interest expenses on:		
– bank loans	**(1,753,380)**	(1,831,734)
– other loans wholly repayable within five years	**(50,299)**	(54,558)
– loans with COSCO Finance (notes 22 and 25)	**(7,705)**	(19,452)
– finance lease obligations	**(8,911)**	(7,083)
– notes/bonds (note 22(c))	**(871,772)**	(1,162,895)
Fair value loss on derivative financial instruments	**–**	(53,065)
Fair value adjustment of notes attributable to interest rate risk	**–**	69,648
	–	16,583
	(2,692,067)	(3,059,139)
Amortised amount of transaction costs on long-term borrowings	**(81,060)**	(90,371)
Amortised amount of discount on issue of notes	**(1,689)**	(10,668)
Other incidental borrowing costs and charges	**(246,344)**	(187,553)
Less: amount capitalised in construction in progress (note 6(e))	**55,192**	135,449
	(2,965,968)	(3,212,282)
Net related exchange gain	**66,214**	876,744
Net finance costs	**(1,901,254)**	(1,312,769)

32 Income tax

	2014 RMB'000	2013 RMB'000
Current income tax (note a)		
– PRC enterprise income tax	**279,167**	218,679
– Hong Kong profits tax	**5,578**	4,784
– Overseas taxation	**139,871**	112,735
Under provision in prior years	**676**	2,473
	425,292	338,671
Deferred income tax	**(1,468,826)**	(39,199)
	(1,043,534)	299,472

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% (2013: 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% (2013: 12.5% to 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

(b) The taxation on the Group's profit/(loss) before income tax from continuing operations differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2014 RMB'000	2013 RMB'000
Profit/(loss) before income tax from continuing operations	**507,287**	(1,513,596)
Less: Share of profits less losses of joint ventures and associates	**(1,365,811)**	(1,102,145)
	(858,524)	(2,615,741)
Calculated at a tax rate of 25% (2013: 25%)	**(214,631)**	(653,935)
Effect of different tax rates of domestic and overseas entities	**500,326**	480,875
Income not subject to income tax	**(716,033)**	(766,118)
Expenses not deductible for taxation purposes	**551,370**	579,430
Utilisation of previously unrecognised tax losses	**(301,572)**	(237,945)
Tax losses not recognised	**654,911**	994,428
Reversal of previously recognised income tax liabilities	**(1,589,130)**	(88,289)
Withholding income tax upon distribution of profits and payment of interest	**129,887**	103,199
Other temporary differences not recognised	**(59,338)**	(114,646)
Under provision in prior years	**676**	2,473
Income tax	**(1,043,534)**	299,472

32 Income tax (Continued)

(c) The tax credit relating to components of other comprehensive income are as follows:

	2014			2013		
	Before tax RMB'000	**Tax RMB'000**	**After tax RMB'000**	Before tax RMB'000	Tax RMB'000	After tax RMB'000
Fair value gains/(losses) on available-for-sale financial assets, net of tax	**118,529**	**(17,350)**	**101,179**	(32,741)	3,417	(29,324)
Share of other comprehensive loss of joint ventures and associates	**(20,925)**	**–**	**(20,925)**	(9,029)	–	(9,029)
Release of reserves upon disposal of subsidiaries, a joint venture and an associate	**(87,244)**	**–**	**(87,244)**	(375,977)	–	(375,977)
Impairment loss on available-for-sale financial assets	**30,109**	**–**	**30,109**	31,607	–	31,607
Currency translation differences	**(84,079)**	**–**	**(84,079)**	(1,285,436)	–	(1,285,436)
Remeasurements of post-employment benefit obligations	**(221,851)**	**–**	**(221,851)**	–	–	–
Other comprehensive (loss)/income for the year	**(265,461)**	**(17,350)**	**(282,811)**	(1,671,576)	3,417	(1,668,159)
Deferred tax (note 15)		**(17,350)**			3,417	
Total		**(17,350)**			3,417	

33 (Loss)/profit attributable to equity holders of the Company

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB458,804,000 (2013: profit of RMB2,218,642,000).

34 Dividend

The Board of Directors did not recommend the payment of interim or final dividend for the year ended 31 December 2014 and the year ended 31 December 2013.

35 Earnings/(loss) per share

(a) Basic

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

	2014	2013
Profit/(loss) from continuing operations attributable to equity holders of the Company (RMB)	362,529,000	(2,960,159,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	–	3,195,629,000
	362,529,000	235,470,000
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Basic earnings/(loss) per share (RMB)		
From continuing operations	0.0355	(0.2898)
From discontinued operations	–	0.3128
	0.0355	0.0230

(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 2014, and the diluted earnings per share is equal to the basic earnings per share for the year ended 31 December 2014.

