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)

2015

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 30 March 2016.

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. Wan Min (Chairman), Mr. Xu Zunwu (executive Director and acting President), and Mr. Deng Huangjun (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 as considered by the Board:

Pursuant to the audited financial statements of China COSCO for the year 2015, 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 2015 was RMB283,391,000.

Despite the profits recorded in 2015, the Company failed to turn the negative accumulated undistributed profits into positive. After due consideration, the Board recommended that no profit should 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 2015 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

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	WAN Min

II. Contact Persons and Methods

	Secretary to Board of Directors	**Representative of securities affairs**
Name	GUO Huawei	XIAO Junguang
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

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. 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
	Su Chun Sheng 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 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 Address: 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 Address: 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 around the world 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 years for the business development of China COSCO.

In 2015, the global economy underwent significant adjustment. As the imbalance of supply and demand in the international shipping industry remained unsolved, freight rates in the shipping market stood at low levels. The average value of the Baltic Dry Index ("BDI") was 718 points, representing a decrease of 35% as compared to last year. In particular, the average index value for the fourth quarter, which was a traditional peak period, recorded counter-seasonal decrease and significantly dropped to the lowest of 471 points of the year. The annual average index value on China Containerized Freight Index ("CCFI") was 872 points, representing a decrease of 19.7% as compared to 1,086 points for last year. In order to cope with the tremendous challenges by enhancing risk control and sustainability, shipping enterprises pursued reforms and innovation in terms of alliances, mergers and acquisitions, asset reorganization, combination between industry and finance, and application of new technologies. The international shipping industry and other related industries experienced a trend of scale expansion, professional development and alliances.

Under such a difficult environment, China COSCO adopted various measures to increase income and save costs in 2015. The Company recorded net profit attributable to equity holders of the parent of RMB283 million, representing a decrease of 21.8% as compared to the corresponding period of last year. Meanwhile, in response to the new competitive landscape of the shipping industry and to take advantage of the opportunity from "One Belt and One Road", China COSCO announced its reorganization plan in December 2015 based on its development requirement as well as the global economic and industry development trend. Through commissioning and operating container ships and containers of CSCL, acquiring the business network of CSCL and dispose of bulk shipping assets, China COSCO has evolved from an integrated shipping service company to a container shipping service chain conglomerate with focus on development of terminal business, and become the fourth largest container liner of the world and the second largest terminal operator in terms of total throughput. COSCO Pacific, a subsidiary of the Company, also became a listed platform specializing in the development of global terminal business through the acquisition of China Shipping Ports Development Co., Limited and disposal of the container leasing business operated by Florens Container Holdings Limited. Total capacity and shipping route network of the container shipping business further expanded with the optimization of structures of vessel and container fleets, and the terminal network of the Company continued to enlarge, resulting in significant improvement in operating efficiency. Synergies between the container shipping and terminal businesses were also strengthened. Upon the reorganization, China COSCO fully took advantage on the opportunity arising from the transformation of international shipping market and focused on the development of container logistics and terminal businesses. By leveraging on the business synergies, the Company refined its shipping routes and upgraded the international hub port facilities to increase its market share in the global market. Resource allocation was rationalized to support expansion of business scale. After the reorganization, the container fleets of the Company operated a total of 311 vessels and 1.60 million TEUs, accounting for approximately 8% of the total capacity of the world as at mid-March of 2016. With the significant expansion of fleet scale and optimization of fleet structure, the Company's global business network will be upgraded and business volume will see a sharp increase. Attributable to the synergetic benefits from business development, the operating costs will decrease while the operating efficiency will be improved significantly. Profitability of the container shipping business will be enhanced effectively. For the terminal business, the terminal network will consist of the five major port clusters of China as well as overseas hub ports. The terminal network will cover all coastal provinces in China, and the terminal business development along the regions of "One Belt and One Road" will also be promoted. The network of overseas terminals will be further expanded and the allocation of assets will tend to become more balanced, thus reinforcing the competitive strengths of the Company. In addition, the new segments of container business and terminal business will fully capitalize on the synergies between the container logistics and terminal businesses in order to support the stable operation, improve the counter-cyclical management and increase profitability of the Company effectively.

There are many indications that the market condition in 2016 will be severe and enterprises will face challenges in their operation. In view of this, China COSCO will pay close attention to market changes and development. Strategies that focus on four aspects were adopted to expand its scale, enhance its profitability, strengthen its ability to overcome cyclical effect and become an international company. China COSCO strives to achieve its goal of globalization and maintain its sustainable development through carrying out reformation and integration.

In respect of container shipping business, firstly, the Company will put efforts in integration to achieve synergic effect. It will focus on the integration of shipping capacity of routes, marketing and customer resources, vessel assets, information system, alliance cooperation and organizational structure and human resources. Secondly, the Company will optimize its network. Capturing the strategic opportunities of “One Belt and One Road” and the Yangtze River Economic Belt, the Company will expand into and increase investment in emerging markets, regional markets and third country markets. It will also optimize its network arrangement and resource allocation of routes. Thirdly, the Company will refine its fleet structure. The Company will adjust the proportion of large container fleets and proprietary vessels and increase the proportion of energy-efficient and environment friendly vessels based on the market condition and industry development trend in order to meet customers’ demand. Fourthly, alliance cooperation will be consolidated. The Company will further strengthen the depth and coverage of its regional cooperation and share the global market with its cooperative partners. Lastly, the Company will persist in its “customer-oriented” operation philosophy. It will focus on customers’ experience and provide customized services and products. It will also strive for innovation and breakthroughs in its services, processes and products. Coupled with continuous enhancement, the Company will be able to strengthen the competitiveness of its products.

In respect of terminal business, COSCO Pacific will adhere to the four strategies 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. According to the strategy of “One Belt and One Road”, China Pacific will further expedite the development in emerging markets and strategic regions along the Maritime Silk Road and keep close track on investment opportunities in key international port hubs and container entreport in order to promote the international expansion of shipping business and investment in international container terminals. COSCO Pacific will strive to increase the proportion and enhance the development of international terminals. Focusing on optimizing the operation model of controlled terminals and innovating investment channels for acquiring equity interest in terminals, COSCO Pacific will be committed to expanding its business from domestic terminal services to global terminal services and transforming itself from a single terminal investor into an enterprise focusing on both investment gain and holding operation. COSCO Pacific also aims to provide its customers with integrated solutions instead of single terminal service. In addition, COSCO Pacific will strengthen the synergy between stakeholders of container shipping business. Capitalizing on its terminals, routes and multi-means of transportation and logistics services, COSCO Pacific will maintain a stable cargo source and grasp opportunities for the development of new projects. COCSO Pacific will also put efforts in developing and optimizing container hub ports worldwide.

The reorganization has acted as the new blueprint for the development of China COSCO. In the future, the Company will strive to achieve the development goal of becoming a leading provider of container shipping and terminal services in the world. The Company also aims to provide its customers with integrated solutions and create return for its shareholders through further optimizing its global network.

Wan Min

30 March 2016

Summary of Accounting Data

Results for the year ended 31 December 2015 prepared under the Hong Kong Financial Reporting Standards

	Year ended 31 December 2015 (RMB'000)	Year ended 31 December 2014 (RMB'000)	Changes
Revenue	57,403,934	66,901,438	(9,497,504)
Profit before income tax	1,755,805	507,287	1,248,518
Profit attributable to equity holders of the Company	283,391	362,529	(79,138)
Basic and diluted earnings per share (RMB)	0.0277	0.0355	(0.0078)
Final dividend per share (RMB)	—	—	—
Final dividend payout ratio	—	—	—
Total assets	148,193,149	148,788,454	(595,305)
Total liabilities	103,255,638	105,830,496	(2,574,858)
Non-controlling interests	20,284,185	18,578,796	1,705,389
Equity attributable to the equity holders of the Company	24,653,326	24,379,162	274,164
Net debt to equity ratio	118.7%	110.0%	8.7%
Gross profit margin	3.8%	6.0%	-2.2%

Management Discussion and Analysis

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

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

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

Management Discussion and Analysis

(I) Analysis of principal businesses

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

Unit: RMB'000

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

2. Revenues

(1) Analysis of reasons for changes in revenues

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

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

Container shipping business

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

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

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

Dry bulk shipping business

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

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

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

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

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

Terminal and related business

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

Container leasing business

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

(2) Major customers

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

Unit: RMB

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

3. Costs

(1) Cost analysis

Unit: RMB'000

By business segments

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

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

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

The operating costs of dry bulk shipping and related business amounted to RMB10,396,048,000, representing a decrease of RMB3,261,767,000 or 23.88% as compared to last year. The capacity of chartered-in vessels was further reduced during the reporting period whereas the charter costs amounted to RMB2,469,935,000, representing a decrease of RMB1,157,735,000 or

31.91% as compared to last year. Due to the decline of international fuel prices, bunker costs was further reduced, representing a decrease of 35.16% as compared with the corresponding period of last year. In addition, the reversal of provisions for onerous contracts during the reporting period amounted to RMB392,832,000, as compared to the reversal of RMB599,998,000 last year.

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

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

(2) Major suppliers

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

Unit: RMB

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

4. Expenses

Other income and subsidy, net

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

Selling, administrative and general expenses

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

Finance income

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

Finance expenses

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

Net related exchange (loss)/gain

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

Share of profits less losses of joint ventures and associates

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

Income tax expenses

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

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

(1) Breakdown of R&D expenses

Unit: RMB'000

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

(2) Description

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

6. Cash flow

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

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

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

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

7. Others

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

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

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

Industry Operation Information Analysis

Container shipping business

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

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

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

Management Discussion and Analysis

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

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

During the reporting period, the Company focused on establishing the railway-shipping passage by adding approximately 20 special routes. In response to the "One Belt and One Road" strategy of China, the Company actively participated in Sino-European railway business. Business procedures were optimized for seamless transit among different means of transportation in order to develop full-trip transportation competitiveness and enhance differentiated services. Also, the Company put greater efforts on recovery of demurrage fee to increase the actual yield. The non-shipping income, including the annual demurrage fee and extended service income grew significantly, supplementing the total revenue of the Company under the market condition with low shipping price.

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

Terminal business

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

Management Discussion and Analysis

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

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

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

Throughput of terminals

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

(III) Analysis of assets and liabilities

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

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

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

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

Debt analysis

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

Classification by categories of borrowings

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

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

Company guarantee and contingent liabilities

As at 31 December 2015, the Group did not provide any guarantee (31 December 2014: RMB83,298,000). Details of the Group's contingent liabilities are disclosed in Note 37.

Significant disposal of assets and equity interests

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

2. The 19th meeting of the fourth session of the Board considered and approved the proposal regarding the capital increase by Shanghai Ocean Industrial Company ("Shanghai Ocean Industrial") to Tianjin Ocean Plaza Co. Ltd. (which was then a wholly-owned subsidiary of the Company), pursuant to which Shanghai Ocean Industrial shall make a cash contribution in a lump sum of RMB1,196,611,300.

   The capital increase, which constitute a connected transaction and deemed disposal of the Company, was completed during the year, upon which Shanghai Ocean Industrial and COSCO Tianjin Transportation Company Limited (a wholly-owned subsidiary of the Company) held 51% and 49% equity interests of Tianjin Ocean Plaza Co. Ltd., respectively. Upon the capital increase, the Group recognized a gain from equity disposal of RMB615,117,480.09.

3. **Events after the balance sheet date**

   On 11 December 2015: (1) the Company and China Ocean Shipping (Group) Company* ("COSCO") entered into a sale and purchase agreement ("COSCO Bulk SPA"), pursuant to which the Company conditionally agreed to sell and COSCO conditionally agreed to acquire 100% of the equity interest in China COSCO Bulk Shipping (Group) Co., Ltd.* ("China COSCO Bulk Group") (the "Dry Bulk Disposal"); (2) the Group and the China Shipping Container Lines Company Limited* and its subsidiaries ("CSCL Group") entered into sale and purchase agreements (the "Agency Companies SPAs"), pursuant to which the Group conditionally agreed to acquire and the CSCL Group conditionally agreed to sell certain equity interest in 33 agency companies (the "Agency Companies Acquisitions"); (3) COSCO Pacific Limited ("COSCO Pacific") and China Shipping Container Lines (Hong Kong) Co., Limited ("CSHK") entered into the sale and purchase agreement ("FCHL SPA"), pursuant to which COSCO Pacific conditionally agreed to sell the entire issued share capital in Florens Container Holdings Limited ("FCHL") ("FCHL Shares") and assign the relevant shareholders' loans ("FCHL Shareholders' Loans") and CSHK agreed to acquire the FCHL Shares and take assignment of the FCHL Shareholders' Loans (the "Florens Disposal"); (4) COSCO Pacific, CSCL and China Shipping (Hong Kong) Holdings Co., Limited ("CS Hong Kong") entered into the sale and purchase agreement ("CSPD SPA"), pursuant to which CSCL and CS Hong Kong have conditionally agreed to sell, and COSCO Pacific has conditionally agreed to acquire, the entire issued share capital of China Shipping Ports Development Co., Limited ("CSPD") (the "Terminal Acquisition"); and (5) the Company and CSCL entered into the lease agreement (the "Lease Agreement"), pursuant to which the Company conditionally agreed to lease from CSCL, and CSCL conditionally agreed to lease to the Company, vessels and containers owned or operated by CSCL (the "Leasing Transactions"). The COSCO Bulk SPA, Agency Companies SPAs, the FCHL SPA, the CSPD SPA, the Lease Agreement and other transactions in the restructuring are inter-conditional upon each other.

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

(IV) Analysis of core competitive edges

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

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

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

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

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

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

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

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

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

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

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

5. Advantages in business synergy: providing comprehensive logistic solutions

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

(V) Investment analysis

1. Analysis of external equity investment

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

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

(1) Financial assets at fair value

Unit: RMB

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

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

1) Entrusted wealth management

Trustees	Entrusted wealth management product type	Entrusted wealth management amount	Entrusted wealth management start date	Entrusted wealth management end date	Remuneration determination method	Actual principal amount recovered	Actual profit obtained	Going through legal procedures	Impairment provision amount provided	Related party transactions or not	Litigation	Relationship
CITIC CP	Specified asset management plan	300,000,000	2014-11-6	2015-2-2	Expected	300,000,000	4,438,356.16	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	200,000,000	2014-11-6	2015-2-2	Expected	200,000,000	4,000,000.00	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	200,000,000	2015-1-27	2015-4-24	Expected	200,000,000	3,336,986.30	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	500,000,000	2015-2-2	2015-5-6	Expected	500,000,000	8,917,808.22	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	200,000,000	2015-4-24	2015-7-24	Expected	200,000,000	3,490,410.96	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	500,000,000	2015-5-6	2015-11-11	Expected	500,000,000	18,900,000.00	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	200,000,000	2015-7-24	2016-1-29	Expected			Yes	No	No	No	Others
CITIC CP	Specified asset management plan	50,000,000	2015-8-6	2015-11-6	Expected	50,000,000	882,191.78	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	25,000,000	2015-8-7	2015-10-19	Expected	25,000,000	354,794.52	Yes	No	No	No	Others
CMB Wealth Management (招行理財)	Bank wealth management	200,000,000	2015-8-19	2015-11-19	Expected	200,000,000	2,117,210.00	Yes	No	No	No	Others
CITIC CP	Specified asset management plan	25,000,000	2015-10-21	2016-2-17	Expected			Yes	No	No	No	Others
CITIC CP	Specified asset management plan	20,000,000	2015-11-6	2016-3-2	Expected			Yes	No	No	No	Others
CITIC CP	Specified asset management plan	10,000,000	2015-11-19	2016-3-29	Expected			Yes	No	No	No	Others
CITIC CP	Specified asset management plan	15,000,000	2015-11-24	2016-5-25	Expected			Yes	No	No	No	Others
CMB Wealth Management (招行理財)	Bank wealth management	400,000,000	2015-11-23	2015-12-25	Expected	400,000,000	1,087,200.00	Yes	No	No	No	Others
Total	/	2,845,000,000	/	/	/	2,575,000,000	47,524,947.94	/		/	/	/

3. Use of proceeds from raised funds

   Not applicable.

4. Analysis of principal subsidiaries and companies with equity interest

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

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

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

   COSCO Pacific Limited ("COSCO Pacific") and its subsidiaries are principally engaged in the businesses of terminals management and operation and container leasing, management and sales. COSCO Pacific is a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 December 2015, COSCO Pacific was owned as to 44.83% by China COSCO. As at 31 December 2015, the authorized share capital of COSCO Pacific was HK$400,000,000 and its issued share capital and paid up capital was HK$296,655,943.90. As at 31 December 2015, the total asset and total equity of COSCO Pacific amounted to RMB49,736,130,136.35 and RMB33,509,757,465.45 respectively. Total equity attributable to equity holders of the parent company amounted to RMB31,496,774,852.94 (31 December 2014: RMB28,949,708,704.87). Revenue, operating profit and net profit in 2015 were RMB5,065,492,731.54, RMB2,223,617,557.40 and RMB2,499,351,622.19 respectively. Net profit attributable to equity holders of the parent company amounted to RMB2,368,076,684.60 (2014: RMB1,795,666,947.76).

5. Projects financed by funds not raised from financing activities

Not applicable.

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

(I) Competition in the industry and development trend

Container shipping market

Competition landscape

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

Market outlook

The global economic recovery will remain lacklustre in 2016 and the container shipping market will grow slowly. According to Alphaliner, the global container volume is anticipated to grow at 1.6% in 2016 as compared with 1.3% in 2015. However, the capacity will increase by 4.6% as compared with the increment of 8.5% in 2015. The capacity of newly delivered vessels is expected to reach approximately 1,356,000 TEUs, and the newly delivered vessels with a capacity of 10,000 TEUs will account for 69% of the total capacity. The gap between supply and demand will be still severe, the freight rates will remain low and the income of shipping industry will be materially affected.

Development trend

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

Terminal market

Competition landscape

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

Market outlook

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

Development trend

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

(II) Development strategy

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

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

(III) Operation plan

Container shipping business

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

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

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

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

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

Terminal business

Competition landscape

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

Market outlook

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

Development trend

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

(IV) Potential risks

1. *Risk of Macroeconomic Environment*

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

2. *Risk of shipping market*

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

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

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

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

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

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

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

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

4. In case of no proposal of profit distribution in cash being made in any profitable year with available distributable profit of the

Company, disclosure should be made in a timely manner regarding the Board's explanation and the Independent Directors' expressed opinions. Upon consideration by the Board, it shall be submitted to the general meeting for review and the Board shall provide explanation at the general meeting.

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

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

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

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

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

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

Unit: RMB

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

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

Not applicable.

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

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

IV. Fulfillment of social responsibility

(1) Performance of social responsibility

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

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

3. Besides the creation and allocation of economic value, China COSCO also put significant emphasis on investment that mainly served for the benefit of the public. All of China COSCO's staff, onshore and offshore, carried forward their international corporation in humanitarian actions. It would render assistance to the vessels of other liners when their property and people were in danger. People always come first. Such acts demonstrate the professionalism and unselfish hearts and devotion of China COSCO's seamen. At 08:50 a.m. on 12 January 2015, when COSCO Bulk's Xinfa vessel (新發海輪) was around the Great Barrier Reef, it received an emergency

message from the AUS RCC that a business ship had exhausted its engine, at 60 sea miles from the west of Xinfa vessel (新發海輪), with the risk of stranding and grounding. Upon receiving such notification, Xinfa vessel changed its course and hurried to the water area to assist the AUS RCC in rescuing the business ship in danger. At 23:52 p.m. (local time), the business ship was pulled to a safe water area and the rescue attempt was successful. Thereafter, AUS RCC expressed their high appreciation to Xinfa vessel's help.

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

Main international and national awards received in 2015

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

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

Not applicable.

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

Not applicable

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

√ Applicable ☐Not applicable

During the reporting period:

Unit: ten thousand Currency: 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 Co., Ltd.	URAL Container Carrier S.A.	Nil	Litigation in respect of vessel collision	On 22 February 2012, containership "Zhenhe" collided with "MOL Maneuver" in the waters nearby Hong Kong which caused serious damages to containership "Zhenhe" and its cargos.	10,500	–	On 13 January 2015, the court made a judgment on the claim for loss between the two vessels. The court decided that "MOL Maneuver" shall bear 80% collision liability and containership "Zhenhe" shall bear 20% collision liability. Based on the 8:2 ratio of collision liability, after the compensations for loss and fees payable by both parties were set off against each other, the other party shall compensate the Company for the loss resulting from vessel collision in the amount of RMB66.3842 million. On 21 May 2015, the court began the hearing for cargo damage.	In accordance with the collision liability ratio of 8:2, this incident will affect the subsequent hearing of cargo damage.	Reconciliation was ordered with reconciliation payment of RMB66.3842 million.

Significant Events

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 Limited ("COSCO Pacific") and its wholly -owned subsidiary, Piraeus Container Terminal S.A. ("PCT")	Nil	Litigation	On 19 October 2009, ADK filed a lawsuit with the Court of First Instance of Athens in Greece against the Company and its wholly-owned subsidiary, PCT, for not paying the fees for design services and project management services, to request a civil claim in an aggregate amount of approximately EUR5,800,000.	4.234	–	According to the section 677 of Greek Code of Civil Procedure, ADK instituted litigation to the Greece Court of First Instance. The merit of ADK is that COSCO Pacific and PCT had instructed it to conduct civil engineering works but failed to pay for such works. According to such lawsuit, ADK demanded COSCO Pacific and PCT to pay the service charges according to the terms of the engagement letter without demanding for compensation for default. The Company and Piraeus Terminal defended the major claims at the hearing held on 30 November 2010. Athens Court of First Instance had pronounced that all the claims against the Company and Piraeus Terminal in the indictment were dismissed and ruled that the plaintiff ADK shall pay a total of 30,000 Euros of legal costs. According to the legal proceedings of Greece, the plaintiff lodged an appeal against the judgment of the Athens Court of First Instance. Athens Court of Appeal had pronounced to dismiss all the above appeals and upheld the original ruling. In addition, the Court of Appeal ruled that the appellant, ADK shall pay a part of legal costs of 600 Euros of the appeal to the Company and Piraeus Terminal. The judgment by the court of appeal shall be final, and shall be subject to appeal to the highest court on legal ground once only. The losing party, ADK may file the appeal with the supreme court within 30 days after the official copy of the verdict (certified by the court) is served by the bailiff of the court. The verdict was served on ADK on 31 August 2015 and hence, the deadline for ADK to file an appeal was 30 September 2015. As confirmed by the Greek lawyer, since ADK did not file any appeal during such period, the judgment by the Court of Appeal of Athens has been confirmed to be final and irrevocable. The Company and PCT won the lawsuit and the ADK lawsuit was settled.	The Company and Piraeus Terminal won the lawsuit and ADK shall pay a part of legal costs of 30,600 Euros. The ADK lawsuit was settled.	FDMA, the Greek lawyer, is investigating whether there are assets of ADK which can be used for mandatory compensation.