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

	2013
Loss from continuing operations attributable to equity holders of the Company (RMB)	(2,960,159,000)
Adjustment of continuing operations on the effect of dilution	(54,000)
	(2,960,213,000)
Profit from discontinued operations attributable to equity holders of the Company (RMB)	3,195,629,000
Adjustment of discontinued operations on the effect of dilution	(79,000)
	3,195,550,000
	235,337,000
Number of ordinary shares in issue	10,216,274,357
Diluted (loss)/earnings per share (RMB)	
From continuing operations	(0.2898)
From discontinued operation	0.3128
	0.0230

36 Staff costs

An analysis of staff costs, including Directors', supervisors' and key management's emoluments, is set out below:

	2014 RMB'000	2013 RMB'000
Wages, salaries and crew expenses (including bonus and share-based payments)	**4,707,556**	4,770,528
Housing benefits (note a)	**333,723**	349,923
Retirement benefits costs		
– defined benefit plans (including multi-employer defined benefit plans) (note 23(a))	**5,903**	61,795
– defined contribution plans (note b)	**692,771**	598,887
Welfare and other expenses	**1,501,293**	1,686,071
	7,241,246	7,467,204

Notes:

(a) These include contributions to PRC government sponsored housing funds (at rates ranging from 7% to 30% of the employees' basic salaries) for full time employees in the PRC during the year.

(b) The employees of the subsidiaries in the PRC participate in various retirement contribution plans organised by the relevant municipal and provincial governments in the PRC under which the Group was required to make monthly contributions to these plans at rates ranging from 10% to 22%, depending on the applicable local regulations, of the employees' basic salaries for the year.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries outside the PRC. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries or fixed sums and length of service. The assets of the schemes are held separately from those of the administered funds independently.

No forfeited contributions were available as at 31 December 2014 and 2013 to reduce future contributions.

Contributions totalling RMB82,679,000 (2013: RMB71,727,000) payable to various retirement benefit plans as at 31 December 2014 are included in trade and other payables.

(c) The staff costs disclosed above do not include staff quarters provided to the Directors, supervisors and the Group's key managements during the year. Further details of the Directors, supervisors and key management's emoluments are disclosed in note 37 of the Consolidated Financial Statements.

37 Emoluments of Directors, supervisors and senior management

(a) Directors', supervisors' and senior management's emoluments

Details of the emoluments paid and payable to the Directors, supervisors and senior management of the Company by the Group in respect of their services rendered for managing the business of the Group during the year are as follows:

	2014 RMB'000	2013 RMB'000
Independent non-executive directors		
– fees	1,939	1,913
Executive and other non-executive directors		
– salaries and allowances	960	1,050
– benefits in kind	(1,239)	(2,325)
	(279)	(1,275)
Supervisors		
– salaries and allowances	2,067	2,211
– benefits in kind	17	(180)
– retirement benefit contributions	76	78
– others	2	1
	2,162	2,110
Senior management		
– salaries and allowances	8,915	11,292
– benefits in kind	1,547	1,478
– retirement benefit contributions	208	211
– others	57	56
	10,727	13,037
	14,549	15,785

Benefits in kind for the year ended 31 December 2014 disclosed above mainly included amortised cost and change in fair value with a net credit of RMB1,702,000 (2013: RMB3,118,000) on outstanding SARs not yet exercised by Directors, supervisors and senior management (note 20(b)).

37 Emoluments of Directors, supervisors and senior management (Continued)

(b) Directors', chief executive's and supervisors' emoluments

Details of the remuneration of each of the Directors, the chief executive and the supervisors are set out below:

Name	Year ended 31 December 2014 Fees RMB'000	Salaries and allowances RMB'000	Benefits in kind RMB'000	Total RMB'000
Mr. Ma Zehua	—	—	—	—
Mr. Li Yunpeng	—	—	(442)	(442)
Ms. Sun Yueying	—	—	(442)	(442)
Mr. Sun Jiakang	—	—	(368)	(368)
Mr. Ye Weilong	—	—	(87)	(87)
Mr. Wang Yuhang	—	—	—	—
Mr. Jiang Lijun	—	960	100	1,060
Ms. Fan Hsu Lai Tai Rita	480	—	—	480
Mr. Kwong Che Keung Gordon	489	—	—	489
Mr. Peter Guy Bowie	480	—	—	480
Mr. Yang, Liang Yee Philip	295	—	—	295
Mr. Teo Siong Seng	195	—	—	195
Mr. Fu Xiangyang	—	—	(74)	(74)
Mr. Song Dawei	—	—	—	—
Mr. Ma Jianhua	—	—	—	—
Mr. Luo Jiulian	—	—	—	—
Mr. Gao Ping	—	937	43	980
Ms. Zhang Li	—	370	93	463
Mr. Wei Qing	—	137	33	170
Mr. Meng Yan	310	—	—	310
Mr. Zhang Jianping	313	—	—	313
	2,562	2,404	(1,144)	3,822

37 Emoluments of Directors, supervisors and senior management (Continued)

(b) Directors', chief executive's and supervisors' emoluments (Continued)