(iii) Other explanations

Nil.

VII. Undertakings

√ Applicable ☐Not applicable

(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 material asset restructuring	Others	COSCO	COSCO guarantees to remain independent from China COSCO in respect of assets, personnel, finance, corporate structure and business and strictly comply with relevant provisions relating to the independence of listed companies stipulated by the CSRC. It also guarantees not to violate the standard operation procedure of listed companies and intervene the decision-making of China COSCO with its position as the largest shareholder to the detriment of the legal interests of China COSCO and other shareholders. COSCO and other companies under its control guarantee not to use capital of China COSCO and its holding companies by any means.	Long-term effective	No	Yes	N/A	N/A
Undertaking in relation to material asset restructuring	Non-competition	COSCO	1. In the event that COSCO has control or significant influence over China COSCO directly or indirectly, COSCO and its wholly-owned subsidiaries, holding subsidiaries and other companies in which COSCO has de-facto control or significant influence (hereinafter referred to as "COSCO Holding Companies") shall not engage in businesses which have or may have competition with the existing or future business of China COSCO. 2. In the event that COSCO and COSCO Holding Companies have competition or conflict of interest with China COSCO in the future, COSCO will abandon and procure COSCO Holding Companies to abandon the business opportunities that may competition with the business of China COSCO, or will transfer all such business opportunities to China COSCO at fair market price in due course. 3. COSCO will not take advantages of the information obtained from or notified by China COSCO to assist any third party to engage in or participate in any business activities that may have actual or potential competition with the business of China COSCO.	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
			4. In the event that the non-compliance of COSCO and COSCO Holding Companies with the above undertakings is detrimental to the interests of China COSCO, COSCO shall be liable to compensation according to law.					
Undertaking in relation to material 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). 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;	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
			(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.					
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 under the same conditions.	Long-term effective	No	Yes	N/A	N/A
Other undertaking	Lock-up of shares	COSCO	COSCO (including its subsidiaries) plans to increase its equity interest in A shares and H shares of China COSCO at an appropriate price and time within twelve months from 10 July 2015 through the trading systems of the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited respectively with the accumulated increase in shareholdings within twelve months not exceeding 2% of the total issued share capital of China COSCO, and undertakes not to dispose of its equity interest in the shares of China COSCO during the increase period and the statutory period.	From 10 July 2015 to 9 July 2016 and during the statutory period	Yes	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 shares

1. Changes in shares

   During the reporting period, there was no change in total number of shares and structure of equity 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 of shares and structure of shareholders 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 ordinary shareholders at the end of the reporting period	491,770
Total number of ordinary shareholders at the end of the previous month of this annual report	450,280

(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	5,000,000	5,318,082,844	52.06	0	Nil	0	State-owned legal entity
HKSCC NOMINEES LIMITED	1,385,890	2,566,690,961	25.12	0	Unknown		Other
China Securities Finance Corporation Limited	159,379,563	159,379,563	1.56	0	Unknown		Other
China National Nuclear Corporation	0	72,000,000	0.70	0	Unknown		Other
Central Huijin Investment Ltd.	54,466,500	54,466,500	0.53	0	Unknown		Other
Guangfa Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	5,121,500	21,484,579	0.21	0	Unknown		Other
China Galaxy Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	3,904,016	20,944,520	0.21	0	Unknown		Other
Huatai Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	4,525,593	18,282,211	0.18	0	Unknown		Other
Guotai Junan Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	949,680	16,038,394	0.16	0	Unknown		Other
China National Machinery Industry Corporation	0	15,000,000	0.15	0	Unknown		Other
Guosen Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	-906,049	14,030,716	0.14	0	Unknown		Other

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

Unit: share

Name of shareholder	Number of Shares not subject to selling restrictions	Type and number of Shares: Type	Number
China Ocean Shipping (Group) Company	5,318,082,844	RMB ordinary Shares	5,318,082,844
HKSCC NOMINEES LIMITED	2,565,305,071	Overseas listed foreign Shares	2,565,305,071
China Securities Finance Corporation Limited	159,379,563	RMB ordinary Shares	159,379,563
China National Nuclear Corporation	72,000,000	RMB ordinary Shares	72,000,000
Central Huijin Investment Ltd.	54,466,500	RMB ordinary Shares	54,466,500
Guangfa Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	21,484,579	RMB ordinary Shares	21,484,579
China Galaxy Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	20,944,520	RMB ordinary Shares	20,944,520
Huatai Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	18,282,211	RMB ordinary Shares	18,282,211
Guotai Junan Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	16,038,394	RMB ordinary Shares	16,038,394
China National Machinery Industry Corporation	15,000,000	RMB ordinary Shares	15,000,000
Guosen Securities Co., Ltd. Client Credit Trading Guarantee Securities Account	14,030,716	RMB ordinary Shares	14,030,716
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: 1. As at 31 December 2015, China Ocean Shipping (Group) Company held 87,635,000 H Shares through its subsidiaries, representing 3.40% of the total issued H Shares of the Company. Such number of shares was included in the shareholdings of HKSCC NOMINEES LIMITED. China Ocean Shipping (Group) Company and its subsidiaries held 52.91% of the total Shares in aggregate.

2. On 28 December 2015, the Company received from China Ocean Shipping (Group) Company ("COSCO"), the controlling shareholder of the Company, the Notice on Gratuitous Transfer of State-owned Shares in China Shipping Container Lines Company Limited by China Ocean Shipping (Group) Company (《中國遠洋運輸(集團)總公司關於無償劃轉中國遠洋控股股份有限公司國有股份的通知》), which provides that pursuant to the overall scheme of deepening reform of state-owned enterprises and the relevant work arrangement of the State-owned Assets Supervision and Administration Commission of the State Council and in order to enhance the strategic synergy between upstream and downstream enterprises, COSCO proposes to gratuitously transfer 306,488,200, 250,000,000 and 204,000,000 A Shares of the Company to Beijing Chengtong Financial Investment Co., Ltd. (北京誠通金控投資有限公司), a subsidiary of China Chengtong Holdings Group Limited (中國誠通控股集團有限公司), Wuhan Iron and Steel (Group) Corporation (武漢鋼鐵 (集團) 公司) and China State Shipbuilding Corporation (中國船舶工業集團公司), which represented approximately 3.00%, 2.45% and 2.00% of the total issued shares of the Company, respectively. For details, please refer to the Indicative Announcement on Gratuitous Transfer of State-owned Shares (Lin 2015-075) of the Company dated 29 December 2015.

The above-mentioned gratuitous transfer of state-owned shares was approved by the State-owned Assets Supervision and Administration Commission of the State Council on 12 January 2016. Upon such gratuitous transfer, COSCO will hold 4,645,229,644 Shares of China COSCO, representing 45.47% of the total issued shares of China COSCO, and will remain the controlling shareholder of China COSCO. Beijing Chengtong, Wuhan Iron Group and CSSC will hold 306,488,200 Shares, 250,000,000 Shares and 204,000,000 Shares of China COSCO, representing 3.00%, 2.45% and 2.00% of the total issued shares of China COSCO, respectively. For details, please refer to the Announcement Regarding the Update on Gratuitous Transfer of State-owned Shares of China COSCO Holdings Company Limited (《中國遠洋控股股份有限公司關於國有股份無償劃轉進展的公告》) dated 12 January 2016.

The registration procedures for the above gratuitous transfer of state-owned shares have been completed. For details, please refer to the Announcement Regarding the Completion of Gratuitous Transfer of State-owned Shares of China COSCO Holdings Company Limited (《中國遠洋控股股份有限公司關於國有股份無償劃轉完成過戶的公告》) dated 21 January 2016.

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.

IV. Controlling shareholder and actual controller

(i) Specific description of controlling shareholder

1 Legal person

Name	China Ocean Shipping (Group) Company
Date of incorporation	27 April 1961
Principal business operations	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.
Interests in listed companies in the PRC and overseas during the reporting period	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 controlling shareholder of the Company

Not applicable.

4 References of changes and date of changes in controlling shareholder 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.

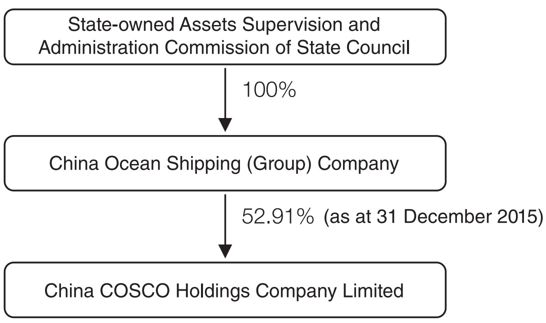
3 Specific description of non-existing of actual controller of the Company

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

Not applicable.

VI. Convertible corporate bonds

Not applicable.

Corporate Bonds

I. Overview of corporate bonds

Unit: Yuan Currency: RMB

Bonds Name	Abbreviation	Bond code	Issuing date	Date of expiry	Balance of bonds	Interest rate	Repayment method of principal with interest	Place of listing
COSCO Finance (2011) Ltd. 4.00% Credit Enhanced Bonds due 2022	COS FIN B2212	04584	4 December 2012	3 December 2022	US$1,000,000,000.00	4%	Interest shall be payable in arrears equally and biannually on 3 June and 3 December. The bonds shall be redeemed on 3 December 2022	Hong Kong Stock Exchange

Other information of Corporate Bonds

Nil.

II. Contact persons and contact details of the Company's bond trustee and contact details of credit rating agency

Bond trustee	Name	The Hongkong and Shanghai Banking Corporation Limited
	Address	L30 HSBC Main Building, 1 Queen's Road Central, Hong Kong
	Tel. No.	(852) 2822 4427
Credit rating agency	Name	Moody's Investors Service Hong Kong Ltd
	Address	24/F One Pacific Place 88 Queensway Hong Kong China (Hong Kong S.A.R.)

Other information:

Nil.

III. Use of proceeds raised from the public issuance of the Company's bonds

The proceeds from the issuance of the bonds were lent to overseas subsidiaries of China COSCO for their production and operation, including but not limited to replenishing working capital, repaying bank loans and making investments on fixed assets.

IV. Credit rating agencies of the Company's bonds

The information of the rating agency is as follows: Name: Moody's Investors Service Hong Kong Ltd. Address: 24/F, One Pacific Place, 88 Queensway Hong Kong China (Hong Kong S.A.R.). Contact person: Joe Wong. Telephone No.: (852) 3758-1350. Fax No.: (852) 3551-3077.

For details of the latest rating result of bonds, please see: https://www.moodys.com/research/Moodys-confirms-ratings-of-15-Chinese-bonds-backed-by-standby--PR_327925

V. Credit enhancement mechanism, repayment plan and other related matters of the Company's bonds during the reporting period

During the reporting period, there was no change in the credit enhancement mechanism of the the Company's bonds, which were secured by RMB denominated cross-border standby letter of credit or guarantee issued by Bank of China, Beijing Branch.

VI. Meetings of holders of the Company's bonds

Nil.

VII. Performance of trustees of corporate bonds

During the reporting period, HSBC, as the trustee of the bonds, duly performed to protect the interests of holders of bonds in accordance with the debt escrow agreement.

VIII. Accounting data and financial indicators of the Company during the last two years immediately before the end of the reporting period

Unit: Yuan Currency: RMB

Key indicator	2015	2014	Year-on-year increase or decrease (%)
EBITDA	8,448,531,534.79	5,291,474,244.29	59.66
Net cash flows from investing activities	-6,949,266,943.29	-779,660,901.67	791.32
Net cash flows from financing activities	-7,458,456,287.17	-13,579,223,811.09	-45.07
Balance of cash and cash equivalents as at the end of the period	32,690,534,391.36	39,705,524,258.31	-17.67
Liquidity ratio	160.06%	143.63%	11.44
Quick ratio	150.27%	132.49%	13.42
Gearing ratio	69.68%	71.13%	-2.05
All debt ratio of EBITDA	9.88%	6.17%	60.21
Interest coverage ratio	1.63	1.13	43.76
Cash interest coverage ratio	3.74	3.30	13.28
Interest coverage ratio of EBITDA	3.24	1.84	75.70
Loan repayment rate	100%	100%	—
Interest coverage	100%	100%	—

Note: The above accounting data and financial indicators are stated according to the audited financial statement of A share of the Company prepared in accordance with PRC GAAP.

IX. Assets of the Company as at the end of the reporting period

As at 31 December 2015, the total assets of China COSCO Holdings Company Limited amounted to RMB148,193,149,000, of which current assets were RMB41,847,279,000 and non-current assets were RMB106,345,870,000. The total liabilities amounted to RMB103,255,638,000, of which current liabilities were RMB26,375,433,000 and non-current liabilities were RMB76,880,205,000. Owners' equity amounted to RMB44,937,511,000.

X. Interest payment of other bonds and debt financing instruments of the Company

At present, the Company has paid interests in respect of the existing two medium-term without any default.

XI. Bank facilities of the Company during the reporting period

As at 31 December 2015, the loan facilities of China COSCO were approximately RMB93.5 billion, of which RMB61.1 billion was utilized. The Company has highly emphasized on the potential financial risks of the loan facilities, strengthened the monitoring of liabilities and gearing ratio of its subsidiaries and repaid bank loans in full as scheduled.

XII. Performance of the Company in respect of the covenants or undertakings specified in the prospectuses of corporate bonds during the reporting period

During the reporting period, the Company had strictly utilized the proceeds in accordance with the scope stated in the prospectuses of the corporate bonds.

XIII. Major events and their impacts on the business operation and solvency of the Company

During the reporting period, major events had no impact on the solvency of the Company.

Directors, Supervisors, Senior Management

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

WAN Min (萬敏)

Mr. WAN, aged 47, is currently the Chairman and non-executive director of the Company. Mr. Wan has been serving as a director, general manager and deputy secretary to the Party Committee of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司) since 2016. He was the general manager of Asia-Pacific Trade and American Trade and the deputy general manager of COSCON, the general manager of COSCO International Freight Co., LTD (中遠國際貨運有限公司), the president of COSCO Americas Inc., the managing director of COSCON. and deputy general manager of COSCO. Mr. Wan has over 20 years of experience in corporate management in the shipping industry and has extensive experience in corporate management and ocean shipping. Mr. Wan Min graduated from Shanghai Jiao Tong University with a master's degree in business administration and is an engineer.

LI Yunpeng[1] (李雲鵬)

Mr. LI, aged 57, was the Vice Chairman and an executive director of the Company. 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, the deputy general manager and 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 of the Company. Ms. Sun has served as the chief accountant of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司) since 2016. 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. She has served as the chief accountant of COSCO since April 2014. 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.

SUN Jiakang (孫家康)

Mr. SUN, aged 56, is currently an executive director of the Company. Mr. Sun is the deputy general manager of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司) since 2016. 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 COSCO Hong Kong and the managing director of COSCON. He has served as the deputy general manager, secretary to the Board, chief legal consultant and spokesperson of COSCO since February 2011. Mr. Sun has over 30 years' experience in the shipping industry and has extensive experience in corporate 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 53, is currently an executive director of the Company. Mr. Ye has served as the deputy general manager of China Cosco Shipping Corporation Limited (中國遠洋海運集團有限公司) since 2016. 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. He has been served as the deputy general manager of COSCO since December 2011. 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 54, is currently a non-executive director of the Company. Mr. Wang has served as the deputy general manager of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司) since 2016. 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, the general manager of COSCO Shipyard Group Co., Ltd.. He has been served as the deputy general manager of COSCO since February 2014. 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.

XU Zunwu (許遵武)

Mr. XU, aged 58, is currently the executive director and deputy general manager (and acting general manager) of the Company and the vice chairman and managing director of 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.

FAN Hsu Lai Tai, Rita (范徐麗泰)

Dr. FAN, aged 70, is currently an independent non-executive director of the Company. 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 the Hong Kong Special Administrative Region, the chairman of the board of Civil Education of the Hong Kong Special Administrative Region, 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. Ms. 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.

KWONG Che Keung, Gordon (鄺志強)

Mr. KWONG, aged 66, is currently an independent non-executive director of the Company. 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 69, is currently an independent non-executive director of the Company. 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. and Uranium One Inc. Mr. Bowie has extensive experience in corporate governance, risk control and business operations.

YANG, Liang Yee Philip (楊良宜)

Mr. YANG, aged 68, is currently an independent non-executive director of the Company. 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 of maritime and political science in the PRC such as Dalian Maritime University and Shanghai Maritime University. Mr. Yang 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 48, is currently a Supervisor and the Chairman of Supervisory Committee. Mr. Fu is a secretary to the Board of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司) since 2016. 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. He has served as the director and chairman of labour union of COSCO since October 2011. 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 53, is currently a supervisor of the Company. 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 60, is currently a supervisor of the Company. Mr. GAO 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, 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 and director, secretary to the Party Committee and deputy general manager of COSCON. 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 50, is currently a supervisor of the Company. 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.

Directors, Supervisors, Senior Management

MENG Yan (孟焰)

Mr. MENG, aged 60, is currently an independent supervisor of the Company. He has been working for Central University of Finance and Economics since 1982. He was the deputy director and director of accountancy department and is currently the dean, professor and tutor of doctorate students of Faculty of Accountancy, executive committee of Accounting Society of China, executive committee of China Society for Finance and Accounting, committee member of Professional Education Supervisory Committee for Business Administration Subjects of Higher Education of Ministry of Education and committee member of National Master of Accountancy Education Supervisory Committee. Mr. Meng graduated from the Research Institute for Fiscal Science of Ministry of Finance and obtained a doctorate degree in economics (accountancy). He has been entitled to the government's special allowance from the State Council since 1997.

ZHANG Jianping (張建平)

Mr. ZHANG, aged 50, is currently an independent supervisor of the Company. 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.

WANG Haimin (王海民)

Mr. WANG, aged 43, is currently a deputy general manager of the Company. Mr. Wang is a managing director of China COSCO Shipping Container Company Limited (中國遠洋海運集裝箱有限公司) since 2016. He served as the head of planning and cooperation department of the strategic planning division, the deputy general manager of the corporation planning division and the general manager of the strategy and development division of COSCON. He was also the general manager of the transportation division of COSCO Group, the deputy general manager of COSCO Pacific, and the deputy general manager and general manager of COSCON (in charge of operation). Mr. Wang has over 20 years of experience in corporate management in the shipping industry. Mr. Wang has extensive working experience in container shipping, operation of terminal and enterprise management. He graduated from Fudan University with a master degree of business administration and is an engineer.

QIU Jinguang (邱晉廣)

Mr. QIU, aged 52, is currently a deputy general manager of the Company. He also serves as the vice chairman and managing director (since 2015) of COSCO Pacific Limited. Mr. Qiu was the general manager of strategy and development department and the general manager of terminal companies of COSCO Americans Inc., the deputy director (in charge of operation) of logistic department and manager of the logistic operations department of transportation division of COSCO Group. He also served as the general manager of strategic planning division, the assistant to general manger and deputy general manager of COSCO Pacific Limited. Mr. Qiu has over 30 years' experience in shipping industry and has extensive working experience in enterprise management, operation of terminal and strategic planning. He graduated from University of California Los Angeles with a degree of business administration and is an economist.

DENG Huangjun[2] (鄧黃君)

Mr. DENG Huangjun, aged 54, is currently the chief financial officer of the Company and has been a director and deputy managing director of COSCO Pacific Limited, a non-wholly owned subsidiary of the Company listed on The Stock Exchange of Hong Kong Limited (stock code:1199) since October 2015. He had previously been the section manager of the cost section of finance department of Shanghai Ocean Shipping Company, the deputy manager of finance department of COSCO Container Lines Co., Ltd. ("COSCON"), the manager of the settlement division, the deputy general manager and the general manager of finance and accounting department of and the chief financial officer of COSCON. Mr. Deng graduated from Shanghai Maritime Transportation Institute, majoring in shipping accounting. He is a senior accountant.

TANG Runjiang[2] (唐潤江)

Mr. TANG, aged 47, was 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 50, is currently the secretary to the Board and Company Secretary 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 57, was 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.

Notes:

1. Mr. Li Yunpeng resigned as the vice chairman of the Board and executive director of the Company on 30 March 2016. Please see the announcement of the Company dated 30 March 2016 for details.

2. Mr. Tang Runjiang resigned as the chief financial officer of the Company on 14 March 2016 and Mr. Deng Huangjun has served as the chief financial officer of the Company since 14 March 2016. Please see the announcement of the Company dated 14 March 2016 for details.

Corporate Governance Report

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 (the "Stock Exchange") 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, they have confirmed that they complied with the required standards set out in the Model Code throughout the year ended 31 December 2015.

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, 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 2015.

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.

Corporate Governance Report

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 2015, the Company convened 14 Board meetings, including 7 physical meetings and 7 meetings by written resolutions. Each of the Board meetings was attended by all Directors. Attendance of members of the Board in 2015 was 100% and details are 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(1)</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>LI Yunpeng(2)</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>SUN Yueying</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>SUN Jiakang</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>YE Weilong</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>WANG Yuhang</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>WAN Min(3)</td><td>11/11</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>JIANG Lijun(4)</td><td>13/13</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>FAN HSU Lai Tai, Rita</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>KWONG Che Keung, Gordon</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>Peter Guy BOWIE</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
<tr><td>YANG, Liang Yee Philip</td><td>14/14</td><td>100%</td><td>2/2</td><td>100%</td></tr>
</table>
(1) Mr. Ma Zehua resigned as a Director and the chairman of the Board on 20 January 2016.
(2) Mr. Li Yunpeng resigned as a Director and the vice chairman of the Board on 30 March 2016.
(3) Mr. Wan Min has served as a Director since 20 May 2015.
(4) Mr. Jiang Lijun resigned as a Director and the president of the Company on 8 December 2015.</td></tr>
<tr><td>• All directors are given an opportunity to include matters in the agenda for regular board meetings</td><td>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.</td></tr>
<tr><td>• Notice of at least 14 days should be given of a regular board meeting</td><td>Yes</td><td>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 a duly appointed secretary of the meeting, 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 the 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 adopted provisions in respect of abstaining from voting of connected Directors in the Articles of Association and the Rules of Procedures of the Board. In 2015, when considering matters such as specific audit report on the utilization of non-operating funds and the transfer of other associated funds in 2014, building six 19,000 TEU ships at connected shipyard, the transfer of 100% of equity of Chongqing COSCO Chemicals Logistics Co., Ltd. and the agreement to be signed thereof and major assets restructuring, the relevant connected Directors abstained from voting.
• To arrange appropriate insurance cover in respect of legal action against directors	Yes	The Company has purchased liability insurance for the Directors, Supervisors and members of the senior management.

A2. Chairman and 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 president, 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 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 segregated, and should be clearly established and set out in writing	Yes	Mr. Wan Min was appointed as the chairman of the Board on 20 January 2016, 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 of the Board 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 of the Board 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 the board meetings	Yes	Agenda of Board meetings are discussed by the chairman of the Board 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 of the Board 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 of the Board 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 attendance of executive directors	Yes	The chairman of the Board has communicated fully with non-executive Directors face-to-face appropriately before the start and after the end of each physical Board meeting. In 2015, the chairman of the Board convened meeting with two major business segments to receive work report between the convening of two Board meetings, 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 of the Board 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 of the Board 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 relationships 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 • As at 31 December 2015, the Board of the Company comprised eleven members, including four executive Directors, three non-executive Directors and four independent non-executive Directors, with independent non-executive Directors representing over one third of the members of the Board. As at the date of this annual report, the Board of the Company comprises ten members, including three executive Directors, three non-executive Directors and four independent non-executive Directors, 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 that disclose the name of directors	Yes	The Company has disclosed members of the Board according to the category of the Directors in all corporate communications that disclose the name of directors.
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 roles, functions 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, the Directors (including non-executive Directors) shall be elected at the Shareholders' general meeting for a term of three years, subject to re-election.
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 subject to re-election by Shareholders at the Shareholders' general meeting.
Each director should retire by rotation at least once in every three years	Yes	Up to present, the Directors are subject to re-election by the Shareholders' general meeting according to the sessions of the Directors.
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 of 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 adopted 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 issuer	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	There was no change in the independent executive Directors in 2015.
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 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.

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 adopted 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 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 2015 has achieved 100%, indicating that the Directors have spent sufficient time on the Company's business.

Corporate Governance Report

Code provisions	Compliance	Procedures of Corporate Governance
• 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 for organizing 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, 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.
• 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 board committees and general meetings of the Company.
• 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 current 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 current 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 2015, the remuneration committee convened one meeting to make recommendation to the Board of remuneration of directors, to carry out assessment on the senior management and nominated Directors and Supervisors seconded to other companies, and approved the remuneration plan of the senior management for 2014.

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 and/or the chief executive officer in respect of the remuneration of other executive directors and should have access to independent professional advice if necessary	Yes	The remuneration committee has communicated with the Chairman and the President in respect of the remuneration of the Directors, Supervisors and senior management and should have access to independent professional advice if necessary.
Functions of the remuneration committee	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.

Code provisions	Compliance	Procedures of Corporate Governance
Issuers should disclose the details of the remuneration of senior management by band of remuneration in its annual report	Yes	The Company has disclosed the remuneration of all senior management by band 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 conduct a regular evaluation of its performance	Yes	The Board has carried out such evaluation annually.

C. Accountability and Audit

C1. Financing reporting

Principle of the Code • *The board should present a clear and comprehensive assessment of the Company's performance, position and prospects.*
The current best situation in the governance of China COSCO • All regular financial reports issued to the Shareholders by the Board were in compliance with the regulatory requirements of both the stock exchanges of Hong Kong and Shanghai, 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 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 of the Company.
• 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 current 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 board should at least annually conduct a review of effectiveness of the issuer's and its subsidiaries' risk management and internal control systems (The review should cover all material controls, 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 chief financial officer 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 budgett	Yes	The Company has placed 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 the 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 current 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 by 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 2015, 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 Audit Committee 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.
• The former partner of the existing auditors should not be a member of the audit committee	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 are not the former partner of the auditors.
• 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 Company 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.

Code provisions	Compliance	Procedures of Corporate Governance
• The audit committee should be adequately resourced to discharge its duties	Yes	The Company actively assisted the audit committee to perform its work. The members are entitled to consult independent professional opinions based on agreed procedures, at the expense of the Company.
• 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 Rules of Procedures 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 current 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 to 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. The Management's 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 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.
• 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.

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 relating 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 current best situation in the governance of China COSCO • 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)

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

(1) Mr. Ma Zehua resigned as a Director and the chairman of the Board on 20 January 2016.
(2) Mr. Li Yunpeng resigned as a Director and the vice chairman of the Board on 30 March 2016.
(3) Mr. Wan Min has served as a Director since 20 May 2015.
(4) Mr. Jiang Lijun resigned as a Director and the president of the Company on 4 December 2015.

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 terms of reference 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 Functionss

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 policies 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 "Rules of Procedures of Internal Reporting of Information Regarding Material Breach 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 Governance 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 continued communication with the Shareholders, and has taken annual general meetings and extraordinary general meeting as major opportunities to have contact with the Shareholders, and all holders of the shares 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 resolutions 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 at 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 of the Board 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 the 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 the 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 the Shareholders to express their opinions.

Rights of the 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 enquiries 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 to ensuring that rights of the Shareholders can be well achieved.

According to the Articles of Association, the Board shall convene an extraordinary general meeting within two months at the request of the Shareholders individually or jointly holding 10% or more shares of the Company. The Shareholders individually or jointly holding over 10% of the shares of the Company for more than 90 consecutive days may convene and preside over an extraordinary general meeting himself or themselves. The Shareholders individually or jointly holding over 3% of the shares of the Company may submit proposals to the Company. The 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 and at least 10 business days before the meeting 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 the 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 the 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 a company secretary who is responsible for enhancing the corporate governance of the Company and providing assistance to the Directors for duty performance and organizing 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 secretary is an employee of the Company and has 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 current company secretary was approved at the 5th meeting of the 3rd session of the Board.
• The company secretary shall report to the chairman of the board of directors and/or the chief executive officer	Yes	The company secretary reports 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 secretary has established an effective communication channel with all Directors, so as to assist the Board and the president to be in compliance with domestic and foreign laws and regulations, the Articles of Association and other relevant requirements when performing his duties.

Remuneration of members of senior management by band

	2015
Nil - HK$1,500,000 (equivalent to Nil - approximately RMB1,205,550)	2
HK$1,500,001 - HK$2,000,000 (equivalent to approximately RMB1,205,550 - RMB1,607,400)	3
HK$2,000,001 - HK$2,500,000 (equivalent to approximately RMB1,607,400 - RMB2,009,250)	1
HK$6,000,001 - HK$6,500,000 (equivalent to approximately RMB4,822,200 - RMB5,224,050)	1

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 4th session of audit committee under the Board is Mr. Kwong Che Keung, Gordon (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 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, whereby it reviewed the remuneration packages determined based on the results of performance appraisal and remuneration management system of the Company, and held the view that the remuneration of the Company's senior management was in compliance with the management requirements of performance appraisal and remuneration management system of the Company. The relevant decision-making procedures were legal and effective.

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

The chairman of the 4th session of the nomination committee under the Board was 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). Mr. Jiang Lijun resigned as an executive Director and the president of the Company and ceased to be a member of the nomination committee of the Company on 8 December 2015. Since 30 March 2016, the nomination committee under the Board has comprised Mr. Yang, Liang Yee Philip (the chairman of the nomination committee of the Company), Dr. Fan Hsu Lai Tai, Rita and Mr. Xu Zunwu (executive Director).

During the reporting period, the nomination committee held 2 meetings, whereby resolutions regarding the nomination of director candidates for the fourth session of the Board of China COSCO were considered. Mr. Wan Min and Mr. Xu Zunwu were nominated as the candidates for the non-executive Director and the executive Director, respectively.

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 2015. 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 RMB30,921,000, RMB10,033,000 and RMB15,520,000, respectively.

Nature of services

	2015 (RMB'000)	2014 (RMB'000)
Audit service	**30,921**	30,714
Audit related service	**10,033**	10,071
Non-audit services		
• Tax related services	**2,374**	2,962
• Circular related services	**3,089**	350
• Other advisory services	**10,057**	1,280

Directors' Report

The Board is pleased to present the Directors' Report of the year 2015 together with the audited financial statements of the Group for the year ended 31 December 2015.

Principal Business

During the reporting period, the Group was principally engaged in providing container shipping, dry bulk shipping, managing and operating container terminals and container leasing businesses. The Company subsequently disposed of its dry bulk business pursuant to an equity transfer agreement dated 11 December 2015 and entered into between the Company and COSCO, which was completed on 15 March 2016. For more details, please refer to the circular and announcement of the Company dated 31 December 2015 and 15 March 2016, respectively. The Group disposed its container leasing business pursuant to the FCHL SPA entered into between COSCO Pacific and CSHK on 11 December 2015 and such disposal was completed on 24 March 2016. For details, please see the circular and announcement of the Company dated 31 December 2015 and 24 March 2016, respectively. The Company is an investment holding company and details of the principal activities of the Company's principal subsidiaries as at 31 December 2015 are set out in note 40 to the consolidated financial statements.

Business Review

A review of the business of the Group during the reporting period and a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Discussion and Analysis of the Board Concerning the Future Development of the Company" on pages 5 to 6 and pages 28 to 31 respectively. The particulars of important events affecting the Group that have occurred since the end of the financial year 2015 and the description of possible risks and uncertainties that the Group may be facing are set out in the sections headed "3. Events after the balance sheet date" and "(IV) Potential risk" on pages 21 to 22 and pages 31 to 32. An analysis of the Group's performance during the year using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" on pages 9 to 21 of this report. For details of the discussion on the Company's environmental policies and performance, please refer to paragraph 2 in the section headed "(1) Performance of social responsibility" on page 35.

Compliance with the relevant laws and regulations which have a significant impact on the Group

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》), and the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》). 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. The budget management for the whole system was also strengthened and the organization structure and accountability system of the assets supervision were further improved. Moreover, the Company actively participated in training programs for directors, supervisors and senior management of listed companies organized by regulatory authorities, and raised the awareness of all employees on compliance through effective trainings. In addition, the Listing Rules, the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and the Codes on Takeovers and Mergers and Share Buy-backs are also applicable to the Company and the Group is committed to ensuring the compliance with such requirements through various measures such as internal control and approval procedures, trainings and supervision on different business segments.

Relationships with major stakeholders

The Company continues to engage with its employees, suppliers and customers through different channels to develop mutually beneficial relationships and promote sustainability. An account of the Company's key relationship with its employees is set out in the section headed "Employees and Remuneration Policies" on page 108. An account of the Company's relationship key relationship with its customers and suppliers are set out in the sections headed "4. Advantages in business model: promoting win-win cooperation and expanding e-commerce business" and "(2) Major suppliers" on page 23 and 14, respectively. The Company also recognises its obligations as a responsible member of the communities in which the Company operates. For details of the Company's engagement in and contributions to these communities, please refer to the section headed "(1) Performance of social responsibility" on pages 35 to 36.

Results of the Group

The Group's results for the year ended 31 December 2015 are set out on pages 130 to 132 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 2015, 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 2015 were RMB1,244,806,545.04, 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 reporting period 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 the 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.

Directors' Report

Share Capital

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

Donations

Charitable donations made by the Group during the year under review amounted to approximately RMB517,000.

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	30 March 2016
SUN Jiakang	17 May 2011	N/A
YE Weilong	12 November 2012[1]	N/A
JIANG Lijun (President)	28 February 2012	8 December 2015
XU Zunwu	1 February 2016	N/A
Non-executive Directors		
MA Zehua (Chairman)	12 October 2011	20 January 2016
WAN Min (Chairman)	20 May 2015[2]	N/A
SUN Yueying	7 March 2005	N/A
WANG Yuhang	20 May 2014	N/A
Independent non-executive Directors		
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

Notes:

(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.

(2) Mr. Wan Min was appointed as the chairman of the Board upon the approval of the Board on 20 January 2016.

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
MENG Yan	Independent Supervisor	17 May 2011	N/A
GAO Ping	Supervisor	6 January 2012	N/A
ZHANG Jianping	Independent Supervisor	28 February 2012	N/A
ZHANG Li	Supervisor	20 May 2014	N/A
FU Xiangyang	Chairman of the 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 the Directors, Supervisors and Members of the Senior Management

Biographies of the Directors, Supervisors and members of the senior management of the Company as at the date hereof are set out on pages 52 to 57 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 during the reporting period are as follows:

1. 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. 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.

2. 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 service 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, 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.

   Note:

   Unless otherwise specified, capitalised terms of "COSCO Group" used in this section headed "Directors' Report" shall have the same meanings as those defined in the announcements relating to the connected transactions or continuing connected transactions of the Company or COSCO Pacific, as the case may be.

3. 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, 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.

4. 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 master shipping agency services 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, 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.

5. 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, 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.

6. 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, 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.

7. 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, 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.

8. 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, 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 (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, 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 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, 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 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, 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 through its wholly-owned 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. 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.

13. 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, 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 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, 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 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, 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 (for and on behalf of COSCO Oceania Chartering Pty. Ltd., COSCO Europe Bulk Shipping GmbH COSCO Bulk Carrier Americas Inc. 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, 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 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, 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.

18. On 10 July 2015, COSCO Ports (Holdings) Limited ("COSCO Ports", together with its subsidiaries, the "COSCO Ports Group") (an indirect non-wholly owned subsidiary of the Company), Xiamen Ocean Gate Container Terminal Co., Ltd. (廈門遠海集裝箱碼頭有限公司) ("Xiamen Ocean Gate", together with its subsidiaries, the "Ximen Ocean Gate Group") (an indirect non-wholly owned subsidiary of the Company) entered into a diesel oil purchase master agreement (the "2015 Xiamen Diesel Oil Purchase Master Agreement") with China Marine Bunker Supply Fujian Co., Ltd. (中國船舶燃料供應福建有限公司) ("Chimbusco Fujian") in relation to the purchase of diesel oil by Ximen Ocean Gate Group from Chimbusco Fujian for a term of one year from 1 January 2015 to 31 December 2015.

As Chimbusco Fujian is owned as to 50% by a non-wholly owned subsidiary of COSCO, the controlling Shareholder, 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 10 July 2015.

19. On 9 September 2015, six single-vessel holding companies, which are indirect wholly-owned subsidiaries of the Company, entered into the shipbuilding agreements with Dalian COSCO KHI Ship Engineering Co., Ltd. (大連中遠川崎船舶工程有限公司) ("DACKS") and Nantong COSCO KHI Ship Engineering Co., Ltd. (南通中遠川崎船舶工程有限公司) ("NACKS") in relation to the construction of two 19,000 TEU container vessels at an aggregate consideration of US$270,600,000.

    As DACKS is an indirect subsidiary of COSCO and NACKS is indirectly owned as to 50% by COSCO, the controlling Shareholder, each of DASKS and NACKS 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 9 September 2015.

20. On 28 October 2015, COSCO Ports (an indirect non-wholly owned subsidiary of the Company) entered into a finance leasing master agreement (the "Finance Leasing Master Agreement") with Florence Capital Management Company Limited ("Florens Capital Management", together with its subsidiaries, the "Florens Capital Management Group") in relation to the provision of finance leasing by relevant members of the Florens Capital Management Group as lessor to members of COSCO Ports Group as lessee for a term of three years from 1 January 2016 to 31 December 2018. The Finance Leasing Master Agreement was entered into by COSCO Ports and Florence Capital Management as the renewal of the existing finance leasing master agreement entered into by the parties thereto which would have expired on 31 December 2015.

    As Florens Capital Management, a non-wholly owned subsidiary of the Company, is owned as to 50% by COSCO, the controlling Shareholder, Florens Capital Management 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 October 2015.

21. On 28 October 2015, COSCO Ports (an indirect non-wholly owned subsidiary of the Company) and Piraeus Container Terminal S.A. ("PCT") (an indirect non-wholly owned subsidiary of the Company) entered into a shipping services and terminal services master agreement (the "COSCO Shipping Services and Terminal Services Master Agreement") with COSCO in relation to (a) the provision of shipping related services by relevant members of the COSCO Ports Group and PCT to members of the COSCO Group (excluding the Group); and (b) the provision of terminal related services by relevant members of the COSCO Group (excluding the Group) to members of the COSCO Ports Group, for a term of three years from 1 January 2016 to 31 December 2018. The COSCO Shipping Services and Terminal Services Master Agreement was entered into by COSCO Ports, PCT and COSCO as the renewal of the existing shipping services and terminal services master agreement which would have expired on 31 December 2015.

    As COSCO is the controlling Shareholder, 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 28 October 2015.

22. On 28 October 2015, COSCO Ports (an indirect non-wholly owned subsidiary of the Company) 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") (an indirect non-wholly owned subsidiary of the Company) entered into a diesel oil 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 disel oil by GZ South China from CM Supply for a term of three years from 1 January 2016 to 31 December 2018. The Nansha Diesel Oil Purchase Master Agreement was entered into by COSCO Ports, GZ South China and CM Supply as the renewal of the existing diesel oil purchase master agreement entered into by the parties thereto which would have expired on 31 December 2015.

As CM Supply is owned as to 50% by COSCO, the controlling Shareholder, 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 28 October 2015.

23. On 28 October 2015, Florens Container Holdings Limited ("Florens", together with its subsidiary, "the "Florens Group") (a then indirect non-wholly owned subsidiary of the Company) and COSCO Container Lines Co., Ltd. (中遠集裝箱運輸有限公司) ("COSCON") (a wholly-owned subsidiary of the Company) entered into a container leasing, sales and related services master agreement (the "Florens-COSCON Container Leasing, Sales and Related Services Master Agreement") with COSCO in relation to (a) the grant of leases of container for a term of not more than three years by members of the Florens Group to the relevant members of the COSCO Group (excluding the COSCO Pacific Group); (b) the sales of containers by the relevant members of the Florens Group to the relevant members of the COSCO Group (excluding the COSCO Pacific Group); and (c) the provision of container related services by the relevant members of the Florens Group to the COSCO Group (excluding the COSCO Pacific Group) for a term of three years from 1 January 2016 to 31 December 2018. The Florens-COSCON Container Leasing, Sales and Related Services Master Agreement was entered into by Florens, COSCO and COSCON as the renewal of the existing container leasing, sales and related services master agreement entered into by the parties thereto which would have expired on 31 December 2015.

As COSCO is the controlling Shareholder, 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 28 October 2015.

24. On 28 October 2015, Florens (a then indirect non-wholly owned subsidiary of the Company) and COSCON (a wholly-owned subsidiary of the Company) entered into a container related services and purchase of materials master agreement (the "Florens-COSCON Container Related Services and Purchase of Materials Master Agreement") with COSCO in relation to (a) the provision of container related services by the relevant members of the COSCO Group (excluding the COSCO Pacific Group) to the Florens Group; and (b) purchase of container related materials by the relevant members of the Florens Group from the relevant members of the COSCO Group (excluding the COSCO Pacific Group) for a term of three years from 1 January 2016 to 31 December 2018. The Florens-COSCON Container Related Services and Purchase of Materials Master Agreement was entered into by Florens, COSCO and COSCON as the renewal of the existing container related services and purchase of materials master agreement entered into by the parties thereto which would have expired on 31 December 2015.

As COSCO is the controlling Shareholder, 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 28 October 2015.

25. On 28 October 2015, Plangreat Limited ("Plangreat") (an indirect non-wholly owned subsidiary of the Company) and COSCON (a wholly-owned subsidiary of the Company) entered into a container services master agreement (the "COSCON Container Services Master Agreement") with COSCO in relation to the provision of container related services by Plangreat and its subsidiaries to members of the COSCO Group (excluding the COSCO Pacific Group) for a term of three years from 1 January 2016 to 31 December 2018. The COSCON Container Services Master Agreement was entered into by Plangreat, COSCO and COSCON as the renewal of the existing container services master agreement entered into by the parties thereto which would have expired on 31 December 2015.

As COSCO is the controlling Shareholder, 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 28 October 2015.

26. On 28 October 2015, COSCO Ports (an indirect non-wholly owned subsidiary of the Company), Xiamen Ocean Gate (an indirect non-wholly owned subsidiary of the Company) entered into a diesel oil purchase master agreement (the "Xiamen Diesel Oil Purchase Master Agreement") with Chimbusco Fujian in relation to the purchase of diesel oil by Ximen Ocean Gate Group from Chimbusco Fujian for a term of three years from 1 January 2016 to 31 December 2018. The Xiamen Diesel Oil Purchase Master Agreement was entered into by COSCO Ports, Xiamen Ocean Gate and Chimbusco Fujian as the renewal of the existing diesel oil purchase master agreement entered into by the parties thereto which would have expired on 31 December 2015.

    As Chimbusco Fujian is owned as to 50% by a non-wholly owned subsidiary of COSCO, the controlling Shareholder, 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 28 October 2015.

27. On 2 December 2015, Tianjin Ocean Plaza Co., Ltd. (天津遠洋大廈有限公司) ("Tianjin Ocean Plaza") (a wholly-owned subsidiary of the Company) and COSCO Tianjin Transportation Company Limited (天津遠洋運輸有限公司) (a wholly-owned subsidiary of the Company) entered into a capital increase agreement with Shanghai Ocean Industrial Company (上海遠洋實業總公司) ("Shanghai Ocean Industrial"), pursuant to which Shanghai Ocean Industrial agreed to make a capital contribution of RMB1,196,611,300 to Tianjin Ocean Plaza, comprising RMB760,734,181.99 to be contributed to the increase in registered capital of Tianjin Ocean Plaza, and the remaining RMB435,877,118.01 to be contributed to the capital reserve of Tianjin Ocean Plaza.

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

    For further information relation to the above transaction, please refer to the announcement of the Company dated 2 December 2015.

28. On 11 December 2015, the Company and COSCO entered into an equity transfer agreement (the "COSCO Bulk SPA"), pursuant to which the Company conditionally agreed to sell and COSCO conditionally agreed to acquire the entire equity interest in China COSCO Bulk Shipping (Group) Co., Ltd. (中遠散貨運輸(集團)有限公司) at a total consideration of RMB6,768.0727 million, subject to the adjustment mechanism as prescribed in the COSCO Bulk SPA.

    As COSCO is the controlling Shareholder, 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 11 December 2015.

29. On 11 December 2015, certain members of the Group and certain members of the China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司) ("CSCL") and its subsidiaries (collectively, the "CSCL Group") entered into a number of equity transfer agreements and/or sale and purchase agreements (collectively, the "Agency Companies SPAs"), pursuant to which the Group conditionally agreed to acquire and the CSCL Group conditionally agreed to sell certain equity interest in 33 agency companies owned by the CSCL Group for a total consideration of approximately RMB1,140.8970 million, subject to the adjustment mechanism as prescribed in the Agency Companies SPAs.

    The transactions contemplated under the Agency Companies SPAs have been deemed as connected transactions of the Company by the Stock Exchange pursuant to Rule 14A.20 of the Listing Rules.