	Year ended 31 December 2013			
Name	Fees RMB'000	Salaries and allowances RMB'000	Benefits in kind RMB'000	Total RMB'000
Mr. Wei Jiafu (resigned during the year)	—	—	(748)	(748)
Mr. Ma Zehua	—	—	—	—
Mr. Li Yunpeng	—	—	(495)	(495)
Ms. Sun Yueying	—	—	(495)	(495)
Mr. Sun Jiakang	—	—	(411)	(411)
Mr. Xu Minjie (resigned during the year)	—	—	(32)	(32)
Mr. Ye Weilong	—	—	(238)	(238)
Mr. Jiang Lijun	—	1,050	94	1,144
Mr. Teo Siong Seng	482	—	—	482
Ms. Fan Hsu Lai Tai Rita	473	—	—	473
Mr. Kwong Che Keung Gordon	485	—	—	485
Mr. Peter Guy Bowie	473	—	—	473
Mr. Song Dawei	—	—	—	—
Mr. Gao Ping	—	810	30	840
Mr. Wei Qing	—	474	74	548
Mr. Luo Jiulian	—	—	—	—
Mr. Ma Jianhua	—	295	(205)	90
Mr. Meng Yan	316	—	—	316
Mr. Zhang Jianping	316	—	—	316
	2,545	2,629	(2,426)	2,748

Notes:

(i) During the year, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. No Directors of the Company waived or agreed to waive any emoluments during the year.

(ii) Mr. Ma Zehua is the chief executive at the same time.

37 Emoluments of Directors, supervisors and senior management (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year are as follows:

	Number of individuals	
	2014	2013
Directors	**–**	–
Employees	**5**	5
	5	5

The details of emoluments paid to the five highest paid individuals, have included 0 (2013: Nil) Directors of the Company as disclosed in note 37(b) above. Details of emoluments paid to the remaining five (2013: five) highest paid non-director individuals for the year ended 31 December 2014 are as follows:

	2014 **RMB'000**	2013 RMB'000
– Salaries and allowances	**10,782**	12,370
– Benefits in kind	**327**	598
– Discretionary bonuses	**2,644**	2,362
– Retirement benefit contributions	**65**	57
– Others	**10**	11
	13,828	15,398

The emoluments of the above non-director individuals fell within the following bands:

	Number of individuals	
	2014	2013
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB1,970,000 to RMB 2,370,000)	**1**	2
HK$3,000,001 to HK$3,500,000 (equivalent to approximately RMB2,370,000 to RMB 2,760,000)	**2**	2
HK$3,500,001 to HK$4,000,000 (equivalent to approximately RMB2,760,000 to RMB 3,160,000)	**1**	–
HK$4,000,001 to HK$4,500,000 (equivalent to approximately RMB3,160,000 to RMB 3,550,000)	**1**	–
HK$7,000,001 to HK$7,500,000 (equivalent to approximately RMB5,520,000 to RMB5,920,000)	**–**	1
	5	5

38 Notes to the consolidated cash flow statement

(a) Reconciliation of profit before income tax to cash generated from/(used in) operations:

	2014 RMB'000	2013 RMB'000
Profit before income tax	507,287	3,743,732
Depreciation		
– property, plant and equipment	4,003,524	3,845,432
– investment properties	29,597	23,863
Amortisation		
– intangible assets	32,293	36,220
– leasehold land and land use rights	49,379	60,282
– concession	11,601	11,762
Amortised amount of transaction costs on long-term borrowings and discount on issue of notes/bonds	82,749	101,039
Dividend income from listed and unlisted investments	(160,119)	(115,237)
Share of profits less losses of		
– joint ventures	(654,494)	(560,752)
– associates	(711,317)	(734,565)
Interest expenses	2,636,875	2,931,244
Interest income	(998,500)	(1,022,769)
Net loss on disposal of property, plant and equipment	1,018,665	48,227
Net (gain)/loss on disposal of joint ventures and associates	(617,330)	9,792
Net gain on disposal of available-for-sale financial assets	—	(123)
Net gain on disposal of subsidiaries	—	(7,974,322)
Other incidental borrowing costs and charges	246,344	187,553
Impairment loss on available-for-sale financial assets	32,039	31,607
Provision for onerous contracts	387,380	604,663
Net loss on disposal of financial instruments	33,510	—
Net exchange loss/(gain)	183,544	(859,206)
Operating profit before working capital changes	6,113,027	368,442
Decrease in inventories	781,347	284,939
Decrease/(increase) in trade and other receivables	1,132,163	(1,004,617)
Decrease in trade and other payables	(2,010,461)	(938,647)
Increase/(decrease) in other tax payable	96,077	(349,711)
Decrease in finance lease receivables	52,371	14,255
Decrease in provisions and other liabilities	(730,545)	(1,495,943)
(Increase)/decrease in restricted bank deposits	(14,097)	233,280
Cash generated from/(used in) operations	5,419,882	(2,888,002)

38 Notes to the consolidated cash flow statement (Continued)

(b) Major non-cash transactions

During the year ended 31 December 2013, 20,981,194 and 103,381,332 new shares were issued by COSCO Pacific for the settlement of 2012 final and 2013 interim scrip dividends, which resulted in an decrease of non-controlling interests by RMB435,035,000 (note 21).