For further information relating to the above transaction, please refer to the announcement of the Company dated 11 December 2015.

30. On 11 December 2015, COSCO Pacific and China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司) ("CSHK") entered into a conditional sale and purchase agreement (representing all the issued shares of Florens) (the "FCHL SPA"), pursuant to which COSCO Pacific conditionally agreed to sell 22,014 ordinal shares in Florens (the "FCHL Shares") and assign the shareholder's loans owed in the aggregate amount of US$285,000,000 by Florens to COSCO Pacific and remains outstanding immediately before completion of the FCHL SPA (the "FCHL Shareholder's Loan") and CSHK has conditionally agreed to purchase the FCHL Shares and take the assignment of the FCHL Shareholder's Loans at an initial consideration of RMB7,784,483,300 and US$285,000,000, respectively, which are both subject to the adjustment mechanism as prescribed in the FCHL SPA.

    The transactions contemplated under the FCHL SPA have been deemed as connected transactions of the Company by the Stock Exchange pursuant to Rule 14A.20 of the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 11 December 2015.

31. On 11 December 2015, COSCO Pacific, CSCL and China Shipping (Hong Kong) Holdings Co., Limited ("CS Hong Kong") entered into a conditional sale and purchase agreement (the "CSPD SPA"), pursuant to which CSCL and CS Hong Kong have conditionally agreed to sell, and COSCO Pacific has conditionally agreed to purchase 5,679,542,724 shares in CSPD (representing the entire issued share capital of CSPD) at an initial consideration of RMB7,632,455,300, subject to the adjustment mechanism as prescribed in the CSPD SPA.

    The transactions contemplated under the CSPD SPA have been deemed as connected transactions of the Company by the Stock Exchange pursuant to Rule 14A.20 of the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 11 December 2015.

32. On 11 December 2015, the Company and CSCL entered into a leasing agreement (the "Lease Agreement"), pursuant to which the Company conditionally agreed to lease from CSCL, and CSCL conditionally agreed to lease to the Company, vessels and containers.

    The transactions contemplated under the Lease Agreement have been deemed as connected transactions of the Company by the Stock Exchange pursuant to Rule 14A.20 of the Listing Rules.

    For further information relating to the above transaction, please refer to the announcement of the Company dated 11 December 2015.

With respect to the related party transactions as disclosed in note 39 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 as 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 2015 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 2015 ('000)	Actual figure for the year ended 31 December 2015 ('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	RMB11,567,673
(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	RMB1,554,710
2	Transactions under the Existing Master Vessel Services Agreement		
(a)	Purchase of vessel services from the COSCO Group and its associates	RMB28,000,000	RMB6,768,610
(b)	Provision of vessel services to the COSCO Group and its associates	RMB130,000	RMB20,518
3	Transactions under the Existing Master General Services Agreement		
(a)	Purchase of general services from the COSCO Group and its associates	RMB160,000	RMB52,241
(b)	Provision of general services to the COSCO Group and its associates	RMB50,000	RMB4,660
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	RMB4,131
(b)	Purchase of shipping agency services from the COSCO Group and its associates	RMB500,000	RMB150,699
5	Transactions under the Existing Master Seamen Leasing Agreement		
(a)	Purchase of services from the COSCO Group and its associates	RMB100,000	RMB13,163
(b)	Provision of services to the COSCO Group and its associates	RMB450,000	RMB106,034
6	Transactions under the Existing Master Premises Leasing Agreement		
(a)	Rent and other fees and charges payable to the COSCO Group and its associates	RMB240,000	RMB160,456
(b)	Rent and other fees and charges receivable from the COSCO Group and its associates	RMB20,000	RMB5,617
7	Transactions under the Existing Master Container Services Agreement	RMB260,000	RMB70,699
8	Transactions under the Existing Master Port Services Agreement	RMB1,250,000	RMB754,767

Transactions		Annual Cap for the year ended 31 December 2015 (000)	Actual Figure for the year ended 31 December 2015 (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	RMB770,000	RMB67,602
(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	RMB770,000	RMB28,568
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	RMB880,000	RMB341,850
11	Existing Entrusted Management Services Master Agreement	RMB50,000	RMB20,732
12	Sub-lease of time charters and sub-time charters		
(a)	Sub-lease of time charters from COSCO to COSCON	RMB500,000	RMB317,296
(b)	Sub-time charters from COSCO to COSCON	RMB160,000	RMB116,512
13	Transactions under the Existing Finance Leasing Master Agreement	US$300,000	US$28,467
14	Transactions under the Existing COSCO Shipping Services and Terminal Services Master Agreement		
(a)	Provision of shipping related services by COSCO Ports Group and PCT to COSCO Group	RMB299,999	RMB19,832
(b)	Provision of terminal related services by COSCO Group to the COSCO Ports Group	RMB140,028	RMB3,125
15	Transactions under the Existing Nansha Diesel Oil Purchase Master Agreement	RMB150,000	RMB895
16	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	RMB755,817
(b)	The daily maximum balance of loans (including accrued interest) granted to COSCO Pacific Group by COSCO Finance	RMB1,000,000	RMB905,285
(c)	The annual fees paid to COSCO Finance by COSCO Pacific and its subsidiaries in respect of settlement services	RMB5,000	—

Review of Continuing Connected Transactions for the year 2015

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 16 in the table above) 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 16 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 16 in the above table as she is a Director of the Company 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 the COSCO Pacific Group;

(2) on normal commercial terms or terms no less favourable to the 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 16 in the above table) as identified by management for the year ended 31 December 2015 (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 16 in the above table and as identified by management for the year ended 31 December 2015 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 Stock Exchange.

Substantial Interests in the Shares and Underlying Shares of the Company

As at 31 December 2015, so far as was known to the Directors, save as disclosed below, there was no person (other than a Director, Supervisor or chief executives 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 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 2015, 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/Approximate percentage of total issued share capital of the Company					
Name	**Capacity and nature of interest**	**Long position**	**%**	**Short position**	**%**	**Lending Pool**	**%**
COSCO	Beneficial owner/Interest in controlled corporation	A Shares: 5,318,082,844 H Shares: 87,635,000 Total: 5,405,717,844	52.913	–	–	–	–

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 the 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. Save for the grant on 4 June 2007, the Company had not granted any share appreciation rights up to 31 December 2015.

Movements of the share appreciation rights, which were granted to the Directors, Supervisors or senior management by the Company pursuant to the Share Appreciation Rights Plan during the year of 2015 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 2015	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 2015	Approximate % of issued share capital of the Company's H shares as at 31 December 2015	Note
WAN Min	Beneficial owner	Personal	HK$3.195	–	75,000	–	–	(75,000)	–	–	(1) (4) (5)
			HK$3.588	–	280,000	–	–	–	280,000	0.011%	(2) (4) (5)
			HK$9.540	–	260,000	–	–	–	260,000	0.010%	(3) (4) (5)
LI Yunpeng	Beneficial owner	Personal	HK$3.195	450,000	–	–	–	(450,000)	–	–	(1) (6)
			HK$3.588	600,000	–	–	–	–	600,000	0.023%	(2) (6)
			HK$9.540	580,000	–	–	–	–	580,000	0.022%	(3) (6)
SUN Yueying	Beneficial owner	Personal	HK$3.195	450,000	–	–	–	(450,000)	–	–	(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)	–	–	(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)	–	–	(1)
			HK$3.588	-	90,000	–	–	–	90,000	0.003%	(2)
			HK$9.540	-	85,000	–	–	–	85,000	0.003%	(3)
MA Jianhua	Beneficial owner	Personal	HK$9.540	-	480,000	–	–	–	480,000	0.019%	(3)
GAO Ping	Beneficial owner	Personal	HK$3.195	100,000	–	–	–	(100,000)	–	–	(1)
			HK$3.588	90,000	–	–	–	–	90,000	0.003%	(2)
			HK$9.540	85,000	–	–	–	–	85,000	0.003%	(3)

Name of director/ supervisor/ senior management	Capacity	Nature of interest	Exercise price	Number of units of share appreciation rights: Outstanding as at 1 January 2015	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 2015	Approximate % of issued share capital of the Company's H shares as at 31 December 2015	Note
WANG Haimin	Beneficial owner	Personal	HK$3.195	–	57,000	–	–	(57,000)	–	–	(1) (5)
			HK$3.588	–	90,000	–	–	–	90,000	0.003%	(2) (5)
			HK$9.540	–	75,000	–	–	–	75,000	0.003%	(3) (5)
TANG Runjiang	Beneficial owner	Personal	HK$3.195	75,000	–	–	–	(75,000)	–	–	(1)
			HK$3.588	65,000	–	–	–	–	65,000	0.003%	(2)
Total number of other continuous contract employees (Under the Company's employment, excluding senior management)	Beneficial owner	Personal	HK$3.195	7,829,500	(57,000)	–	–	(7,772,500)	–	–	(1)
			HK$3.588	9,575,000	(90,000)	–	–	–	9,485,000	0.368%	(2)
			HK$9.540	8,215,000	(75,000)	–	–	(50,000)	8,090,000	0.313%	(3)
Others (Not under the Company's employment, including ex-Directors)	Beneficial owner	Personal	HK$3.195	5,756,250	–	–	–	(5,756,250)	–	–	(1)
			HK$3.588	7,270,000	–	–	–	–	7,270,000	0.282%	(2)
			HK$9.540	13,055,000	–	–	–	–	13,055,000	0.506%	(3)
				58,580,750	–	–	–	(15,260,750)	43,320,000		

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) On 20 May 2015, the Company convened the 2014 annual general meeting, whereby a resolution regarding the election of Mr. Wan Min as the non-executive Director was considered and approved. On 20 January 2016, the Company convened the 22nd meeting of the fourth session of the Board, whereby the replacement of Mr. Ma Zehua by Mr. Wan Min (the non-executive Director of the Board) as the chairman of the Company and the member and chairman of the executive committee was approved.

(5) On 26 March 2015, the Company convened the 9th meeting of the fourth session of the Board to consider and approve the plan regarding the adjustment of the senior management of the Company, approve the resignation of Mr. Wan Min as the deputy general manager of the Company, and appoint Mr. Wang Haimin and Mr. Qiu Jinguang as deputy general managers of the Company.

(6) On 30 March 2016, the Company convened the 24th meeting of the fourth session of the Board, whereby Mr. Li Yunpeng resigned as the vice chairman of the Board and an executive Director.

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:

		Number of share option								
Category	Exercise price (HK$)	Outstanding as at 1 January 2015	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 2015	Percentage of issued share captial of COSCO Pacific as at 31 December 2015	Exercisable period	Note
Others	19.30	13,240,000	–	–	–	(260,000)	12,980,000	0.44%	See Note (1)	(1) (2)

Notes:

(1) 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, 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 was from 17 April 2007 to 19 April 2007.

(2) 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 2015, the interests of the 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 for Securities Transactions by Directors of Listed Issuers (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 interests	Number of Shares	Class of Shares	Approximate percentage of total issued share capital in the class	Approximate percentage of total issued share capital of the Company
FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	H Share	0.0004%	0.00010%
Peter Guy BOWIE	Beneficial owner	Personal	15,000	H Share	0.0006%	0.00015%
LI Yunpeng (1)	Beneficial owner	Family	3,000	A Share	0.00004%	0.00003%
WAN Min	Beneficial owner Beneficial owner Beneficial Owner	Personal Personal Family	2,500 35,000 12,000	H Share A Share A Share	0.00010% 0.0005% 0.00016%	0.00002% 0.00034% 0.00012%

Note:

(1) Mr. LI Yunpeng resigned as the vice chairman of the Board and an executive Director on 30 March 2016.

(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 Shares	Approximate percentage of total issued share capital
COSCO Corporation (Singapore) Limited	SUN Yueying	Beneficial owner	Personal	600,000	0.030%
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, during the year ended 31 December 2015 are set out in the paragraph headed "Share Appreciation Rights Plan" in this section above.

Save as disclosed above, as at 31 December 2015, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any Shares, 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 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 2015 required to be disclosed under Rule 13.22 of the Listing Rules is set out below:

	RMB'000
Non-current assets	5,062,112
Current assets	929,383
Current liabilities	(233,718)
Non-current liabilities	(2,991,179)
Net assets	2,766,598
Share Capital	695,394
Reserves	1,784,187
Non-controlling interests	287,017
Capital and reserves	2,766,598

As at 31 December 2015, the Group's share of net assets of these affiliated companies amounted to RMB1,711,596,000.

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 and the five highest paid individuals of the Group are set out in note 35 to the consolidated financial statements.

There were no arrangements under which a Director or Supervisor had waived or agreed to waive any remuneration in respect of the year ended 31 December 2015.

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 or arrangements of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2015.

Permitted Indemnity Provisions

At no time during the reporting period and as at the date of this report, there was or is, any permitted indemnity provision being in force for the benefit at any of the Directors or Supervisors of the Company (whether made by the Company or otherwise) or the directors or supervisors of an associated corporation of the Company (if made by the Company).

The Company has arranged appropriate liability insurance for the Directors and Supervisors concerning the relevant legal action they may be faced with.

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 58 to 87 of this annual report for details.

Employees and Remuneration Policies

As at 31 December 2015, there were approximately 34,913 employees in the Group. Total staff costs for the Group for the year, including directors' remuneration, totaled approximately RMB6,748,414,503.50.

During the reporting period, to enhance the quality and capability of its human resources as well as team spirit and to fully cope with the business development of the Company, the Group has organised many professional and comprehensive training programs. 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 the Company's management system of the use of information by external 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 external parties. During the reporting period, for any insider information required to be disclosed to external parties according to the laws and regulations including statistics and statements, the Company will register and file relevant officers of such external parties who received such insider information as insiders and remind such officers of external parties to keep such information confidential in writing.

Corporate Governance and Insiders Registration and Management System

During the reporting period, the Company further optimized its corporate governance and operation efficiency strictly in compliance with 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 president. 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 and the Supervisory Committee perform their duties and obligations and effectively 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 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 of listed companies 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 dealing through tightening the management of the circulation of inside information. According to internal inspection of the Company, there was no insider trading of Shares before the disclosure of material price sensitive information of the Company in 2015.

There was 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
Annual General Meeting of 2014	20 May 2015	1. To consider and approve the proposed Directors' Report of China COSCO for 2014; 2. To consider and approve the proposed Report of the Supervisory Committee of China COSCO for 2014; 3. To consider and approve the proposed financial report and audit report of China COSCO for 2014 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 2014; 5. To consider and approve the proposal to reappoint Ruihua Certified Public Accountants, LLP as the domestic auditor of the Company for 2015 and to reappoint PricewaterhouseCoopers as the international auditor of the Company for 2015 as well as the proposal on their audit fees; 6. To consider and approve the proposal on the appointment of Mr. Wan Min as a non-executive Director of China COSCO; 7. To consider and approve the proposal on the provision of guarantee by China COSCO; 8. To consider and approve the proposal on the Internal Accountability System for Violation of Laws and Regulations on Securities 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 www.hkexnews.hk	20 May 2015
First extraordinary general meeting in 2015	28 October 2015	1. To consider and approve the proposal on the order of six vessels with capacity of 19000TEUs in associated shipyards; 2. To consider and approve the proposal on the order of five vessels with capacity of 19000TEUs in non-associated shipyards.	All resolutions were considered and approved. Please refer to the announcements published on the relevant date for details.	www.sse.com.cn www.hkexnews.hk	28 October 2015

Explanation on general meetings

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 when performing duties during the reporting period

Audit Committee:

In 2015, 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:

1. Given that the sluggish condition of the shipping market was substantially unchanged, the Audit Committee recommended the management to closely monitor the liquidity adequacy.

2. According to the chairman of the Audit Committee, there were significant differences regarding certain disclosures between the financial reports of A Shares and H Shares. Therefore, both domestic and international auditors stated that they would coordinate with each other and add appropriate explanations in segment reports.

3. During the reporting period, the Company was not aware of any material defects in internal control. However, the Audit Committee noticed that internal control and internal risk management were administered by two different departments. As such, coordination between the two departments in carrying out work such as operation and supervision over risk identification and control as well as review of adequacy of risk mitigation policies were required.

4. The Audit Committee pointed out that pursuant to the latest London Maritime Arbitration, shipping companies may not be entitled to recover all claims on demurrage charges incurred too long time ago. As such, the Audit Committee suggested the Company to revise the relevant terms in commercial contracts and the auditors to provide remarks in the future management letters.

5. Due to the unfavourable production and operation conditions, management are urged to reallocate all available resources and improve capital operation in a timely manner to make up losses.

6. In accordance with the newly revised Corporate Governance Code of the Listing Rules by the Stock Exchange, the Company shall further clarify the division of responsibilities regarding risk control among the special committees and request the special committees to review the compliance report of the Company at least once every half year.

Remuneration Committee:

In 2015, the Remuneration Committee had convened a total of one meeting, whereby it reviewed the remuneration packages determined based on the results of performance appraisal and remuneration management system of the Company, and held the view that the remuneration of the Company's senior management was in compliance with the management requirements of performance appraisal and remuneration management system of the Company. The relevant decision-making procedures were legal and effective.

Nomination Committee:

In 2015, the Nomination Committee had convened a total of two meetings, whereby resolutions regarding to the nomination of director candidates for the fourth session of the Board were considered and approved. Mr. Wan Min and Mr. Xu Zunwu were nominated as the candidates for the non-executive Director and the executive Director, respectively.

Strategic Development Committee:

The Strategic Development Committee placed high focus on the formulation and implementation of China COSCO's strategies. It provided guidance to and carried out supervision over the strategic management department in formulating, revising and optimizing relevant strategies through various ways including special meetings and teleconference while monitoring the policies and principles regarding implementation of strategies by COSCON, COSCO Bulk and COSCO Pacific. On 20 May 2015, during the first meeting of Strategic Development Committee under the fourth session of the Board, all committee members duly considered the opinions and suggestions made by three professional companies with respect to the implementation of 2020 Development Strategies of China COSCO (《中國遠洋2020年發展戰略》), and held the view that the 2020 Development Strategies provides feasible objectives and strategic measures for the future development of China COSCO and key reforms and adjustment for each of its business segments based on the current production and operation conditions of China COSCO, in particular under the severe condition of the shipping market, which is meaningful for China COSCO to overcome market challenges and improve efficiency continuously. In order to achieve the missions and targets under the 2020 Development Strategies of China COSCO, China COSCO will form the specific plans of strategic measures and projects with clear objectives, and will closely monitor and coordinate the implementation to ensure effective execution, so as to lead the business development of the Company through effective strategies.

Risks of the Company identified by the Supervisory Committee

The Supervisory Committee had 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.

The establishment and implementation of the appraisal system and incentive mechanism for senior management during the reporting period

Annual salary were paid to senior management members of China COSCO, including the president, 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 session of the Board. 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, which shall include the Directors, Supervisors and senior management including the president, deputy general managers, chief financial officer and the secretary of the Board as well as other parties approved by the Board.

Except 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 from the date of grant, during which the grantees are restricted from exercising the rights. The proportion of all 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 relating to the Company 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 establishing and implementing an effective internal control system, evaluating its effectiveness and truthfully disclosing the internal control evaluation report. The Supervisory Committee is responsible for supervising the establishment and implementation of internal control system by the Board. 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 and completeness 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 .

2. Establishment of internal control system

In 2015, 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 the Supplemental Guidelines (配套指引) issued by five ministries, including the PRC Ministry of Finance.

1. The Company has optimized the internal control system of the headquarters and refined its organizational structure. In 2015, China COSCO established various units, including effectiveness management unit, legal and risk management unit, information management unit and strategy implementation management office, so as to refine the organizational structure of the headquarters and strengthen control of the management of consumption of marine fuel, legal and risk management, information planning and its implementation and implementation of strategies.

2. The Company has strengthened control and enhanced the management and assessment on the performance of risk management of all departments. The Company has assigned its production and operation departments to specific risk management units and allocated corresponding resources in relation to their risk management duties. As such, duties and responsibilities have been clearly identified and the risk management mechanism has been refined. Based on the focus of risk management in 2015, the Company has added several assessment indicators in relation to closed-loop risk management and put a great emphasis on the closed-loop risk management. The Company has also arranged second-tier departments to conduct self-evaluation.

3. The Company enhanced its internal control capability through carrying out internal control evaluation of 2015. Adhering to the philosophy of "taking internal control as opportunities to improve the corporate governance" and in order to "enhance the capability to identify production and operation problems", China COSCO duly planned and prepared the internal control evaluation for 2015. The Company changed and innovated various aspects, such as centralized sampling evaluation, on-site inspection and communication methods. Firstly, the Company duly planned and prepared the evaluation and selected five sample units, including the headquarters, two second-tier units and two basic-level units, from different segments. By extending the evaluation scope from second-tier level to basic level, the Company is able to have a comprehensive understanding of risk management performance of all units of different levels and segments. Secondly, the Company has improved the planning and preparation before the evaluation. Capitalizing on management synergic effect, the Company is able to obtain relevant information and improve the pertinence of evaluation. Thirdly, the Company has modified its internal control approaches and focused on the control of the processes. The Company obtained the first-hand information of evaluated companies through different ways, including initiating meetings, sharing meetings and conclusion meetings. Lastly, the Company has strengthened its training and consolidated "evaluation + training" approach. The Company also promoted and cultivated risk control culture and strengthened the training of management members and relevant departments of evaluated companies, so as to broaden the knowledge of risk control of all units. In addition, the Company continued to assign personnel to all units for internal control cross-evaluation, in order to establish a professional team for internal control evaluation.

4. The Company has consolidated its foundation by establishing a risk control system in different units. The Company has accelerated the establishment of such system and required all units to formulate relevant rules and systems for the guidance on daily operation in accordance with the requirement of the headquarters. In 2015, the Company further promoted the establishment of internal control and risk management system in all second-tier units and encouraged qualified second-tier units to procure their enterprises to establish internal control and risk management systems.

For details of the internal control evaluation report, please refer to the report of the Company released on 31 March 2016 at the website of Shanghai Stock Exchange.