39 Discontinued operations

(a) Disposal of 100% equity interest in COSCO Logistics Co., Ltd

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

The disposal of 100% equity interests in COSCO Logistics was completed by the end of April 2013 ("Completion Date"). Given that COSCO Logistics represented a separate major line of business with separately identifiable operations and cash flows before the disposal, it had been classified as discontinued operation in the Consolidated Financial Statements in 2013.

39 Discontinued operations (Continued)

(a) Disposal of 100% equity interest in COSCO Logistics Co., Ltd (Continued)

The details of the net assets of discontinued operation as at the Completion Date are as follows:

	RMB'000
Property, plant and equipment	2,095,117
Investment properties	23,463
Leasehold land and land use rights	258,238
Intangible assets	62,050
Joint ventures	441,558
Associates	672,962
Available-for-sale financial assets	238,252
Deferred income tax assets	19,741
Restricted bank deposits	226,646
Inventories	241,019
Trade and other receivables	5,213,630
Cash and cash equivalents	3,576,751
Trade and other payables	(5,574,462)
Short-term borrowings	(2,097,477)
Provisions and other liabilities	(108,845)
Deferred income tax liabilities	(21,557)
Tax payable	(50,698)
Net assets	5,216,388
Non-controlling interests	(374,873)
Net assets disposed of	4,841,515
Sales proceeds – cash received	6,738,704
Less: cash and cash equivalents of subsidiary disposed of	(3,576,751)
Net cash inflow on disposal of subsidiary	3,161,953
	211,409
Dividend received	3,373,362

39 Discontinued operations (Continued)

(a) Disposal of 100% equity interest in COSCO Logistics Co., Ltd (Continued)

The results and cash flows of discontinued operation are as follows:

	For the period from 1 January 2013 to Completion Date RMB'000
Revenues	4,986,050
Expenses	(4,645,814)
Profit before tax	340,236
Income tax expense	(74,332)
Profit after tax	265,904
Sales proceeds – cash received	6,738,704
Net assets disposed of	(4,841,515)
Release of reserves upon disposal	(51,468)
Net gain on disposal	1,845,721
Profit for the period from discontinued operation	2,111,625
Attributable to:	
Equity holders of the Company	2,080,620
Non-controlling interests	31,005
Profit for the period from discontinued operation	2,111,625

39 Discontinued operations (Continued)

(a) Disposal of 100% equity interest in COSCO Logistics Co., Ltd (Continued)

	For the period from 1 January 2013 to Completion Date RMB'000
Net cash used in operating activities	(313,453)
Net cash used in investing activities	(29,927)
Net cash generated from financing activities	580,854
Net increase in cash and cash equivalents	237,474
Cash and cash equivalents at beginning of period	3,353,640
Effect of exchange rate changes	(14,363)
Cash and cash equivalents at end of period	3,576,751

(b) Disposal of 21.8% equity interest in China International Marine Containers (Group) Co., Ltd

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

On 13 June 2013, the disposal of 21.8% equity interests in CIMC was approved by the independent shareholders of COSCO Pacific. Given that the container manufacturing and related businesses was identified as a separate operating business of the Group by management before the disposal, CIMC had been classified as discontinued operation in the Consolidated Financial Statements in 2013.

The disposal was completed on 27 June 2013 and resulted in a net gain of US$393,411,000 (approximately RMB2,437,968,000), while the share of profit of CIMC for the period before disposal in 2013 was RMB142,897,000.

40 Contingent liabilities and financial guarantee

(a) 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 transportation, delay in delivery, collision of vessels, early termination of vessel chartering contracts and non-payment of professional fees of certain terminal investment.

As at 31 December 2014, the Group is unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group's Consolidated Financial Statements for the period ended 31 December 2014.

(b) Guarantee

	Group	
	2014	2013
	RMB'000	RMB'000
Bank guarantee to an associate at face value	**83,298**	128,608

A subsidiary of COSCO Pacific provided corporate guarantee to an associate in respect of banking facilities of the associate. The Directors consider that it is not probable for a claim to be made against the Group and the fair value of the guarantee contract is not significant to the Group, and has not been recognised at the balance sheet date.

As at 31 December 2014, the Company provided guarantees for credit facilities and notes granted to its subsidiaries of RMB16,631,358,000 (2013: RMB14,549,623,000).

41 Commitments

(a) Capital commitments

Group

	2014 RMB'000	2013 RMB'000
Authorised but not contracted for		
Containers	**2,141,160**	2,548,504
Terminal equipment	**5,033,465**	2,302,354
Buildings	**1,153,975**	1,162,141
Other property, plant and equipment	**36**	—
Intangible assets	**6,249**	4,817
Investments in terminals and other companies	**205,427**	205,429
	8,540,312	6,223,245
Contracted but not provided for		
Containers	**132,287**	100,843
Containers vessels and dry bulk vessels	**13,693,900**	3,491,871
Terminal equipment	**1,134,989**	1,316,211
Buildings	**29,087**	44,303
Other property, plant and equipment	**14,888**	11,918
Investments in terminals and other companies	**3,504,547**	3,855,159
Intangible assets	**19,750**	10,142
	18,529,448	8,830,447

Amounts of capital commitments relating to the Group's interest in the joint ventures not included in the above are as follows:

	2014 RMB'000	2013 RMB'000
Authorised but not contracted for	**155,472**	36,667
Contracted but not provided for	**59,899**	57,219
	215,371	93,886

As at 31 December 2014 and 2013, the Company has no significant capital commitments.

41 Commitments (Continued)

(b) Operating lease arrangement - where the Group is the lessor

As at 31 December 2014, the Group had future minimum lease receipts under non-cancellable operating leases as follows:

	2014 RMB'000	2013 RMB'000
Containers vessels and dry bulk vessels		
– not later than one year	543,510	1,170,519
– later than one year and no later than five years	130,932	437,105
– later than five years	–	52,311
	674,442	1,659,935
Containers (note)		
– not later than one year	516,417	631,523
– later than one year and no later than five years	951,574	1,109,252
– later than five years	103,572	208,904
	1,571,563	1,949,679
Investment properties and other property, plant and equipment		
– not later than one year	51,167	48,484
– later than one year and no later than five years	59,676	33,008
– later than five years	5,953	3,223
	116,796	84,715
	2,362,801	3,694,329

Note:

The future lease receipts above do not include those lease contracts with the amount of future lease receipts depends on the timing of pick up and drop off of containers by lessees during the lease period of the contracts.

41 Commitments (Continued)

(c) Operating lease commitments - where the Group is the lessee

As at 31 December 2014, the Group had future aggregate minimum payments under non-cancellable operating leases/time charter arrangements as follows:

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Containers vessels and dry bulk vessels				
– not later than one year	**7,162,777**	7,500,706	**–**	–
– later than one year and no later than five years	**17,895,272**	17,214,850	**–**	–
– later than five years	**7,703,570**	9,744,275	**–**	–
	32,761,619	34,459,831	**–**	–
Concession of Piraeus Port (note 16)				
– not later than one year	**255,102**	282,091	**–**	–
– later than one year and no later than five years	**1,396,772**	1,042,680	**–**	–
– later than five years	**21,576,555**	24,657,644	**–**	–
	23,228,429	25,982,415	**–**	–
Containers				
– not later than one year	**269,598**	1,512,684	**–**	–
– later than one year and no later than five years	**497,025**	2,031,832	**–**	–
– later than five years	**–**	58,550	**–**	–
	766,623	3,603,066	**–**	–
Leasehold land, buildings and other property, plant and equipment				
– not later than one year	**276,312**	208,324	**54,661**	37,606
– later than one year and no later than five years	**246,734**	179,567	**53,892**	769
– later than five years	**26,539**	2,325	**–**	–
	549,585	390,216	**108,553**	38,375
	57,306,256	64,435,528	**108,553**	38,375

42 Significant related party transactions

The Company is controlled by COSCO, the parent company and a state-owned enterprise established in the PRC.

COSCO itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO group companies for the interests of financial statements users, although certain of those transactions which are individually or collectively not significant, are exempted from disclosure. The Directors believe that the information of related party transactions has been adequately disclosed in the Consolidated Financial Statements.

In addition to the related party information and transactions disclosed elsewhere in the Consolidated Financial Statements, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the year.

	2014 RMB'000	2013 RMB'000
Continuing operations		
Transactions with COSCO		
Revenues		
Management fee income	14,577	18,730
Expenses		
Sub-charter expenses	117,726	118,900
Rental expenses	34,218	35,518
Transactions with fellow subsidiaries and the related entities of COSCO (including joint ventures and associates)		
Revenues		
Container shipping income	309,795	289,701
Freight forwarding and shipping agency income	5,244	4,981
Vessel services income	23,748	22,787
Crew service income	68,108	76,118
Vessel management income	—	629

Notes to the Consolidated Financial Statements

42 Significant related party transactions (Continued)

	2014 RMB'000	2013 RMB'000
Transactions with fellow subsidiaries and the related entities of COSCO (including joint ventures and associates) (Continued)		
Expenses		
Vessel costs		
Sub-charter expenses	**313,217**	338,852
Charterhire expenses	**35,903**	36,943
Vessel services expenses	**536,861**	677,653
Crew expenses	**19,419**	18,585
Voyage costs		
Bunker costs	**10,162,622**	13,624,919
Port charges	**674,855**	828,035
Equipment and cargo transportation costs		
Commission and rebates	**167,011**	125,075
Cargo and transhipment and equipment and repositioning expenses	**20,571**	18,500
Freight forwarding expenses	**60,172**	63,490
General service expenses	**28,112**	42,446
Management fee expenses	**11,466**	10,999
Rental expenses	**52,661**	55,994
Electricity and fuel expenses	**3,752**	7,791
Others		
Purchase of containers	**1,548,143**	613,145
Transactions with joint ventures of the Group		
Revenues		
Charterhire income	**98,359**	163,109
Management fee and service fee income	**26,396**	25,825
Crew service income	**14,154**	13,202
Expenses		
Voyage costs		
Port charges	**787,264**	860,336
Rental expenses	**4,364**	4,364