II. Audit report on internal control

In accordance with relevant requirements, such as the guidelines on internal control audit, China COSCO engaged Ruihua Certified Public Accountants, LLP to conduct audit and 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 30 March 2016 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

Unit: Share

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)	Whether he/she received remuneration from related parties of the Company
Ma Zehua	Chairman of the Board	Male	63	2014.05.20	2016.01.20					0	Yes
Wan Min	Chairman of the Board	Male	47	2016.01.20		35,000	35,000	0		0	Yes
Li Yunpeng	Vice chairman of the Board	Male	57	2014.05.20	2016.03.30					0	Yes
Sun Yueying	Director	Female	57	2014.05.20						0	Yes
Sun Jiakang	Director	Male	56	2014.05.20						0	Yes
Ye Weilong	Director	Male	53	2014.05.20						0	Yes
Wang Yuhang	Director	Male	54	2014.05.20						0	Yes
Jiang Lijun	Director	Male	60	2014.05.20	2015.12.08						
	General manager			2014.05.20	2015.12.08					149.92	No
Xu Zunwu	Director	Male	58	2016.02.01							
Fan Hsu Lai Tai	Independent Director	Female	70	2014.05.20						48.00	No
Kwong Che Keung, Gordon	Independent Director	Male	66	2014.05.20						49.20	No
Peter Guy Bowie	Independent Director	Male	69	2014.05.20						47.70	No
Yang, Liang Yee Philip	Independent Director	Male	67	2014.05.20						48.90	No
Fu Xiangyang	Chairman of the Supervisory Committee	Male	48	2014.05.20						0.00	Yes

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)	Whether he/she received remuneration from related parties of the Company
Ma Jianhua	Supervisor	Male	53	2014.05.20						0.00	Yes
Gao Ping	Supervisor	Male	60	2014.05.20						144.63	No
Zhang Li	Supervisor	Female	50	2014.05.20						148.23	No
Meng Yan	Independent Supervisor	Male	60	2014.05.20						31.20	No
Zhang Jianping	Independent Supervisor	Male	50	2014.05.20						33.93	No
Xu Zunwu	Deputy general manager	Male	58	2014.05.20						148.28	No
Wan Min	Deputy general manager	Male	47	2014.05.20	2015.03.26					0.00	No
Wang Haimin	Deputy general manager	Male	43	2015.03.26						111.88	No
Qiu Jinguang	Deputy general manager	Male	52	2015.03.26						505.26	No
Deng Huangjun	Chief financial officer	Male	54	2016.03.14							No
Tang Runjiang	Chief financial officer	Male	47	2014.05.20	2016.03.14					120.28	No
Guo Huawei	Secretary of the Board	Male	50	2014.05.20						120.28	No
Wang Xiaodong	Assistant to the general manager	Male	57	2014.05.20	2016.03.14					105.72	No
Total	/	/	/	/	/	35,000	35,000	0	/	1,813.41	/

Notes:

1. Wan Min (Chairman), Ma Zehua (former Chairman), Li Yunpeng (former Vice Chairman), Sun Yueying (Director), Sun Jiakang (Director), Ye Weilong (Director), Wang Yuhang (Director) and Fu Xiangyang (Chairman of the Supervisory Committee) receive remuneration in accordance with the requirements of SASAC of the State Council. 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 2015 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 2015 have yet to be approved by SASAC, and it cannot be disclosed.

2. Remuneration of Directors and Supervisors were determined by shareholders' meeting. For details of the decision-making procedures of and basis for the remuneration of senior management, please see "Appraisal system and the establishment and implementation of incentive mechanism for senior management during the reporting period" of this annual report.

3. The travelling and accommodation expenses incurred by Directors, Supervisors and senior management in relation to attendance at the Board meetings, Supervisory Committee meetings and shareholders' meeting 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
Wan Min	Sino-Poland Joint Stock Shipping Company	Chinese delegate of management committee	2016.03	
Wan Min	Sino-Tanzania Joint Shipping Company (中坦聯合海運公司)	Chairman	2016.03	
Wan Min	COSCO (Hong Kong) Company Limited (中國遠洋 (香港) 有限公司)	Chairman	2016.03	
Sun Yueying	China Shipping Container Lines Co., Ltd.	Chairman	2016.03	
Sun Yueying	China Ocean Investment Company Limited (中遠投資有限公司)	Chairman	2016.03	
Sun Yueying	COSCO Japan Co., Ltd. (中遠日本株式會社)	Chairman	2010.07	
Sun Yueying	COSCO (Hong Kong) Company Limited (中國遠洋 (香港) 有限公司)	Vice chairman	2014.08	
Sun Yueying	Hainan COSCO Boao Co., Ltd.	Director	2015.04	
Sun Yueying	China Shipping Investment Co., Ltd.	Chairman	2016.03	
Sun Yueying	COSCO Finance Co., Ltd.	Chairman	2009.08	
Sun Yueying	Cosco Capital Co., Ltd.	Chairman	2011.11	
Sun Yueying	China Shipping Finance Co., Ltd.	Chairman	2016.03	
Sun Yueying	China Shipping Leasing Co., Ltd.	Chairman	2016.03	
Sun Jiakang	China Shipping Development Co., Ltd.	Chairman	2016.03	
Sun Jiakang	China COSCO Bulk Shipping (Group) Co., Ltd.	Chairman	2016.03	
Sun Jiakang	COSCO Shipping Co., Ltd.	Chairman	2016.03	
Sun Jiakang	China Shipping Tanker Company Limited	Chairman	2016.03	
Sun Jiakang	China Shipping Bulk Carrier Co., Ltd.	Chairman	2016.03	
Sun Jiakang	COSCO Oceania Pty Ltd.	Chairman	2012.01	
Sun Jiakang	China Shipping Passenger Liner Co., Ltd.	Chairman	2016.03	
Sun Jiakang	China Shipping & Sinopec Suppliers Co., Ltd.	Chairman	2016.03	
Sun Jiakang	China Shipping Car Carrier Co., Ltd. (中海汽車船運輸有限公司)	Chairman	2016.03	
Sun Jiakang	China Shipping Group LNG Investment Company Limited (中海集團液化天然氣投資有限公司)	Chairman	2016.03	
Sun Jiakang	China Ore Shipping Pte. Ltd. (中國礦運有限公司)	Chairman	2016.03	
Ye Weilong	Guangzhou Maritime Transport (Group) Co., Ltd.	Chairman	2016.03	

Name	Name of entity	Position	Date of appointment	Date of termination
Ye Weilong	COSCO International Holdings Limited	Chairman of the board, executive director	2016.03	
Ye Weilong	China Shipping (West Asia) Holdings Co., Ltd. (中國海運(西亞)控股有限公司)	Chairman	2016.03	
Ye Weilong	COSCO West Asia FZE (中遠西亞公司)	Chairman	2016.03	
Ye Weilong	China Shipping (South America) Holdings Ltd. (中國海運(南美)控股有限公司)	Chairman	2016.03	
Wang Yuhang	China Shipping Industry CO., Ltd.	Chairman	2016.03	
Wang Yuhang	China International Marine Containers (Group) Ltd.	Vice chairman	2015.11	
Wang Yuhang	COSCO Shipyard Group Co, Ltd.	Chairman	2014.04	
Wang Yuhang	COSCO (Hong Kong) Group Limited	Chairman	2016.03	
Wang Yuhang	COSCO Corporation (Singapore) Limited (中遠投資(新加坡)有限公司)	Director, chairman of the board	2016.03	
Wang Yuhang	China Shipping Industry Co., Ltd.	Chairman	2016.03	
Description of the appointment in the above entities				

(II) Position in other entities

Name	Name of other entity	Position	Date of appointment	Date of termination
Wan Min	China Bohai Bank Limited	Director	2016.01	
Sun Yueying	China Merchants Securities Co., Ltd.	Director	2011.03	
Sun Yueying	China Merchants Bank Co., Ltd.	Director	2011.03	
Sun Jiakang	China Marine Bunker (PetroChina) Co., Ltd.	Chairman	2013.09	
Sun Jiakang	China LNG Shipping (Holdings) Limited	Chairman	2011.12	
Sun Jiakang	Yuanli Shipping Co., Ltd.	Vice chairman	2016.03	
Ye Weilong	Suzhou Industrial Park Co., Ltd.	Vice chairman	2016.03	

Description of the appointment in other entities

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)	RMB24.3532 million (before tax)

IV. Changes in Directors, Supervisors and Senior Management of the Company

Name	Position	Change	Reason of change
Ma Zehua	Chairman of the Board, non-executive Director	Resigned	Resigned due to change of work positions
Wan Min	Chairman of the Board, non-executive Director	Elected	Elected by the Shareholders' general meeting and the Board
Li Yunpeng	Vice chairman, executive director	Resigned	Resigned due to change of work positions
Jiang Lijun	Executive Director, general manager	Resigned	Resigned due to his reaching of retirement age
Xu Zunwu	Executive Director	Elected	Elected by the Shareholders' general meeting
Wan Min	Deputy general manager	Resigned	Resigned due to change of position
Wang Haimin	Deputy general manager	Appointed	Appointed by the Board
Qiu Jinguang	Deputy general manager	Appointed	Appointed by the Board
Tang Runjiang	Chief financial officer	Resigned	Resigned due to change in job arrangement
Deng Huangjun	Chief financial officer	Appointed	Appointed by the Board
Wang Xiaodong	Assistant to general manager	Resigned	Resigned due to change of position

1. Appointment of Directors and changes

On 26 March 2015, the Company convened the 9th meeting of the fourth session of the Board, whereby a resolution regarding the nomination of Wan Min, as the candidate of non-executive Director for the fourth session of the Board was submitted to the Shareholders' general meeting for consideration.

On 20 May 2015, the Company convened the annual general meeting for 2014, at which Wan Min was elected as a non-executive Director of the fourth session of the Board.

On 8 December 2015, the Company convened the 20th meeting of the fourth session of the Board, at which the resignation of Jiang Lijun as an executive Director due to his reaching of retirement age was approved.

On 20 January 2016, the Company convened the 22th meeting of the fourth session of the Board, at which resolutions regarding the resignation of Ma Zehua as the chairman of the Board and a non-executive Director of the Company due to change of work positions was approved, Wan Min was elected as chairman of the Board and the nomination of Xu Zunwu as the candidate of executive Director of the fourth session of the Board were submitted to the Shareholders' general meeting for consideration.

On 1 February 2016, the Company convened the first Shareholders' general meeting for 2016, at which Xu Zunwu was elected as an executive Director of the fourth session of the Board.

On 30 March 2016, the Company convened the 24th meeting of the fourth session of the Board, at which the resolution regarding the resignation of Mr. Li Yunpeng as the vice chairman of the Board and an executive Director due to change of work position was approved.

2. Appointment of Supervisors and changes

Nil.

3. Appointment of senior management and changes

On 26 March 2015, the Company convened the 9th meeting of the fourth session of the Board, at which the resignation of Wan Min as the deputy general manager of China COSCO and the appointment of Wang Haimin and Qiu Jinguang as deputy general managers of China COSCO were approved.

On 8 December 2015, the Company convened the 20th meeting of the fourth session of the Board, at which the resignation of Jiang Lijun as the president due to his age and the appointment of Xu Zunwu as the acting president of the Company were approved.

On 14 March 2016, the Company convened the 23rd meeting of the fourth session of the Board, at which the resignation of Tang Runjian as the chief financial officer due to change of work position, the resignation of Wang Xiaodong as the assistant to the president due to change of position and the appointment of Deng Huangjun as the chief financial officer of China COSCO were 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	306
Number of working staff of major subsidiaries	27,757
Total number of working staff	28,063
Number of retired staff receiving retirement benefit from the parent company and major subsidiaries	17,091
Qualification	
Class of qualification	**Number of staff**
Production	18,792
Sales	3,681
Technicians	1,330
Accounting	1,785
Administration	2,475
Total	28,063
Education level	
Level of education	**Number of staff**
Secondary or below	9,163
Tertiary	8,762
Graduate	8,814
Master's degree	1,311
Director's degree	13
Total	28,063

(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 2015, trainings were carried out mainly in following two aspects: firstly, the Company placed focus on trainings for personnel at key positions and areas and coordinated trainings for personnel of all categories at all levels. Secondly, the Company has continuously innovated and improved the training mechanism and further enhanced the scientific level of trainings.

(4) Outsourcing

Total working hours outsourced	5,521,116.48 hours
Total cost of outsourcing	RMB234,560,927.30

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
Wan Min
Chairman

Beijing, the PRC
30 March 2016

Report of Supervisory Committee

To all Supervisors,

The Supervisory Committee of the Company 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. In 2015, the Company convened five on-site meetings of the Supervisory Committee. The members of the Supervisory Committee attended all such meetings either in person, video or phone.

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, significant asset restructuring transactions and connected 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 2015 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.

The Supervisory Committee has examined the significant asset restructuring transactions and connected transactions conducted during the reporting period and is of the opinion that all transactions were conducted 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 the certain Shareholders or any loss of assets of the Company.

The Supervisory Committee considered the "Self-Evaluation Report on Internal Control for 2015" 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 relevant regulations of the state and the requirements of securities regulatory authorities.

In addition, the Supervisory Committee conducted on-site investigation and inspection on container shipping business and dry bulk shipping business in 2015. It also conducted inspection on the insider register of China COSCO in 2015 and is not aware of any failure of report, concealment, omission, delay in disclosure or misstatement of relevant information, leakage of insider information, insider dealing or suggestion of insider dealing to others.

In 2016, 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
30 March 2016

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 128 to 247, which comprise the consolidated balance sheet as at 31 December 2015, 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2016

Consolidated Balance Sheet

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**84,648,757**	80,097,345
Investment properties	7	**311,542**	476,432
Leasehold land and land use rights	8	**1,854,420**	1,934,852
Intangible assets	9	**156,648**	107,078
Joint ventures	11	**8,656,044**	6,051,578
Associates	12	**7,660,767**	6,096,396
Loans to joint ventures and an associate	13	**449,107**	636,219
Available-for-sale financial assets	14	**1,555,253**	1,640,570
Deferred income tax assets	15	**128,660**	109,129
Restricted bank deposits	17	**4,366**	1,482
Other non-current assets	16	**920,306**	917,629
Total non-current assets		**106,345,870**	98,068,710
Current assets			
Inventories	18	**1,469,231**	1,926,723
Trade and other receivables	19	**7,097,143**	7,722,068
Available-for-sale financial assets	14	**270,000**	500,000
Restricted bank deposits	17	**320,370**	865,429
Cash and bank balances	17	**32,690,535**	39,705,524
Total current assets		**41,847,279**	50,719,744
Total assets		**148,193,149**	148,788,454

The notes on pages 137 to 247 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	20	**10,216,274**	10,216,274
Reserves	21	**14,437,052**	14,162,888
		24,653,326	24,379,162
Non-controlling interests		**20,284,185**	18,578,796
Total equity		**44,937,511**	42,957,958
LIABILITIES			
Non-current liabilities			
Long-term borrowings	22	**75,047,047**	68,056,685
Provisions and other liabilities	23	**1,260,485**	1,271,566
Deferred income tax liabilities	15	**572,673**	527,062
Total non-current liabilities		**76,880,205**	69,855,313
Current liabilities			
Trade and other payables	24	**14,510,921**	15,377,316
Short-term borrowings	25	**2,867,943**	3,127,600
Current portion of long-term borrowings	22	**8,129,629**	15,758,769
Current portion of provisions and other liabilities	23	**126,262**	493,489
Tax payable		**740,678**	1,218,009
Total current liabilities		**26,375,433**	35,975,183
Total liabilities		**103,255,638**	105,830,496
Total equity and liabilities		**148,193,149**	148,788,454

The notes on pages 137 to 247 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 128 to 247 were approved by the Board of Directors on 30 March 2016 and were signed on its behalf

Mr. Wan Min
Director

Mr. Xu Zunwu
Director

Consolidated Income Statement

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Continuing operations			
Revenues	5	**57,403,934**	66,901,438
Cost of services and inventories sold	28	**(55,242,809)**	(62,877,383)
Gross profit		**2,161,125**	4,024,055
Other income and subsidy, net	26	**4,753,547**	718,572
Gain on disposal of a subsidiary, a joint venture and an available-for-sale financial asset	27	**615,118**	608,330
Selling, administrative and general expenses	28	**(4,292,982)**	(4,308,227)
Operating profit		**3,236,808**	1,042,730
Finance income	29	**859,362**	998,500
Finance costs	29	**(2,721,958)**	(2,965,968)
Net related exchange (loss)/gain		**(979,242)**	66,214
Net finance expense		**(2,841,838)**	(1,901,254)
		394,970	(858,524)
Share of profits less losses of			
– joint ventures	11	**732,994**	654,494
– associates	12	**627,841**	711,317
Profit before income tax		**1,755,805**	507,287
Income tax (expense)/credit	30	**(457,474)**	1,043,534
Profit for the year from continuing operations		**1,298,331**	1,550,821
Discontinued operation			
Write back of provision	5	**493,173**	—
Profit for the year		**1,791,504**	1,550,821
Profit attributable to:			
Equity holders of the Company		**283,391**	362,529
Non-controlling interests		**1,508,113**	1,188,292
		1,791,504	1,550,821
Profit attributable to equity holder of the Company arising from:			
– Continuing operations		**62,302**	362,529
– Discontinued operation		**221,089**	—
		283,391	362,529

The notes on pages 137 to 247 are an integral part of these consolidated financial statements.

Consolidated Income Statement

For the year ended 31 December 2015

	Note	2015 RMB	2014 RMB
Earnings per share attributable to equity holder of the Company:			
Basic and diluted earnings per share			
– Continuing operations	33	**0.0061**	0.0355
– Discontinued operation	33	**0.0216**	–
		0.0277	0.0355

The notes on pages 137 to 247 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

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

The notes on pages 137 to 247 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to equity holders of the Company				
	Share capital RMB'000	Reserves RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2015	10,216,274	14,162,888	24,379,162	18,578,796	42,957,958
Comprehensive income					
Profit for the year	–	283,391	283,391	1,508,113	1,791,504
Other comprehensive income/(loss):					
Fair value losses on available-for-sale financial assets, net of tax	–	(60,961)	(60,961)	(37,864)	(98,825)
Impairment loss on available-for-sale financial assets charged to the consolidated income statement (note 14(e))	–	3,532	3,532	–	3,532
Share of other comprehensive loss of joint ventures and associates	–	(15,117)	(15,117)	(18,231)	(33,348)
Currency translation differences	–	105,685	105,685	446,248	551,933
Remeasurements of post-employment benefit obligations	–	(51,330)	(51,330)	–	(51,330)
Total other comprehensive income	–	(18,191)	(18,191)	390,153	371,962
Total comprehensive income	–	265,200	265,200	1,898,266	2,163,466
Total contributions by and distributions to owners of the Company recognised directly in equity					
Contributions from non-controlling interests of subsidiaries	–	–	–	286,598	286,598
Dividends paid to non-controlling interests of a subsidiary	–	–	–	(506,340)	(506,340)
Issue of shares on settlement of scrip dividend by a subsidiary	–	17,484	17,484	37,890	55,374
Acquisition of remaining equity interests from non-controlling interests	–	–	–	(10,581)	(10,581)
Others	–	(8,520)	(8,520)	(444)	(8,964)
Total contributions by and distributions to owners of the Company	–	8,964	8,964	(192,877)	(183,913)
As at 31 December 2015	10,216,274	14,437,052	24,653,326	20,284,185	44,937,511

The notes on pages 137 to 247 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to equity holders of the Company				
	Share capital RMB'000	Reserves RMB'000	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 disposals of subsidiaries and an associate	—	(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 subsidiaries	—	—	—	(429,723)	(429,723)
Issue of shares on settlement of scrip dividend by 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 137 to 247 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	36	**6,304,784**	5,419,882
Interest received		**861,485**	1,046,583
Income tax paid		**(449,419)**	(429,109)
Net cash generated from operating activities		**6,716,850**	6,037,356
Cash flows from investing activities			
Purchase of property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets		**(7,227,619)**	(6,957,974)
Investments in joint ventures and associates		**(2,352,922)**	(1,301,215)
Proceeds from disposal of property, plant and equipment, investment properties, land use right, and intangible assets		**453,027**	2,358,201
Net cash (outflow)/inflow from disposal of a subsidiary, joint ventures and an associate	27(a)	**(32,860)**	328,359
Cash paid for purchase of available-for-sale financial assets		**(962,003)**	(5,899,000)
Cash received from disposal of available-for-sale financial assets		**1,180,312**	9,677,355
Loans to joint ventures		**–**	(427,296)
Repayments of loans granted to joint ventures and associates		**394,323**	167,213
Dividends received from joint ventures		**683,525**	784,710
Dividends received from associates		**431,650**	378,060
Dividends and interest received from available-for-sale financial assets		**86,173**	195,330
Decrease in restricted bank deposits		**575,909**	61,415
Net cash used in investing activities		**(6,770,485)**	(634,842)

The notes on pages 137 to 247 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		**29,710,908**	21,831,390
Repayments of borrowings		**(34,465,348)**	(31,942,678)
Dividends paid to non-controlling interests		**(450,966)**	(332,745)
Contributions from non-controlling interests of subsidiaries		**271,509**	25,500
Acquisition of remaining equity interests from non-controlling interests		**(10,581)**	(128,516)
Interest paid		**(2,432,880)**	(2,916,557)
Other incidental borrowing costs and charges paid		**(297,267)**	(339,177)
Increase in restricted bank deposits		**(15,782)**	(57,298)
Net cash used in financing activities		**(7,690,407)**	(13,860,081)
Net decrease in cash and bank balances		**(7,744,042)**	(8,457,567)
Cash and bank balances as at 1 January		**39,705,524**	48,206,390
Exchange gains/(losses)		**729,053**	(43,299)
Cash and bank balances as at 31 December	17	**32,690,535**	39,705,524

The notes on pages 137 to 247 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") included the provisions of a range of container shipping, dry bulk shipping, managing and operating container terminals and container leasing all over the world.

The directors of the Company (the "Directors") regard China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC, as being the Company's parent company (note 39). COSCO and its subsidiaries (other than the Group) are collectively referred to as "COSCO Group".

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

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

2 Summary of significant accounting policies

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

(a) Basis of preparation

The consolidated financial statements for the year ended 31 December 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 2015 and adopted by the Group

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

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

		Effective for accounting periods beginning on or after
New and amended standards and interpretation to standard		
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
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

Business combinations under common control are accounted for in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations". In applying merger accounting, 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 or partial disposal 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 bank balances 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 a 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(w) (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(w) (iv) below.

(j) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets, (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out in note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2 Summary of significant accounting policies (Continued)

(k) 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 bank balances and restricted bank deposits in the balance sheet (notes 2(m) and 2(n)).

(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.

2 Summary of significant accounting policies (Continued)

(k) Financial assets (Continued)

(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.

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.

2 Summary of significant accounting policies (Continued)

(k) Financial assets (Continued)

(iii) Impairment (Continued)

(1) Assets carried at amortised cost (Continued)

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 securities below its cost is also evidence that the assets are impaired. If any such evidence exist 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)

(l) 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.

(m) 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.

(n) Cash and bank balances

For the purpose of cash flow statement, cash and bank balances 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.

2 Summary of significant accounting policies (Continued)

(o) 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.

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.

(p) 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.

(q) 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.

(r) 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 as compensation for costs already incurred or for immediate financial support, with no future related costs, should be recognised as income in the period in which they are receivable.

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.

2 Summary of significant accounting policies (Continued)

(s) 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.

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 statements.

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.

2 Summary of significant accounting policies (Continued)

(s) Employee benefits (Continued)

(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.

(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.

(1) 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.

(2) 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) Employee benefits (Continued)

(iv) Share-based payments (Continued)

(3) Modification and cancellation

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(4) Cash-settled share-based payment transactions

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The Group recognises the services received, and a liability to pay for those services, as the employees render service. For example, some share appreciation rights vest immediately, and the employees are therefore not required to complete a specified period of service to become entitled to the cash payment. In the absence of evidence to the contrary, the Group presumes that the services rendered by the employees in exchange for the share appreciation rights have been received. Thus, the Group recognises immediately the services received and a liability to pay for them. If the share appreciation rights do not vest until the employees have completed a specified period of service, the Group recognises the services received, and a liability to pay for them, as the employees render service during that period.

The liability shall be measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date.

2 Summary of significant accounting policies (Continued)

(t) 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.

2 Summary of significant accounting policies (Continued)

(u) 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.

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.

(v) Trade payables

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

(w) 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.

2 Summary of significant accounting policies (Continued)

(w) Recognition of revenues and income (Continued)

(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.

(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)

(w) 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.

(x) 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.

(y) 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.

(z) 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.

(aa) 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 2015, 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 RMB503,892,000 (2014: post-tax profit for the year would have decreased/increased by approximately RMB590,672,000) and the equity as at 31 December 2015 would have decreased/increased by approximately RMB503,892,000 (2014: RMB590,672,000) 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 2015, 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 RMB219,007,000 (2014: a decrease/an increase of post-tax profit of RMB131,557,000) and the equity as at 31 December 2015 would have decreased/increased by RMB219,007,000 (2014: decreased/increased by RMB131,557,000).

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.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(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.

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.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and bank balances 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 RMB32,421,605,000 and its cash and bank balances of RMB32,690,535,000 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.

	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 2015				
Bank and other borrowings	**12,395,636**	**18,555,990**	**38,741,805**	**26,343,775**
Trade and other payables (excluding advance from customers) (note 24)	**13,892,231**	**—**	**—**	**—**
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 37)	37,014	37,014	9,270	—

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 bank balances. The Group aims to maintain a manageable net debt to equity ratio. As at 31 December 2015, the net debt to equity ratio is summarised as follows:

	2015 RMB'000	2014 RMB'000
Long-term borrowings (note 22)	83,176,676	83,815,454
Short-term borrowings (note 25)	2,867,943	3,127,600
Total borrowings	86,044,619	86,943,054
Less: Cash and bank balances (note 17)	(32,690,535)	(39,705,524)
Net debt	53,354,084	47,237,530
Total equity	44,937,511	42,957,958
Net debt to total equity ratio	118.7%	110.0%

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 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets (note 14)	**407,098**	**—**	**1,418,155**	**1,825,253**

The following table presents the Group's assets that are measured at fair value as at 31 December 2014.

	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

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.

— Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

Movements of available-for-sale financial assets classified as level 3 recognised in the consolidated balance sheets are as follows:

	2015 RMB'000	2014 RMB'000
As at 1 January	**1,694,360**	5,415,948
Additions	**962,000**	5,967,255
Disposals	**(1,179,886)**	(9,738,392)
Net fair value (loss)/gain recognised in equity	**(68,538)**	49,134
Currency translation differences	**10,219**	415
As at 31 December	**1,418,155**	1,694,360

As at 31 December 2015, 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 bank balances, 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 after use) 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 2015 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 RMB375,467,000 (2014:RMB341,964,000) or increased by RMB604,459,000 (2014: RMB538,479,000) for the year ended 31 December 2015.

Had the residual values been increased/decreased by 10% from management's estimates as at 31 December 2015 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 RMB106,537,000 (2014: RMB95,153,000) or increased by RMB111,964,000 (2014: RMB99,333,000) for the year ended 31 December 2015.

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 RMB75,686,000 (2014: RMB385,927,000) for onerous contracts at 31 December 2015 (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 2015, 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 RMB785,000 (2014: RMB22,986,000).

(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 2015, the voyage expenses would have been RMB319,193,000 (2014: RMB308,802,000) lower or higher in the future periods.

4 Critical accounting estimates and judgements (Continued)

(v) Control over COSCO Pacific

During the year ended 31 December 2015, the Group's equity interest in COSCO Pacific Limited ("COSCO Pacific"), a non-wholly owned subsidiary of the Company, increased from 44.54% to 44.83%.

The Group remains as the single largest shareholder of COSCO Pacific.

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 44.83% 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 2015 would have been increased by the same amount of RMB3,597,842,000 (2014: RMB3,459,539,000).

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.

(ix) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Pursuant to the resolution approved in the board meeting dated 11 December 2015, the Company, on 31 December 2015, issued a circular to shareholders regarding several proposed major and connected transactions in connection with the asset restructuring of the Company and China Shipping (Group) Company and its subsidiaries ("China Shipping Group") that included the disposal of China COSCO Bulk Shipping (Group) Co., Ltd. ("COSCO Bulk"), a wholly owned subsidiary of the Company, and Florens Container Holdings Limited("FCHL"), an indirect wholly owned subsidiary of the Company through COSCO Pacific (note 42).

As at 31 December 2015, since the approvals from the shareholders of the Company, COSCO Pacific and China Shipping Group and from certain authorities for the above transactions were not obtained, management believes the disposal of COSCO Bulk and FCHL is uncertain and, according to the accounting policy set in note 2(j), does not classify the disposal groups of COSCO Bulk and FCHL as disposal groups held for sale and discontinued operations.

5 Revenues and segment information

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

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

Notes:

(a) Revenue from container shipping under time charterhire agreements was RMB222,604,000 for the year ended 31 December 2015 (2014: RMB618,282,000).

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

5 Revenues and segment information (Continued)

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

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

Operating segments

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

— Container shipping and related business

— Dry bulk shipping and related business

— Container terminal and related business

— Container leasing, management, sale and related business

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

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

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

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

5 Revenues and segment information (Continued)

Operating segments (Continued)

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

5 Revenues and segment information (Continued)

Operating segments (Continued)

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

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

	Year ended 31 December 2014						
	Container shipping and related business (#) 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 include respective crew service income and other income.

5 Revenues and segment information (Continued)

Operating segments (Continued)

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

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 a joint venture and an associate	–	–	636,219	–	–	–	636,219
Available-for-sale financial assets	600,687	825,718	214,165	–	500,000	–	2,140,570
Unallocated assets							109,129
Total assets							148,788,454
Segment liabilities	49,751,676	30,426,846	10,999,482	6,693,697	19,755,273	(13,541,549)	104,085,425
Unallocated liabilities							1,745,071
Total liabilities							105,830,496

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)

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

5 Revenues and segment information (Continued)

Geographical information (Continued)

(b) Non-current assets

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

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

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

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

6 Property, plant and equipment

	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 2015	11,045,548	37,645,514	40,250,565	13,436,696	598,506	6,030,981	4,190,047	113,197,857
Currency translation differences	(74,974)	1,523,408	1,430,852	864,821	1,216	(44,154)	71,672	3,772,841
Reclassification between categories and transfer to investment properties and intangible assets	196,735	–	1,050,005	–	100	190,221	(1,492,094)	(55,033)
Additions	45,950	63,463	3,065,937	1,275,690	28,319	168,283	2,494,391	7,142,033
Disposal of a subsidiary	(211,393)	–	–	–	(2,170)	(31,231)	–	(244,794)
Disposals/write off	(201,725)	(1,196,864)	(3,385,965)	(38,322)	(62,183)	(44,930)	(273,106)	(5,203,095)
Transfer to inventories	–	–	–	(97,836)	–	–	–	(97,836)
As at 31 December 2015	10,800,141	38,035,521	42,411,394	15,441,049	563,788	6,269,170	4,990,910	118,511,973
Accumulated depreciation and impairment								
As at 1 January 2015	1,537,757	8,871,454	17,443,484	2,997,004	392,952	1,857,861	–	33,100,512
Currency translation differences	(26,757)	239,712	516,134	211,125	1,505	2,826	–	944,545
Depreciation charge for the year	292,774	1,299,517	1,246,668	768,888	28,902	315,896	–	3,952,645
Disposal of a subsidiary	(85,778)	–	–	–	(1,880)	(21,012)	–	(108,670)
Disposals/write off	(80,001)	(893,328)	(2,871,390)	(22,938)	(61,814)	(36,585)	–	(3,966,056)
Transfer to inventories	–	–	–	(59,760)	–	–	–	(59,760)
As at 31 December 2015	1,637,995	9,517,355	16,334,896	3,894,319	359,665	2,118,986	–	33,863,216
Net book value								
As at 31 December 2015	9,162,146	28,518,166	26,076,498	11,546,730	204,123	4,150,184	4,990,910	84,648,757

6 Property, plant and equipment (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 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 from/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)

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 2015				
Cost	**434,852**	**16,607,457**	**9,198,983**	**26,241,292**
Accumulated depreciation and impairment	**(249,374)**	**(8,007,962)**	**(2,973,309)**	**(11,230,645)**
	185,478	**8,599,495**	**6,225,674**	**15,010,647**
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

(b) As at 31 December 2015, container vessels, dry bulk vessels and vessels under construction with aggregate net book values of RMB20,776,276,000, RMB14,370,471,000 and Nil (2014: RMB20,937,978,000, RMB13,501,112,000 and nil) respectively were pledged as security for loan facilities granted by banks (note 22(h) (i)).

(c) As at 31 December 2015, certain property, plant and equipment with net book value of RMB307,322,000 (2014: RMB337,271,000) were pledged as security for long-term bank borrowings (note 22(h) (i)).

(d) In 2006, the Group entered into agreements for finance lease. Two vessels with net book values of approximately RMB593,684,000 as at 31 December 2015 (2014: approximately RMB587,386,000) are accounted for as property, plant and equipment (note 22(h) (ii)).

As at 31 December 2015, the balance of approximately RMB215,743,000 (2014: approximately RMB236,761,000) 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 RMB54,787,000 (2014: RMB55,192,000) were capitalised in vessel costs during the vessel construction period (note 29).

(f) As at 31 December 2015, deposits paid by the Group in relation to construction of vessels not yet commenced, amounting to RMB21,468,000 (2014: RMB20,229,000) were included in assets under construction.

(g) The accumulated impairment losses of property, plant and equipment as at 31 December 2015 amounted to RMB294,443,000 (2014: RMB414,695,000).

7 Investment properties

	2015 **RMB'000**	2014 RMB'000
Cost	**710,136**	603,903
Accumulated depreciation	**(233,704)**	(202,018)
Net book value as at 1 January	**476,432**	401,885
Currency translation differences	**(7,053)**	(12)
Additions	**5,433**	—
Reclassification to property, plant and equipment (note 6)	**(5,147)**	104,156
Disposal	**113,107**	—
Disposal of a subsidiary	**(256,423)**	—
Depreciation	**(14,807)**	(29,597)
Net book value as at 31 December	**311,542**	476,432
Cost	**449,064**	710,136
Accumulated depreciation	**(137,522)**	(233,704)
Net book value as at 31 December	**311,542**	476,432

The fair value of the investment properties as at 31 December 2015 was RMB1,728,180,000 (2014: RMB1,751,821,000). 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.

8 Leasehold land and land use rights

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:

	2015 RMB'000	2014 RMB'000
Cost	2,223,649	2,227,234
Accumulated amortisation	(288,797)	(240,955)
Net book value as at 1 January	1,934,852	1,986,279
Currency translation differences	(548)	(1,922)
Additions	18,935	—
Disposal	(1,482)	(126)
Disposal of a subsidiary	(49,012)	—
Amortisation	(48,325)	(49,379)
Net book value as at 31 December	1,854,420	1,934,852
Cost	2,178,535	2,223,649
Accumulated amortisation	(324,115)	(288,797)
Net book value as at 31 December	1,854,420	1,934,852

9 Intangible assets

Computer software	2015 RMB'000	2014 RMB'000
Cost	735,001	711,745
Accumulated amortisation	(627,923)	(597,304)
Net book value as at 1 January	107,078	114,441
Currency translation differences	(59)	1,652
Additions	22,045	4,774
Disposal	(137)	(19)
Disposal of a subsidiary	(13)	—
Amortisation	(32,446)	(32,293)
Reclassification from property, plant and equipment (note 6)	60,180	18,523
Net book value as at 31 December	156,648	107,078
Cost	825,161	735,001
Accumulated amortisation	(668,513)	(627,923)
Net book value as at 31 December	156,648	107,078

10 Subsidiaries

(a) Details of the principal subsidiaries that have material influence on either the financial position or the financial performance of the Group as at 31 December 2015 are shown in note 40(a).

(b) Material non-controlling interests

The total non-controlling interest for the year is RMB20,284,185,000, of which RMB19,389,850,000 is for COSCO Pacific.

Set out below are summarised financial information for COSCO Pacific.

Summarised balance sheet

	COSCO Pacific	
	2015	2014
	RMB'000	RMB'000
Current		
Assets	**7,503,263**	8,137,126
Liabilities	**(3,959,039)**	(5,527,782)
Total current net assets	**3,544,224**	2,609,344
Non-current		
Assets	**42,082,721**	38,469,524
Liabilities	**(12,191,649)**	(10,124,914)
Total non-current net assets	**29,891,072**	28,344,610
Net assets	**33,435,296**	30,953,954

Summarised income statement

	COSCO Pacific	
	2015	2014
	RMB'000	RMB'000
Revenue	**4,973,039**	5,343,664
Profit before income tax	**2,911,208**	2,161,084
Income tax expense	**(256,412)**	(239,488)
Post-tax profit	**2,654,796**	1,921,596
Other comprehensive loss	**(1,218,532)**	(123,874)
Total comprehensive income	**1,436,264**	1,797,722
Total comprehensive income allocated to non-controlling interests	**1,440,741**	1,085,171
Dividends paid to non-controlling interests	**463,053**	393,857

10 Subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

Summarised cash flows

	COSCO Pacific	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	2,526,811	2,882,323
Interest received	134,739	181,702
Tax paid	(223,165)	(208,522)
Net cash generated from operating activities	2,438,385	2,855,503
Net cash used in investing activities	(5,876,386)	(1,703,878)
Net cash used in financing activities	(8,942)	(1,850,716)
Net decrease in cash and bank balances	(3,446,943)	(699,091)
Cash, bank balances and bank overdrafts at beginning of year	6,830,683	7,544,322
Exchange differences	2,492,105	(14,548)
Cash and bank balances at end of year	5,875,845	6,830,683

The information above is the amount before inter-company eliminations.

11 Joint ventures

	2015	2014
	RMB'000	RMB'000
Share of net assets – unlisted	7,160,951	5,517,230
Goodwill on acquisitions (note a)	274,517	258,993
Loan to joint ventures (note b)	1,220,576	275,355
	8,656,044	6,051,578

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 joint ventures were equity in nature, unsecured, and was not repayable within twelve months.

11 Joint ventures (Continued)

(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	Total liabilities	Non-controlling interests	Revenues	Profits less losses after income tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015	**13,631,317**	**(4,889,505)**	**(360,285)**	**3,260,059**	**732,994**
31 December 2014	11,528,178	(5,574,241)	(161,352)	2,973,631	654,494

(d) The Company has no directly owned joint ventures as at 31 December 2015 and 2014. Details of the principal joint ventures as at 31 December 2015 are shown in note 40(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 private company and there is no quoted market price available for its shares.

Set out below are the summarised consolidated financial information for QQCT which is accounted for using the equity method:

	2015	2014
	RMB'000	RMB'000
Summarised consolidated balance sheet		
Non-current		
Assets	**7,890,341**	9,018,274
Liabilities	**(2,503,802)**	(2,588,478)
Current		
Cash and bank balances	**784,797**	551,102
Other current assets	**657,354**	822,700
Total current assets	**1,442,151**	1,373,802
Financial liabilities (excluding trade and other payables)	**(517,456)**	(500,497)
Other current liabilities	**(443,896)**	(1,691,720)
Total current liabilities	**(961,352)**	(2,192,217)
Net assets	**5,867,338**	5,611,381

11 Joint ventures (Continued)

Summarised consolidated statement of comprehensive income

	2015 RMB'000	2014 RMB'000
Revenue	**2,887,780**	2,700,110
Depreciation and amortisation	**(315,373)**	(315,004)
Interest income	**87,959**	159,808
Interest expense	**(192,279)**	(251,734)
Profit before income tax	**1,769,450**	1,608,741
Income tax expense	**(442,442)**	(404,510)
Profit and total comprehensive income for the year	**1,327,008**	1,204,231
Dividends received from the joint venture	**252,867**	252,422
Group's share of profits of joint venture	**267,285**	239,727

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.

Summarised consolidated financial information

	2015 RMB'000	2014 RMB'000
Opening net assets	**5,657,432**	5,725,879
Profit and total comprehensive income for the year	**1,329,233**	1,208,371
Dividends	**(1,241,803)**	(1,266,869)
Other appropriations	**(1,246)**	(1,548)
Exchange difference	**8,414**	(8,401)
Closing net assets	**5,752,030**	5,657,432
Interest in joint venture at 20%	**1,150,406**	1,131,489
Goodwill	**34,812**	32,804
Carrying value	**1,185,218**	1,164,293

12 Associates

	2015 RMB'000	2014 RMB'000
Share of net assets		
Unlisted investments	**7,454,141**	5,911,651
Goodwill on acquisitions (note a)	**206,626**	184,745
	7,660,767	6,096,396

Notes:

(a) The carrying amount of goodwill on acquisitions of associates mainly arises from acquisition of equity interests in certain terminal companies.

(b) 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 2015	**11,167,360**	**(2,521,378)**	**(1,191,841)**	**1,881,037**	**627,841**
31 December 2014	9,612,730	(2,694,112)	(1,006,967)	2,125,505	711,317

(c) The Company had no directly owned associates as at 31 December 2015 and 2014. Details of the principal associates as at 31 December 2015 are shown in note 40(c).

(d) 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 40(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 2015 RMB'000	2014 RMB'000
Non-current assets	**25,505,776**	24,032,532
Current assets	**4,661,626**	4,549,752
Non-current liabilities	**(2,398,496)**	(4,528,378)
Current liabilities	**(4,898,558)**	(3,433,389)

12 Associates (Continued)

Summarised statement of comprehensive income

	Sigma and Wattrus Group	
	2015	2014
	RMB'000	RMB'000
Revenues	**5,989,846**	5,689,301
Profit attributable to equity holders for the year	**1,627,166**	1,477,725
Group's share of profits of associates	**334,383**	303,673

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	
	2015	2014
	RMB'000	RMB'000
Capital and reserves attributable to equity holders	**17,038,435**	16,067,417
Group's effective interest	**20.55%**	20.55%
Group's share of net assets	**3,649,137**	3,289,758
Adjustment to cost of investment	**304,290**	286,736
Carrying amount	**3,953,427**	3,576,494

Summarised balance sheet

	COSCO Finance	
	2015	2014
	RMB'000	RMB'000
Assets	**29,728,659**	28,573,260
Liabilities	**(27,106,357)**	(25,672,393)

12 Associates (Continued)

Summarised statement of comprehensive income

	COSCO Finance	
	2015	2014
	RMB'000	RMB'000
Revenues	705,680	1,230,011
Profit attributable to equity holders for the year	446,776	868,577
Group's share of profits of associates	139,618	271,430

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	
	2015	2014
	RMB'000	RMB'000
Capital and reserves attributable to equity holders	2,622,302	2,900,867
Group's effective interest	31.25%	31.25%
Group's share of net assets	819,469	906,521
Carrying amount	819,469	906,521

13 Loans to joint ventures and an associate

	2015	2014
	RMB'000	RMB'000
Loans to joint ventures (note a)	271,122	449,763
Loan to an associate (note b)	177,985	186,456
	449,107	636,219

Notes:

(a) As at 31 December 2015, the loans to joint ventures are secured. Loan of RMB19,761,000 (2014: RMB23,690,000) bears interest at 5% (2014: 5%) above the 3 months Euro Interbank Offered Rate per annum and loan of RMB251,361,000 bears interest at 5% above the 1 month Hong Kong InterBank Offered Rate per annum (2014: RMB426,073,000), respectively and are wholly repayable on or before March 2015 and March 2018 respectively.

(b) The loan to an associate is unsecured, bears interest at 2% (2014: 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:

	2015 RMB'000	2014 RMB'000
Listed investments in the PRC (note a)	**407,099**	446,210
Unlisted investments (note b)	**1,418,154**	1,694,360
	1,825,253	2,140,570
Less: current portion	**(270,000)**	(500,000)
	1,555,253	1,640,570

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 wealth management products and equity interests in certain container terminal operating companies and property investment companies.

(c) Available-for-sale financial assets are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	**1,812,105**	2,123,984
Korean WON	**13,148**	16,586
	1,825,253	2,140,570

(d) Movement of the available-for-sale financial assets during the year is as follows:

	2015 RMB'000	2014 RMB'000
As at 1 January	**2,140,570**	5,510,630
Additions	**962,094**	5,967,255
Disposals	**(1,179,886)**	(9,454,330)
Net fair value (loss)/gains	**(107,743)**	116,600
Currency translation differences	**10,218**	415
As at 31 December	**1,825,253**	2,140,570

(e) As at 31 December 2015, available-for-sale financial assets of carrying amount of RMB13,148,000 (2014: RMB16,586,000) had impaired with an impairment loss of RMB3,532,000 (2014: RMB32,039,000) and the debit reserves recycled to profit or loss had RMB3,532,000 (2014: RMB30,109,000).

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 (2014: 16.5% to 41%)

The movement on the net deferred tax (liabilities)/assets is as follows:

	2015 RMB'000	2014 RMB'000
As at 1 January	**(417,933)**	(1,869,144)
Currency translation differences	**(14,235)**	(265)
(Charged)/credited to consolidated income statement	**(20,763)**	1,468,826
Credited/(charged) to other comprehensive income (note 30(c))	**8,918**	(17,350)
As at 31 December	**(444,013)**	(417,933)

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 2015, the Group had tax losses of RMB29,353,183,000 (2014: RMB29,575,239,000) 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 RMB28,775,959,000 (2014: RMB29,146,712,000) will expire through year 2020 (2014: year 2019) and an amount of RMB577,224,000 (2014: RMB428,527,000) has no expiry date.

As at 31 December 2015 the unrecognised deferred income tax liabilities were RMB3,597,842,000 (2014: RMB3,459,539,000), 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 2015 amounted to RMB15,668,002,000 (2014: RMB14,976,851,000).