42 Significant related party transactions (Continued)

	2014 RMB'000	2013 RMB'000
Transactions with associates of the Group		
Revenues		
Crew service income	12,400	12,400
Expenses		
Vessel costs		
Port charges	270,705	336,214
Container freight charges	9,753	9,612
Others		
Purchase of containers	–	425,305
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	265,878	272,222
Expenses		
Container handling and logistics services fee	120,546	109,116
Electricity and fuel expenses	33,072	30,179

Note:

These transactions were conducted either (i) based on terms as governed by the nine master agreements and subsisting agreements entered into between the Group and COSCO Group, or (ii) based on terms as set out in the underlying agreements, statutory rates or market prices or actual cost incurred, or as mutually agreed between the Group and the parties in concern.

These transactions also included the Group's transactions with COSCO Logistics and its subsidiaries and related entities for the period from the Completion Date to 31 December 2014.

42 Significant related party transactions (Continued)

	For the year ended 31 December 2014 RMB'000	For the period from 1 January 2013 to Completion Date RMB'000
Discontinued operation		
Transactions with subsidiaries of COSCO and its related entities (including joint ventures and associates of COSCO)		
Revenues		
Freight forwarding and shipping agency income	–	8,074
Expenses		
Freight forwarding expenses	–	1,194
Logistics related expenses	–	27,419
Transactions with joint ventures of the Group		
General service expenses	–	2,628

Note:

As at 31 December 2014 and 31 December 2013, majority of the Group's bank balances and bank borrowings are with state-owned banks.

43 Particulars of principal subsidiaries, joint ventures and associates

At 31 December 2014, the Group had the following principal subsidiaries, joint ventures and associates which, in the opinion of the Directors, materially affect the results and/or assets of the Group.

(a) Subsidiaries

As at 31 December 2014, the Group had direct and indirect interests in the following principal subsidiaries:

Name	Place of incorporation/ establishment and operations	Principal activities	Type of legal entity	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company 2014	2013
Capital held directly						
China COSCO Bulk Shipping (Group) Company Ltd.	PRC/Worldwide	Bulk cargo transportation	Limited liability company	RMB25,968,025,395	100%	100%
COSCO Container Lines Company Limited	PRC/Worldwide	Container transportation	Limited liability company	RMB11,088,763,082	100%	100%

43 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

Name	Place of incorporation/ establishment and operations	Principal activities	Type of legal entity	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company	
					2014	2013
China COSCO (HK) Ltd. (formerly known as COSCO Pacific Investment Holdings Limited)	Hong Kong	Investment holding	Limited liability company	HK$500,000 divided into 500 ordinary shares	**100%**	100%
Capital held indirectly						
COSCO Bulk Carrier Co., Ltd.	PRC/Worldwide	Bulk cargo transportation	Limited liability company	RMB6,290,000,000	**100%**	100%
Qingdao Ocean Shipping Co., Ltd.	PRC/Worldwide	Provision of passenger and cargo transportation services	Limited liability company	RMB3,214,000,000	**100%**	100%
Shenzhen Ocean Shipping Company Limited	PRC	Vessel owning and investment holding	Limited liability company	RMB1,195,709,081	**100%**	100%
Prosperity Investment 2011 Limited	British Virgin Islands	Investment holding	Limited liability company	US$100,000	**100%**	100%
Shanghai Pan Asia Shipping Company Limited	PRC	Container transportation	Limited liability company	RMB1,259,983,844	**100%**	100%
Tianjin Binhai COSCO Container Logistics Co., Ltd.	PRC	Container stack, cargo storage and cargo Transportation	Limited liability company	RMB190,000,000	**56.10%**	56.10%
Shanghai Ocean Shipping Co., Ltd.	PRC	Vessel management and manning service	Limited liability company	RMB320,000,000	**100%**	100%
COSCO International Freight Co., Ltd.	PRC	Freight forwarding and transportation	Limited liability company	RMB377,170,094	**100%**	100%
COSCO Container Shipping Agency Company Limited	PRC	Shipping agency	Limited liability company	RMB84,717,009	**100%**	100%
COSCO Southern China International Freight Co., Ltd.	PRC	Freight forwarding	Limited liability company	RMB50,000,000	**100%**	100%
Shanghai COSCON Development Co., Ltd.	PRC	Container stack, cargo Storage and cargo Transportation	Limited liability company	RMB403,000,000	**100%**	100%
COSCO Container Line Agencies Limited	Hong Kong	Shipping agency	Limited liability company	HK$1,063,700 divided into 1,063,700 ordinary shares	**100%**	100%