15 Deferred income tax assets/(liabilities) (Continued)

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:

Deferred income tax liabilities

	Undistributed profits of subsidiaries, joint ventures and associates RMB'000	Accelerated tax depreciation RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2014	(1,768,392)	(207,119)	(67,076)	(2,042,587)
Currency translation differences	(486)	292	244	50
Credited to consolidated income statement	1,464,911	24,711	43,203	1,532,825
Charged to other comprehensive income (note 30(c))	—	—	(17,350)	(17,350)
As at 31 December 2014 and 1 January 2015	(303,967)	(182,116)	(40,979)	(527,062)
Currency translation differences	—	(2,568)	(12,964)	(15,532)
(Charged)/credited to consolidated income statement	(46,884)	68,633	(60,746)	(38,997)
Credited to other comprehensive income (note 30(c))	—	—	8,918	8,918
As at 31 December 2015	**(350,851)**	**(116,051)**	**(105,771)**	**(572,673)**

15 Deferred income tax assets/(liabilities) (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 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 and 1 January 2015	2,250	23,148	5,447	4,747	73,537	109,129
Currency translation differences	1,832	–	–	–	(535)	1,297
Credited/(charged) to consolidated income statement	8,083	4,740	(507)	(4,502)	10,420	18,234
As at 31 December 2015	**12,165**	**27,888**	**4,940**	**245**	**83,422**	**128,660**

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:

	2015 RMB'000	2014 RMB'000
Deferred income tax assets		
Deferred income tax assets to be recovered after more than 12 months	**78,189**	101,956
Deferred income tax assets to be recovered within 12 months	**50,471**	7,173
	128,660	109,129
Deferred income tax liabilities		
Deferred income tax liabilities to be settled after more than 12 months	**(328,149)**	(500,547)
Deferred income tax liabilities to be settled within 12 months	**(244,524)**	(26,515)
	(572,673)	(527,062)
Deferred income tax liabilities, net	**(444,013)**	(417,933)

16 Other non-current assets

	2015 RMB'000	2014 RMB'000
Prepaid operating lease payments (note)	**365,167**	548,887
Prepayment for land use rights	**126,629**	152,026
Financial lease receivables	**263,930**	188,433
Value-added tax receivable	**211,297**	61,758
	967,023	951,104
Less: current portion of financial lease receivables	**(46,717)**	(33,475)
	920,306	917,629

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 bank balances

	2015 RMB'000	2014 RMB'000
Non-current portion		
Restricted bank deposits (note a)	**4,366**	1,482
Current portion		
Restricted bank deposits (note a)	**320,370**	865,429
Balances placed with COSCO Finance (note b)	**7,433,275**	11,449,117
Bank balances and cash - unpledged	**25,257,260**	28,256,407
	33,010,905	40,570,953
Total bank deposits and cash and cash equivalents (note c)	**33,015,271**	40,572,435
Less:		
Restricted bank deposits	**(324,736)**	(866,911)
Cash and bank balances	**32,690,535**	39,705,524

17 Cash and bank balances (Continued)

Notes:

(a) Restricted bank deposits mainly held as security for borrowings and bank guarantees and facilities (note 22(h)(v)).

(b) Balances placed with COSCO Finance bear interest at prevailing market rates.

(c) The carrying amounts of bank deposits and cash and bank balances are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
US dollar	12,104,034	16,324,145
RMB	19,175,082	22,223,050
EURO	391,509	700,469
HK dollar	440,825	497,564
Other currencies	903,821	827,207
	33,015,271	40,572,435

(d) The effective interest rates on time deposits as at 31 December 2015 were in the range of 0.20% to 5.23% per annum (2014: 0.07% to 3.3% per annum). The deposits earn interests at floating rates based on prevailing market rates.

18 Inventories

	2015 RMB'000	2014 RMB'000
Voyage supplies, resaleable containers, consumables and others	1,469,231	1,926,723

19 Trade and other receivables

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

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 2015, the ageing analysis of trade and bills receivables on the basis of the date of relevant invoice or demand note is as follows:

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

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

As at 31 December 2015, trade receivables of RMB486,479,000 (2014: RMB365,281,000) 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:

	2015 RMB'000	2014 RMB'000
1-3 months	**442,355**	316,516
4-6 months	**2,244**	390
7-12 months	**5,716**	47,007
Over 1 year	**36,164**	1,368
	486,479	365,281

19 Trade and other receivables (Continued)

As at 31 December 2015, trade receivables of RMB377,248,000 (2014: RMB400,743,000) were considered as impaired by management, of which amounts of RMB180,558,000 (2014: RMB173,654,000) were provided for.

Movements on the provision for impairment of trade receivables are as follows:

	2015 RMB'000	2014 RMB'000
As at 1 January	**173,654**	188,025
Provision for receivable impairment	**37,095**	19,625
Receivables written off during the year as uncollectible	**(15,228)**	—
Reversal of provision	**(12,297)**	(27,844)
Currency translation differences	**(2,666)**	(6,152)
As at 31 December	**180,558**	173,654

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

	2015 RMB'000	2014 RMB'000
Prepayments and deposits	**1,556,155**	1,719,555
Claims receivables	**111,815**	132,817
Other receivables less provision (note c)	**963,959**	1,060,551
	2,631,929	2,912,923

19 Trade and other receivables (Continued)

(c) As at 31 December 2015, the Group's net other receivables of RMB963,959,000 (2014: RMB1,060,551,000) were considered fully collectible by management. As at 31 December 2015, the Group's other receivables of RMB185,088,000 (2014: RMB214,031,000) were impaired and full provision was made by management.

Movements on the provision for impairment of other receivables are as follows:

	2015 RMB'000	2014 RMB'000
As at 1 January	214,031	216,606
Provision for receivable impairment	2,719	23,114
Receivables written off during the year as uncollectible	(4,728)	(1,100)
Reversal of provision	(27,812)	(24,234)
Currency translation differences	878	(355)
As at 31 December	185,088	214,031

(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:

	2015 RMB'000	2014 RMB'000
US dollar	2,583,861	3,126,687
RMB	1,614,090	1,884,806
EURO	332,808	534,912
HK dollar	318,899	35,077
Other currencies	691,330	421,031
	5,540,988	6,002,513

(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

	2015		2014	
	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 2015, 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.

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.

20 Share capital and equity linked benefits (Continued)

(b) Share appreciation rights (Continued)

Movements in the number of SARs granted by the Company during the year ended 31 December 2015 and 2014 are set out below.

			For the year ended 31 December 2015 Number of units of SARs				
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31 December 2015
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	–	–	(50,000)	24,250,000
			58,580,750	–	–	(15,260,750)	43,320,000

			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

20 Share capital and equity linked benefits (Continued)

(b) Share appreciation rights (Continued)

The 2005 SARs were expired on 15 December 2015 and were cancelled by the Group. The amount that was recognised in the consolidated income statement and included in other income for the year in relation to the cancellation of the 2005 SARs was a credit of RMB9,397,000.

The fair values of 2006 SARs and 2007 SARs as at 31 December 2015 as determined using the binomial valuation model ranged from HK$0.05 per unit to HK$0.74 per unit (2014: HK$0.05 per unit to HK$0.78 per unit). The significant inputs into the model were spot price of HK$3.52 as at 31 December 2015, vesting period, volatility of the underlying stock, risk-free interest rate, forfeiture rate, dividend yield and sub-optional exercise factor. The expected volatility of 71.32% and 56.27% for 2006 SARs and 2007 SARs respectively (2014: 30.90% and 33.84% 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 other income for the year in relation to the fair value changes of the 2006 SARs and 2007 SARs was a debit of RMB3,282,000 (2014: credit of RMB10,491,000).

As at 31 December 2015, the total carrying amount of the liabilities arising from SARs transactions included in other payables in the consolidated balance sheet amounted to RMB36,538,000 (2014: RMB42,361,000) and the total intrinsic value of the exercisable SARs was RMB3,866,000 (2014: RMB11,261,000).

(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 2015 and 2014. 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 2015 and 2014 are set out below:

			For the year ended 31 December 2015 Number of share options					
Date of grant	Exercisable period	Exercise price	Outstanding as at 1 January 2015	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2015
During the period from 17 April 2007 to 19 April 2007	Note (ii)	HK$19.30	13,240,000	–	–	–	(260,000)	12,980,000
			13,240,000	–	–	–	(260,000)	12,980,000

20 Share capital and equity linked benefits (Continued)

(c) Share options of a subsidiary (Continued)

			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 (i)	HK$13.75	13,456,000	–	–	–	(13,456,000)	–
During the period from 17 April 2007 to 19 April 2007	Note (ii)	HK$19.30	13,390,000	–	–	–	(150,000)	13,240,000
			26,846,000	–	–	–	(13,606,000)	13,240,000

Notes:

(i) 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.

(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 17 April 2007 to 19 April 2007. The share options will be expired during the period 17 April 2017 to 19 April 2017.

(iii) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Average exercise price per share HK$	**Number of share options**	Average exercise price per share HK$	Number of share options
As at 1 January	**19.30**	**13,240,000**	16.52	26,846,000
Lapsed	**19.30**	**(260,000)**	13.81	(13,606,000)
As at 31 December	**19.30**	**12,980,000**	19.30	13,240,000

21 Reserves

	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 2015	39,068,412	8,127	(761,856)	851,456	66,606	(7,978,311)	(17,091,546)	14,162,888
Comprehensive income/(loss)								
Profit for the year	–	–	–	–	–	–	283,391	283,391
Other comprehensive (loss)/income								
Fair value losses on available-for-sale financial assets, net of tax	–	–	–	–	(60,961)	–	–	(60,961)
Impairment loss on available-for-sale financial assets charged to the consolidated income statement (note 14(e))	–	–	–	–	3,532	–	–	3,532
Share of other comprehensive income/(loss) of joint ventures and associates	–	–	162	–	–	(15,279)	–	(15,117)
Currency translation differences	–	–	–	–	–	105,685	–	105,685
Remeasurements of post-employment benefit obligations	–	–	(51,330)	–	–	–	–	(51,330)
Total other comprehensive (loss)/income	–	–	(51,168)	–	(57,429)	90,406	–	(18,191)
Total comprehensive income/(loss) for the year ended 31 December 2015	–	–	(51,168)	–	(57,429)	90,406	283,391	265,200
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	–	–	15,122	–	231	3,284	(1,153)	17,484
Other	–	(6,157)	(2,824)	–	–	–	461	(8,520)
Total contributions by and distributions to owners of the Company	–	(6,157)	12,298	–	231	3,284	(692)	8,964
As at 31 December 2015	39,068,412	1,970	(800,726)	851,456	9,408	(7,884,621)	(16,808,847)	14,437,052

21 Reserves (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 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 (note 14(e))	–	–	–	–	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 an associate	–	–	(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

21 Reserves (Continued)

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 ("CAS"), 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 2015 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.

22 Long-term borrowings

	2015 **RMB'000**	2014 RMB'000
Bank loans		
– secured (note h)	**21,438,977**	21,475,272
– unsecured	**42,650,311**	44,579,185
Loans from COSCO Finance		
– unsecured	**324,928**	134,474
Notes/bonds (note b)	**17,241,379**	16,720,554
Loans from non-controlling shareholders of subsidiaries (note c)	**1,521,081**	905,969
Total long-term borrowings	**83,176,676**	83,815,454
Current portion of long-term borrowings	**(8,129,629)**	(15,758,769)
	75,047,047	68,056,685

22 Long-term borrowings (Continued)

(a) As at 31 December 2015, the long-term borrowings were repayable as follows:

	2015 RMB'000	2014 RMB'000
Bank loans		
– within one year	**8,001,685**	15,758,136
– in the second year	**15,042,367**	21,686,745
– in the third to fifth years	**31,041,746**	17,882,959
– after the fifth year	**10,003,490**	10,726,617
	64,089,288	66,054,457
Loans from COSCO Finance		
– within one year	**127,924**	613
– in the second year	**169,000**	120,544
– in the third to fifth years	**28,004**	13,317
	324,928	134,474
Notes		
– in the third to fifth years	**8,894,585**	3,952,999
– after the fifth year	**8,346,794**	12,767,555
	17,241,379	16,720,554
Loans from non-controlling shareholders of subsidiaries		
– within one year	**20**	20
– in the second year	**—**	905,949
– in the third to fifth years	**1,196,381**	—
– after the fifth year	**324,680**	—
	1,521,081	905,969
	83,176,676	83,815,454

22 Long-term borrowings (Continued)

(b) Details of the notes as at 31 December 2015 are as follows:

	2015 RMB'000	2014 RMB'000
Principal amount	**17,174,650**	17,174,650
Discount on issue	**(90,439)**	(90,439)
Notes issuance cost	**(424,183)**	(424,183)
Proceeds received	**16,660,028**	16,660,028
Currency translation differences	**414,035**	(217,136)
Accumulated amortised amounts of		
– discount on issue	**25,624**	17,422
– notes issuance cost	**141,692**	260,240
	17,241,379	16,720,554

(i) Notes issued by the Company

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 RMB6,493,600,000). 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.

22 Long-term borrowings (Continued)

(b) Details of the notes as at 31 December 2015 are as follows: (Continued)

(ii) Notes and bonds issued by subsidiaries (Continued)

10-year notes with principal amount of US$300,000,000 (equivalent to approximately RMB1,948,080,000) 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 RMB13,247,000). 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.

(c) As at 31 December 2015, balance of non-controlling shareholder's loan of US$184,240,000 (equivalent to approximately RMB1,196,381,000) was unsecured, bore interest at 4% per annum and wholly repayable in or before May 2018. As at 31 December 2014, balance of non-controlling shareholder's loan of US$98,055,000 (equiralent to approximately RMB599,999,000) was unsecured, bore interest at 6% per annum and wholly repayable on of before October 2016. Other loans from non-controlling shareholders of subsidiaries are unsecured, interest free and not due for repayment in the next 12 months.

(d) 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 2015				
Total borrowings	**61,798,525**	**12,197,147**	**9,181,004**	**83,176,676**
As at 31 December 2014				
Total borrowings	64,201,165	6,540,786	13,073,503	83,815,454

22 Long-term borrowings (Continued)

(e) The effective interest rates per annum of the long-term borrowings as at 31 December 2015 were as follows:

	2015		
	US dollar	**RMB**	**EURO**
Bank loans	**1.5% to 3.8%**	**3.2% to 7.7%**	**0.8% to 2.2%**
Borrowings from COSCO Finance	**2.4%**	**3.6% to 4.8%**	**—**
Notes	**4.0% to 4.4%**	**4.4% to 5.5%**	**—**
Borrowings from non-controlling shareholders of subsidiaries	**—**	**6.0%**	**—**

	2014			
	US dollar	RMB	EURO	Singapore dollar
Bank loans	0.7% to 3.7%	3.2% to 6.6%	1.4%	2.3%
Borrowings from COSCO Finance	1.8%	4.8%	—	—
Notes	4.0% to 4.4%	3.8% to 5.5%	—	—
Borrowings from non-controlling shareholders of subsidiaries	—	6.0%	—	—

As at 31 December 2015, balance of RMB61,366,282,000 (2014: RMB62,736,312,000) of bank loans bore floating interest rates.

(f) The carrying amounts and fair values of the long-term borrowings are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank loans	**64,089,288**	66,054,457	**64,458,380**	66,054,400
Loans from COSCO Finance	**324,928**	134,474	**324,964**	134,474
Notes	**17,241,379**	16,720,554	**17,431,406**	16,805,397
Loans from non-controlling shareholders of subsidiaries	**1,521,081**	905,969	**1,521,081**	905,969
	83,176,676	83,815,454	**83,735,831**	83,900,240

The fair values are based on cash flows discounted by respective rates as set out in note 22(e) above.

22 Long-term borrowings (Continued)

(g) The carrying amounts of the long-term borrowings are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
US dollar	**66,787,140**	69,109,136
RMB	**11,937,229**	13,225,724
EURO	**4,452,307**	1,480,594
	83,176,676	83,815,454

(h) The secured bank loans as at 31 December 2015 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 RMB35,454,069,000 (2014: RMB34,776,361,000) (notes 6(b) and 6(c));

(ii) Two vessels with aggregate net book value of RMB593,684,000 (2014: RMB587,386,000) 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)).

23 Provisions and other liabilities

	Retirement benefit obligations RMB'000 (note a)	Provision for onerous contracts RMB'000 (note b)	Provision for one-off housing subsidies RMB'000	Deferred income and others RMB'000	Total RMB'000
For the year ended 31 December 2015					
As at 1 January 2015	**1,067,986**	**385,927**	**78,468**	**232,674**	**1,765,055**
Decrease during the year	**(126,526)**	**(392,832)**	**(1,799)**	**(25,979)**	**(547,136)**
Provisions for the year	**67,407**	**72,622**	**3,244**	**1,393**	**144,666**
Currency translation differences	**902**	**9,969**	**–**	**13,291**	**24,162**
As at 31 December 2015	**1,009,769**	**75,686**	**79,913**	**221,379**	**1,386,747**
Less: current portion of provisions and other liabilities	**(49,154)**	**(75,686)**	**–**	**(1,422)**	**(126,262)**
Non-current portion of provisions and other liabilities	**960,615**	**–**	**79,913**	**219,957**	**1,260,485**
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

23 Provisions and other liabilities (Continued)

Notes:

(a) Retirement benefit obligations

	2015 RMB'000	2014 RMB'000
Balance sheet obligations for:		
Multi-employer defined benefits plans for US employees (note (i))	**14,579**	17,111
Early-retirement benefits for PRC employees (note (ii))	**109,568**	177,491
Post-retirement benefits for PRC employees (note (ii))	**885,622**	873,384
	1,009,769	1,067,986
Expensed in income statement for:		
Early-retirement benefits for PRC employees(note (ii))	**(3,030)**	48,517
Post-retirement benefits for PRC employees(note (ii))	**55,763**	(42,614)
	52,733	5,903

(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 independent actuaries, using the projected unit credit method. The actuarial liabilities of early retirement and post retirement as at 31 December 2015 totalled RMB995,190,000 (2014: RMB1,050,875,000). 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 2015 would have been RMB19,650,000 lower or RMB20,410,000 higher.

23 Provisions and other liabilities (Continued)

(a) Retirement benefit obligations (Continued)

(ii) Retirement benefits for PRC employees (Continued)

Movements of the net liabilities recognised in the consolidated balance sheets are as follows:

	2015			2014		
	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	**177,491**	**873,384**	**1,050,875**	223,483	792,069	1,015,552
Charged/(credited) to the consolidated income statement	**(3,030)**	**55,763**	**52,733**	48,517	(42,614)	5,903
Remeasurements of post-employment benefit obligations	**—**	**51,330**	**51,330**	—	221,851	221,851
Benefits paid	**(64,893)**	**(94,855)**	**(159,748)**	(94,509)	(97,922)	(192,431)
As at 31 December	**109,568**	**885,622**	**995,190**	177,491	873,384	1,050,875

The amounts of retirement benefit costs recognised in the consolidated income statement comprise:

	2015			2014		
	Early retirement RMB'000	**Post retirement RMB'000**	**Total RMB'000**	Early retirement RMB'000	Post retirement RMB'000	Total RMB'000
Interest cost	**4,216**	**(20,499)**	**(16,283)**	23,122	(42,614)	(19,492)
Actuarial loss/(gain)	**(7,246)**	**76,262**	**69,016**	25,395	—	25,395
	(3,030)	**55,763**	**52,733**	48,517	(42,614)	5,903

The principal actuarial assumptions used were as follows:

	2015		2014	
	Early retirement	**Post retirement**	Early retirement	Post retirement
Discount rate	**2.50%**	**3.00%**	3.50%	3.75%
Retirement benefits inflation rates	**3% -4.50%**	**0% -8%**	3% -4.50%	0% -8%

23 Provisions and other liabilities (Continued)

(b) Provision for onerous contracts

As at 31 December 2015, the Group had a provision of RMB75,686,000 (2014: RMB385,927,000) 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 2015, 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 RMB6,647,932,000 (2014: RMB7,951,441,000).

24 Trade and other payables

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

24 Trade and other payables (Continued)

Notes:

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

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

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

(b) Other payables and accruals

	2015 RMB'000	2014 RMB'000
Salary and welfare payables	**1,595,211**	1,230,321
Accruals for voyages costs	**1,844,157**	2,387,951
Accruals for vessel costs	**2,479,466**	2,625,199
Interest payables	**194,845**	168,478
Others	**2,364,358**	2,580,833
	8,478,047	8,992,782

24 Trade and other payables (Continued)

(c) The carrying amounts of trade and other payables (excluding advances from customers) are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
US dollar	**9,261,969**	9,112,702
RMB	**3,186,728**	4,179,972
EURO	**623,818**	586,201
HK dollar	**213,987**	258,043
Other currencies	**846,822**	747,898
Total	**14,133,324**	14,884,816

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

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

(f) The carrying amounts of trade and other payables (excluding advances from customers) approximate their fair values.

25 Short-term borrowings

	2015 RMB'000	2014 RMB'000
Bank loans -unsecured	**1,706,994**	3,007,600
COSCO Finance-unsecured	**1,160,949**	120,000
	2,867,943	3,127,600

Notes:

(a) The effective interest rates of short-term borrowings as at 31 December 2015 were in the range of 1.93% to 4.44% (2014: 2.43% 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:

	2015 RMB'000	2014 RMB'000
US dollar	**935,078**	2,447,600
RMB	**1,932,865**	680,000
	2,867,943	3,127,600

26 Other income and subsidy, net

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

Note:

(a) In 2015, the Company received a subsidy of approximately RMB3.9 billion (2014: approximately RMB1.4 billion) 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.

27 Gain on disposal of a subsidiary, a joint venture and an available-for-sale financial asset

	2015 **RMB'000**	2014 RMB'000
Gain on deemed disposal of a subsidiary (note a)	**615,118**	—
Gain on disposal of a joint venture (note b)	**—**	394,305
Gain on disposal of an available-for-sale financial asset (note c)	**—**	214,025
	615,118	608,330

Notes:

(a) On 2 December 2015, Tianjin Ocean Shipping Co., Ltd. ("COSCO Tianjin"), a wholly owned subsidiary of the Company, entered into an agreement with Shanghai Ocean Industrial Company ("Shanghai Ocean Industrial"), a wholly owned subsidiary of COSCO, pursuant to which Shanghai Ocean Industrial agreed to provide additional capital contribution of RMB1,196,611,000 to Tianjin Ocean Plaza Co., Ltd. ("Tianjin Ocean Plaza"), a then wholly owned subsidiary of COSCO Tianjin. After the contribution, COSCO Tianjin's equity interests in Tianjin Ocean Plaza were diluted to 49% and such interests were reclassified as investment in an associate. On 10 December 2015, the contribution was completed and resulted in a gain on disposal of RMB615,118,000. Details of the gains on disposal are as follows:

	RMB'000
Property, plant and equipment	136,124
Investment properties	256,423
Leasehold land and land use rights	49,012
Intangible assets	13
Inventories	274,614
Cash and cash equivalents	32,860
Trade and other receivables	10,177
Trade and other payables	(223,275)
Tax payable	(1,381)
Net assets	534,567
Less: non-controlling interests	—
Net assets disposed of	534,567
Fair value of 49% interest retained	1,149,685
Less: Net assets disposed of	(534,567)
Gains on deemed disposal of a subsidiary	615,118
Net cash outflow from deemed disposal of a subsidiary	(32,860)

27 Gain on disposal of a subsidiary, a joint venture and an available-for-sale financial asset (Continued)

(b) 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, 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.