Notes to the Consolidated Financial Statements

43 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

Name	Place of incorporation/ establishment and operations	Principal activities	Type of legal entity	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company	
					2014	2013
Capital held indirectly (Continued)						
COSCO Container Lines Europe GmbH	German/Europe	Shipping agency	Limited liability company	EURO1,500,000	100%	100%
COSCO Container Lines Japan Co., Ltd.	Japan	Marine services	Limited liability company	JPY40,000,000	100%	100%
COSCO Container Lines Americas, Inc.	United States of America	Shipping agency	Limited liability company	2,900,000 ordinary shares of US$0.01 each	100%	100%
COSCO (Cayman) Mercury Co., Ltd.	Cayman Islands/ Hong Kong	Investment holding	Limited liability company	50,000 ordinary shares of US$50,000	100%	100%
Five Star Shipping & Agency Company Pty Limited	Australia	Shipping agency, freight forwarding and other international sea transport services	Limited liability company	AUD100,000	100%	100%
Tianjin Ocean Shipping Co., Ltd.	PRC	Bulk cargo transportation and investment holding	Limited liability company	RMB868,581,699	100%	100%
COSCO Bulk Carrier Holdings (Cayman) Limited	Cayman Islands/ Singapore	Investment holding	Limited liability company	US$50,000	100%	100%
COSCO Europe Bulk Shipping GmbH	Hamburg, Germany/ Worldwide	Vessel chartering	Sino-foreign equity joint venture	EUR 500,000	50%	50%
COSCO Bulk Carrier Americas Inc.	Delaware, America/ Worldwide	Vessel chartering	Sino-foreign equity joint venture	US$500,000	51%	51%
COSCO Oceania Chartering Pty Ltd	New South Wales, Australia/Worldwide	Vessel chartering	Sino-foreign equity joint venture	AUD 20,002	51%	51%
Golden View Investment Limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	2 ordinary shares of US$2	100%	100%
COSCO (Hong Kong) Shipping Co., Ltd.	Hong Kong	Provision of agency and management services	Limited liability company	HK$3 divided into 3 ordinary shares and HK$20,000,000 divided into 20,000,000 deferred shares	100%	100%
COSCO Pacific Limited	Bermuda	Investment holding	Limited liability company	2,940,437,862 shares of HK$ 0.1 each (2013: 2,912,325,528 shares of HK$ 0.1 each)	44.54%	43.92%

43 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(a) Subsidiaries (Continued)

Name	Place of incorporation/ establishment and operations	Principal activities	Type of legal entity	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company	
					2014	2013
Capital held indirectly (Continued)						
COSCO Investments Limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	1 ordinary share of US$1	**100%**	100%
Quan Zhou Pacific Container Terminal Co., Ltd.	PRC	Operation of terminal	Limited liability company	US$49,900,000	**36.68%**	31.38%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	PRC	Operation of container terminal	Limited liability company	US$36,800,000	**22.72%**	22.39%
Yangzhou Yuanyang International Ports Co., Ltd.	PRC	Operation of terminal	Limited liability company	US$61,500,000	**24.76%**	24.41%
Jinjiang Pacific Ports Development Co., Ltd.	PRC	Operation of terminal	Limited liability company	US$49,900,000	**35.63%**	35.14%
Xiamen Ocean Gate Container Terminal Co., Ltd.	PRC	Operation of container terminal	Limited liability company	RMB1,627,480,000	**31.18%**	30.75%
Piraeus Container Terminal S.A.	Greece	Operation of container terminal	Limited liability company	EURO34,500,000	**44.54%**	43.92%
COSCO Ports (Nansha) Limited	British Virgin Islands/PRC	Investment in a container terminal	Limited liability company	US$10,000	**44.54%**	29.03%
COSCO Ports (ACT) Limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	1 ordinary share of US$1	**100%**	100%
Florens Container Holdings Limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	22,014 ordinary shares of US$22,014	**44.54%**	43.92%
Zhen Sea Shipping Company limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	500,000 ordinary shares of US$500,000	**100%**	100%
Bright Sea Management Limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	1 ordinary share of US$1	**100%**	100%
COSCO Diamond Limited	Hong Kong	Treasury	Limited liability company	US$2,000 divided into 2,000 ordinary shares	**100%**	100%
COSCO Finance (2011) Limited	British Virgin Islands	Financing	Limited liability company	10,000 shares of US$1 each	**100%**	100%

Notes to the Consolidated Financial Statements

43 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures

As at 31 December 2014, the Company had indirect interests in the following principal joint ventures:

Name	Place of incorporation/ establishment and operations	Principal activities	Type of legal entity	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company	
					2014	2013
Ningbo Yuan Dong Terminals Ltd.	PRC	Operation of container terminal	Sino-foreign joint venture	RMB624,000,000	**8.91%**	8.78%
Tianjin Port Euroasia International Container Terminal Co., Ltd.	PRC	Operation of container terminal	Sino-foreign joint venture	RMB1,260,000,000	**13.36%**	13.17%
Qingdao Qianwan Container Terminal Co., Ltd.	PRC	Operation of container terminal	Sino-foreign joint venture	US$308,000,000	**8.91%**	8.78%
Nanjing Port Longtan Container Co., Ltd.	PRC	Operation of container terminal	Limited liability company	RMB1,246,450,000	**8.91%**	8.78%
Shanghai Pudong International Container Terminals Limited	PRC	Operation of container terminal	Sino-foreign joint venture	RMB1,900,000,000	**13.36%**	13.17%
Cheer Dragon Investment Limited	Hong Kong	Investment in terminal	Limited liability company	HK$3 divided into 3 ordinary shares	**14.85%**	14.64%
COSCO-PSA Terminal Private Limited	Singapore	Operation of container terminal	Limited liability company	SGD65,900,000	**21.82%**	21.53%
C & I Shipholding S.A.	Panama	Vessel owning and chartering	Limited liability company	US$15,600,000	**60%**	60%
COSCO Development Shipping Co., Ltd.	PRC	Vessel owning and chartering	Limited liability company	RMB200,000,000	**50.00%**	17.97%
Tianjin YuanHua Shipping Co., Ltd	PRC	Cargo transportation and vessel chartering	Limited liability company	RMB360,000,000	**56.17%**	56.17%
Tangshan COSCO Container Logistics Co., Ltd.	PRC	Container Stack, Cargo Storage, and Cargo Transportation	Limited liability company	RMB170,000,000	**51%**	51%
COSCO-HPHT ACT Limited	British Virgin Islands	Interest holding	Sino-foreign joint venture	1,000 ordinary shares of US$1,000	**50%**	–
Qingdao Port Dongjiakou Ore Terminals CO., Ltd.	PRC	Operation of container terminal	Joint venture	RMB 1,400,000,000	**25%**	–

43 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(c) Associates

As at 31 December 2014, the Company had indirect equity interests in the following principal associates:

Name	Place of incorporation/ establishment and operations	Principal activities	Type of legal entity	Issued/registered and fully paid up capital	Attributable equity interest to the equity holders of the Company	
					2014	2013
COSCO Finance Co., Ltd.	PRC	Banking and related financial services	Limited liability company	RMB800,000,000	**31.25%**	31.25%
Dalian Port Container Terminal Co., Ltd.	PRC	Operation of container terminal	Limited liability company	RMB730,000,000	**8.91%**	8.78%
Suez Canal Container Terminal S.A.E.	Egypt	Operation of container terminal	Limited liability company	1,856,250 ordinary shares of US$ 100 each	**8.91%**	8.78%
Dawning Company Limited	British Virgin Islands/PRC	Investment holding	Limited liability company	200 "A" shares of US $1 each and 800 "B" shares of US $1 each	**8.91%**	8.78%
Wattrus Limited	British Virgin Islands/PRC	Investment holding	Limited liability company	32 "A" shares of US$1 each and 593 "B" shares of US$1 each	**2.28%**	2.26%
Sigma Enterprises Ltd.	British Virgin Islands/PRC	Investment holding	Limited liability company	2,005 "A" shares of US$1 each and 8,424 "B "shares of US$1 each	**7.34%**	7.24%

Notes:

(i) The English names of certain subsidiaries, joint ventures and associates referred to in the Consolidated Financial Statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

(ii) Although the Group held less than 50% or 20% effective equity interests in some subsidiaries and associates as disclosed above, respectively, the Group owns indirectly, through its non-wholly owned subsidiaries, more than 50% of the voting power of those subsidiaries and more than or equal to 20% of the voting power of those associates.

(iii) Although the Group's equity interests in some joint ventures as disclosed above are more than 50%, the Group does not have unilateral control over these joint ventures.

Five Year Financial Summary

For the year ended 31 December 2014

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)		
Revenue	**66,901,438**	66,137,861	68,267,510	84,639,178	96,487,636
Profit/(loss) before income tax	**507,287**	(1,513,596)	(8,591,164)	(7,854,229)	9,209,589
Income tax	**1,043,534**	(299,472)	(519,086)	(1,031,036)	(1,195,844)
Profit/(loss) for the period from continuing operations	**1,550,821**	(1,813,068)	(9,110,250)	(8,885,265)	8,013,745
Profit for the period from discontinued operations	**–**	4,692,490	972,819	–	–
Profit/(loss) for the period	**1,550,821**	2,879,422	(8,137,431)	(8,885,265)	8,013,745
Profit/(loss) attributable to:	**1,550,821**	2,879,422	(8,137,431)	(10,495,295)	6,785,497
– Equity holders of the Company	**(362,529)**	(235,470)	9,559,141	1,610,030	1,228,248
– Non-controlling interests	**1,188,292**	2,643,952	1,421,710	(8,885,265)	8,013,745

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)		
Total assets	**148,788,454**	161,862,107	165,259,530	157,458,885	150,981,892
Total liabilities	**(105,830,496)**	(119,748,300)	(123,559,329)	(107,288,432)	(88,681,037)
Total equity	**42,957,958**	42,113,807	41,700,201	50,170,453	62,300,855

Notes:

(a) The financial figures for the year 2014 and 2013 were extracted from the Consolidated Financial Statements.

(b) The financial figures for the year 2012 to 2010 were extracted from the 2013 annual report. No retrospective adjustment for the common control combinations in 2013 were made on the financial figures for the year 2011 and 2010. No separate disclosures of continuing operations and discontinued operations were made on the financial figures for the year 2011 and 2010.

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