(c) On 30 October 2014, COSCO Tianjin 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 ceased 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.

28 Expenses by nature

	2015 RMB'000	2014 RMB'000
Cost of services and inventories sold (note a)		
Container shipping and dry bulk shipping costs		
– Equipment and cargo transportation costs	19,203,224	19,133,576
– Voyage costs (note b)	12,122,111	16,501,546
– Vessel costs (note c)	14,339,449	15,418,821
– Provision for onerous contracts (note 23)	72,622	387,380
– Others	1,103,323	1,473,283
Freight forwarding and shipping agency costs	4,771,321	5,987,147
Terminal operating and other direct costs	1,914,373	2,071,510
Cost of inventories sold	554,364	792,966
Container depreciation and other direct costs	1,086,024	1,021,703
Business tax	75,998	89,451
Total	55,242,809	62,877,383
Selling, administrative and general expenses		
Administrative staff costs	3,048,072	2,938,151
Depreciation and amortisation	176,772	199,502
Rental expense	262,307	244,669
Office expense	110,980	139,844
Transportation and travelling expense	104,122	126,550
Legal and professional fees	111,450	121,501
Auditors' remuneration		
– Audit services	40,954	40,785
– Non-audit services	15,520	4,592
Telecommunication and utilities	55,941	95,593
Repair and maintenance expense	46,455	51,821
Others	320,409	345,219
Total	4,292,982	4,308,227

Notes:

(a) It included depreciation and amortisation expenses of RMB3,873,269,000 (2014: RMB3,923,046,000) and operating lease rentals of RMB7,326,600,000 (2014: RMB7,938,540,000) respectively.

(b) Voyage costs mainly comprised bunkers, port charges and commission expenses.

(c) Vessel costs mainly comprised operating lease rentals and depreciation of vessels.

29 Finance income and costs

	2015 RMB'000	2014 RMB'000
Finance income		
Interest income from:		
– deposits with COSCO Finance (note 17(b))	**122,971**	262,378
– loans to joint ventures and an associate (note 13)	**30,933**	30,413
– banks	**705,458**	705,709
	859,362	998,500
Finance costs		
Interest expenses on:		
– bank loans	**(1,577,093)**	(1,753,380)
– other loans	**(85,702)**	(50,299)
– loans with COSCO Finance (notes 22 and 25)	**(26,090)**	(7,705)
– finance lease obligations	**–**	(8,911)
– notes/bonds (note 22(b))	**(748,847)**	(871,772)
	(2,437,732)	(2,692,067)
Amortised amount of transaction costs on long-term borrowings	**(71,666)**	(81,060)
Amortised amount of discount on issue of notes	**(1,576)**	(1,689)
Other incidental borrowing costs and charges	**(265,771)**	(246,344)
Less: amount capitalised in construction in progress (note 6(e))	**54,787**	55,192
	(2,721,958)	(2,965,968)
Net related exchange (loss)/gain	**(979,242)**	66,214
Net finance costs	**(2,841,838)**	(1,901,254)

30 Income tax

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

30 Income tax (Continued)

Notes:

(a) Current income tax

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

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

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

(b) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2015 **RMB'000**	2014 RMB'000
Profit before income tax	**1,755,805**	507,287
Less: Share of profits less losses of joint ventures and associates	**(1,360,835)**	(1,365,811)
	394,970	(858,524)
Calculated at a tax rate of 25% (2014: 25%)	**98,743**	(214,631)
Effect of different tax rates of domestic and overseas entities	**166,704**	500,326
Income not subject to income tax	**(462,092)**	(716,033)
Expenses not deductible for taxation purposes	**601,097**	551,370
Utilisation of previously unrecognised tax losses	**(303,893)**	(301,572)
Tax losses not recognised	**270,461**	654,911
Reversal of previously recognised deferred tax liabilities	**(37,465)**	(1,589,130)
Withholding income tax upon distribution of profits and payment of interest	**98,077**	129,887
Other temporary differences not recognised	**30,365**	(59,338)
(Over)/under provision in prior years	**(4,523)**	676
Income tax expense/(credit)	**457,474**	(1,043,534)

30 Income tax (Continued)

(c) The tax credit/(expense) relating to components of other comprehensive income are as follows:

	2015			2014		
	Before tax RMB'000	**Tax RMB'000**	**After tax RMB'000**	Before tax RMB'000	Tax RMB'000	After tax RMB'000
Fair value (losses)/gains on available-for-sale financial assets, net of tax	**(104,211)**	**8,918**	**(95,293)**	118,529	(17,350)	101,179
Share of other comprehensive loss of joint ventures and associates	**(33,348)**	**–**	**(33,348)**	(20,925)	–	(20,925)
Release of reserves upon disposal of a joint venture and an associate	**–**	**–**	**–**	(87,244)	–	(87,244)
Impairment loss on available-for-sale financial assets	**–**	**–**	**–**	30,109	–	30,109
Currency translation differences	**551,933**	**–**	**551,933**	(84,079)	–	(84,079)
Remeasurements of post-employment benefit obligations	**(51,330)**	**–**	**(51,330)**	(221,851)	–	(221,851)
Other comprehensive income/(loss) for the year	**363,044**	**8,918**	**371,962**	(265,461)	(17,350)	(282,811)
Deferred tax (note 15)		**8,918**			(17,350)	
Total		**8,918**			(17,350)	

31 Loss 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 RMB593,585,000 (2014: RMB458,804,000).

32 Dividend

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

33 Earnings per share

(a) Basic

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

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

(b) Diluted

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

34 Staff costs

An analysis of staff costs, including Directors', supervisors' and key management's emoluments, is set out below:

	2015 RMB'000	2014 RMB'000
Wages, salaries and crew expenses (including bonus and share-based payments)	**5,031,622**	4,707,556
Housing benefits (note a)	**358,311**	333,723
Retirement benefits costs		
– defined benefit plans (including multi-employer defined benefit plans) (note 23(a))	**52,733**	5,903
– defined contribution plans (note b)	**678,251**	692,771
Welfare and other expenses	**1,260,897**	1,501,293
	7,381,814	7,241,246

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 2015 and 2014 to reduce future contributions.

Contributions totalling RMB414,482,000 payable to various retirement benefit plans as at 31 December 2015 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 35 of the consolidated financial statements.

35 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:

	2015 RMB'000	2014 RMB'000
Independent non-executive directors		
– fees	1,938	1,939
Executive and other non-executive directors		
– salaries and allowances	960	960
– benefits in kind	168	(1,239)
	1,128	(279)
Supervisors		
– salaries and allowances	1,345	2,067
– benefits in kind	2,327	17
– retirement benefit contributions	113	76
– others	–	2
	3,785	2,162
Senior management		
– salaries and allowances	8,275	8,915
– benefits in kind	3,131	1,547
– retirement benefit contributions	273	208
– others	37	57
	11,716	10,727
	18,567	14,549

Benefits in kind for the year ended 31 December 2015 disclosed above included amortised cost, change in fair value and cancellation with a net credit of RMB597,000 (2014: RMB1,702,000) on outstanding SARs not yet exercised by Directors, supervisors and senior management (note 20(b)).

35 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:

	Year ended 31 December 2015			
Name	Fees RMB'000	Salaries and allowances RMB'000	Benefits in kind RMB'000	Total RMB'000
Mr. Wan Min	–	–	–	–
Mr. Ma Zehua	–	–	–	–
Mr. Li Yunpeng	–	–	(175)	(175)
Ms. Sun Yueying	–	–	(175)	(175)
Mr. Sun Jiakang	–	–	(146)	(146)
Mr. Ye Weilong	–	–	26	26
Mr. Wang Yuhang	–	–	–	–
Mr. Jiang Lijun	–	960	638	1,598
Ms. Fan Hsu Lai Tai Rita	492	–	–	492
Mr. Kwong Che Keung Gordon	477	–	–	477
Mr. Peter Guy Bowie	489	–	–	489
Mr. Yang Liang Yee Philip	–	–	–	–
Mr. Fu Xiangyang	–	–	(47)	(47)
Mr. Ma Jianhua	–	347	1,185	1,532
Mr. Gao Ping	312	–	–	312
Ms. Zhang Li	339	–	–	339
Mr. Meng Yan	–	–	26	26
Mr. Zhang Jianping	–	347	1,185	1,532
	2,589	1,654	2,608	6,851

35 Emoluments of Directors, supervisors and senior management (Continued)

(b) Directors', chief executive's and supervisors emoluments (Continued)

Details of the remuneration of each of the Directors, the chief executive and the supervisors are set out below:

	Year ended 31 December 2014			
Name	Fees	Salaries and allowances	Benefits in kind	Total
	RMB'000	RMB'000	RMB'000	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 Lijunw	—	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

Note:

(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.

35 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	
	2015	2014
Directors	**–**	–
Employees	**5**	5
	5	5

The details of emoluments paid to the five highest paid individuals, have included no (2014: nil) Directors of the Company as disclosed in note 35 above. Details of emoluments paid to the remaining five (2014: five) highest paid non-director individuals for the year ended 31 December 2015 are as follows:

	2015 RMB'000	2014 RMB'000
- Salaries and allowances	**12,418**	10,782
- Benefits in kind	**–**	327
- Discretionary bonuses	**2,442**	2,644
- Retirement benefit contributions	**58**	65
- Others	**–**	10
	14,918	13,828

The emoluments of the above non-director individuals fell within the following bands:

	Number of individuals	
	2015	2014
HK$2,500,001 to HK$3,000,000 (equivalent to approximately RMB2,010,000 to RMB 2,411,000)	**2**	1
HK$3,000,001 to HK$3,500,000 (equivalent to approximately RMB2,411,000 to RMB 2,813,000)	**2**	2
HK$3,500,001 to HK$4,000,000 (equivalent to approximately RMB2,813,000 to RMB3,215,000)	**–**	1
HK$4,000,001 to HK$4,500,000 (equivalent to approximately RMB3,160,000 to RMB3,550,000)	**–**	1
HK$6,000,001 to HK$6,500,000 (equivalent to approximately RMB4,823,000 to RMB5,225,000)	**1**	–
	5	5

36 Notes to the consolidated cash flow statement

Reconciliation of profit before income tax to cash generated from operations:

	2015 RMB'000	2014 RMB'000
Profit before income tax	**1,755,805**	507,287
Depreciation		
– property, plant and equipment	**3,952,645**	4,003,524
– investment properties	**14,807**	29,597
Amortisation		
– intangible assets	**32,446**	32,293
– leasehold land and land use rights	**48,325**	49,379
– concession	**11,770**	11,601
Amortised amount of transaction costs on long-term borrowings and discount on issue of notes/bonds	**73,242**	82,749
Dividend income from listed and unlisted investments	**(86,173)**	(160,119)
Share of profits less losses of		
– joint ventures	**(732,994)**	(654,494)
– associates	**(627,841)**	(711,317)
Interest expenses	**2,382,945**	2,636,875
Interest income	**(859,362)**	(998,500)
Net loss on disposal of property, plant and equipment	**322,744**	1,018,665
Net gain on disposal of joint ventures and associates	**(4,139)**	(617,330)
Net gain on deemed disposal of a subsidiary	**(615,118)**	—
Other incidental borrowing costs and charges	**265,771**	246,344
Impairment loss on available-for-sale financial assets	**3,532**	32,039
Provision for onerous contracts	**72,622**	387,380
Net loss on disposal of financial instruments	**—**	33,510
Net exchange loss	**360,495**	183,544
Operating profit before working capital changes	**6,371,522**	6,113,027
Decrease in inventories	**495,568**	781,347
Decrease in trade and other receivables	**828,232**	1,132,163
Decrease in trade and other payables	**(859,401)**	(1,914,384)
(Increase)/decrease in finance lease receivables	**(62,255)**	52,371
Decrease in provisions and other liabilities	**(450,930)**	(730,545)
Increase in restricted bank deposits	**(17,952)**	(14,097)
Cash generated from operations	**6,304,784**	5,419,882

37 Contingent liabilities and financial guarantee

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

As at 31 December 2015, 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 year ended 31 December 2015.

(b) Guarantee

	2015	2014
	RMB'000	RMB'000
Bank guarantee to an associate at face value	**–**	83,298

A subsidiary of COSCO Pacific provided corporate guarantee to an associate in respect of banking facilities of the associate. The Directors considered that it was not probable for a claim to be made against the Group and the fair value of the guarantee contract was not significant to the Group, and had not been recognised at the balance sheet date.

As at 31 December 2015, the Company provided guarantees for credit facilities and notes granted to its subsidiaries of RMB20,880,451,000 (2014: RMB16,631,358,000).

38 Commitments

(a) Capital commitments

	2015 RMB'000	2014 RMB'000
Contracted but not provided for		
Containers	–	132,287
Containers vessels and dry bulk vessels	**22,029,020**	13,693,900
Terminal equipment	**2,043,724**	1,134,989
Buildings	**127,273**	29,087
Other property, plant and equipment	**14,492**	14,888
Investments in terminals and other companies	**3,450,248**	3,504,547
Intangible assets	**20,633**	19,750
	27,685,390	18,529,448

Amounts of capital commitments relating to the Group's interest in the joint ventures not included in the above are as follows:

	2015 RMB'000	2014 RMB'000
Contracted but not provided for	**36,598**	59,899

38 Commitments (Continued)

(b) Operating lease commitments - where the Group is the lessee

As at 31 December 2015, the Group had future aggregate minimum payments under non-cancellable operating leases/time charter arrangements as follows:

	2015 RMB'000	2014 RMB'000
Containers vessels and dry bulk vessels		
– not later than one year	**6,024,400**	7,162,777
– later than one year and no later than five years	**14,834,239**	17,895,272
– later than five years	**3,966,231**	7,703,570
	24,824,870	32,761,619
Concession of Piraeus Port (note 16)		
– not later than one year	**304,408**	255,102
– later than one year and no later than five years	**1,788,266**	1,396,772
– later than five years	**15,007,725**	21,576,555
	17,100,399	23,228,429
Containers		
– not later than one year	**221,015**	269,598
– later than one year and no later than five years	**321,500**	497,025
– later than five years	**—**	—
	542,515	766,623
Leasehold land, buildings and other property, plant and equipment		
– not later than one year	**293,522**	276,312
– later than one year and no later than five years	**212,889**	246,734
– later than five years	**18,241**	26,539
	524,652	549,585
	42,992,436	57,306,256

39 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.

39 Significant related party transactions (Continued)

	2015 RMB'000	2014 RMB'000
Transactions with COSCO		
Revenues		
Management fee income	20,732	14,577
Expenses		
Sub-charter expenses	116,512	117,726
Rental expenses	53,892	34,218
Transactions with fellow subsidiaries and the related entities of COSCO (including joint ventures and associates)		
Revenues		
Container shipping income	269,260	309,795
Freight forwarding and shipping agency income	8,374	5,244
Vessel services income	32,159	23,748
Crew service income	77,363	68,108
Expenses		
Vessel costs		
Sub-charter expenses	319,261	313,217
Charterhire expenses	30,976	35,903
Vessel services expenses	549,457	536,861
Crew expenses	15,247	19,419
Voyage costs		
Bunker costs	6,318,396	10,162,622
Port charges	757,363	674,855
Equipment and cargo transportation costs		
Commission and rebates	118,816	167,011
Cargo and transhipment and equipment and repositioning expenses	13,200	20,571
Freight forwarding expenses	52,414	60,172
General service expenses	43,020	28,112
Management fee expenses	3,459	11,466
Rental expenses	116,413	52,661
Electricity and fuel expenses	5,804	3,752

39 Significant related party transactions (Continued)

	2015 RMB'000	2014 RMB'000
Transactions with joint ventures of the Group		
Revenues		
Charterhire income	60,246	98,359
Management fee and service fee income	27,247	26,396
Crew service income	3,211	14,154
Expenses		
Voyage costs		
Port charges	707,650	787,264
Rental expenses	3,508	4,364

	2015 RMB'000	2014 RMB'000
Transactions with associates of the Group		
Revenues		
Crew service income	–	12,400
Expenses		
Vessel costs		
Port charges	349,535	270,705
Container freight charges	5,473	9,753
Others		
Purchase of containers	1,021,104	1,548,143
Transactions with non-controlling shareholders of subsidiaries		
Revenues		
Terminal handling and storage income	262,350	265,878
Expenses		
Container handling and logistics services fee	102,777	120,546
Electricity and fuel expenses	31,938	33,072

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.

As at 31 December 2015 and 31 December 2014, majority of the Group's bank balances and bank borrowings are with state-owned banks.

40 Particulars of principal subsidiaries, joint ventures and associates

At 31 December 2015, 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 2015, 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 paidup capital	Attributable equity interest to the equity holders of the Company	
					2015	2014
Capital held directly						
China COSCO Bulk Shipping (Group) Co., Ltd.	PRC/Worldwide	Bulk cargo transportation	Limited liability company	RMB25,968,025,395	**100%**	100%
COSCO Container Lines Co., Ltd.	PRC/Worldwide	Container transportation	Limited liability company	RMB11,088,763,082	**100%**	100%
China COSCO (Hong Kong) Company Limited	Hong Kong	Investment holding	Limited liability company	500 ordinary shares of HK$500,000	**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%
Tianjin Ocean Plaza Co., Ltd	PRC	Property investment	Limited liability company	RMB1,491,635,651	**N/A**	100%

40 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 paidup capital	Attributable equity interest to the equity holders of the Company	
					2015	2014
Capital held indirectly (Continued)						
Shanghai Ocean Shipping Co., Ltd.	PRC	Vessel management and manning service	Limited liability company	RMB482,843,450	**100%**	100%
COSCO International Freight Co., Ltd.	PRC	Freight forwarding and transportation	Limited liability company	RMB377,170,094	**100%**	100%
COSCO Container Shipping Agency Co., Ltd.	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	1,063,700 shares of HK$1,063,700	**100%**	100%
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%

40 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 paidup capital	Attributable equity interest to the equity holders of the Company 2015	2014
Capital held indirectly (Continued)						
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	EUR500,000	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	AUD20,002	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	3 ordinary shares of HK$3 and 20,000,000 deferred shares of HK$20,000,000	100%	100%
COSCO Pacific Limited	Bermuda	Investment holding	Limited liability company	2,966,559,439 shares of HK$0.1 each (2014: 2,940,437,862 shares of HK$0.1 each)	44.83%	44.54%
China Ore Shipping Pte.Ltd.	Singapore	Bulk cargo transportation	Limited liability company	330,000,000 ordinary shares with no par value, amounting to a total of US$88,930,875	51%	N/A

40 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 paidup capital	Attributable equity interest to the equity holders of the Company 2015	2014
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$80,770,000	**36.92%**	36.68%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	PRC	Operation of container terminal	Limited liability company	US$36,800,000	**22.86%**	22.72%
Yangzhou Yuanyang International Ports Co., Ltd.	PRC	Operation of terminal	Limited liability company	US$69,600,000	**24.92%**	24.76%
Jinjiang Pacific Ports Development Co., Ltd.	PRC	Operation of terminal	Limited liability company	US$49,900,000	**35.86%**	35.63%
Xiamen Ocean Gate Container Terminal Co., Ltd.	PRC	Operation of container terminal	Limited liability company	RMB1,627,480,000	**31.38%**	31.18%
Piraeus Container Terminal S.A.	Greece	Operation of container terminal	Limited liability company	EURO34,500,000	**44.83%**	44.54%
COSCO Ports (Nansha) Limited	British Virgin Islands/PRC	Investment in a container terminal	Limited liability company	US$10,000	**44.83%**	44.54%
COSCO Ports (ACT) Limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	1 ordinary share of US$1	**44.83%**	44.54%
Florens Container Holdings Limited	British Virgin Islands/ Hong Kong	Investment holding	Limited liability company	22,014 ordinary shares of US$22,014	**44.83%**	44.54%
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	2,000 shares of US$2,000	**100%**	100%
COSCO Finance (2011) Limited	British Virgin Islands	Financing	Limited liability company	10,000 shares of US$1 each	**100%**	100%
COSCO Assets Management Limited	Hong Kong	Vessel construction	Limited liability company	10,000 shares of US$1 each	**100%**	100%

40 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(b) Joint ventures

As at 31 December 2015, 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	
					2015	2014
Ningbo Yuan Dong Terminals Ltd.	PRC	Operation of container terminal	Sino-foreign joint venture	RMB2,500,000,000	**8.97%**	8.91%
Tianjin Port Euroasia International Container Terminal Co., Ltd.	PRC	Operation of container terminal	Sino-foreign joint venture	RMB1,260,000,000	**13.45%**	13.36%
Qingdao Qianwan Container Terminal Co., Ltd.	PRC	Operation of container terminal	Sino-foreign joint venture	US$308,000,000	**8.97%**	8.91%
Nanjing Port Longtan Container Co., Ltd.	PRC	Operation of container terminal	Limited liability company	RMB1,246,450,000	**8.97%**	8.91%
Shanghai Pudong International Container Terminals Limited	PRC	Operation of container terminal	Sino-foreign joint venture	RMB1,900,000,000	**13.45%**	13.36%
Cheer Dragon Investment Limited	Hong Kong	Investment in terminal	Limited liability company	HK$3 divided into 3 ordinary shares	**14.94%**	14.85%
COSCO-PSA Terminal Private Limited	Singapore	Operation of container terminal	Limited liability company	SGD65,900,000	**21.97%**	21.82%
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%**	50%
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%
Qingdao Port Dongjiakou Ore Terminals CO., Ltd.	PRC	Operation of container terminal	Joint venture	RMB 1,400,000,000	**25%**	25%
Euro-Asia Oceangate S.a.r.l	Luxembourg	Investment holding	Joint venture	US$30,000	**17.93%**	–
COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	Operation of container terminals	Limited liability company	HK$20 divided into 2 "A" ordinary shares HK$20 divided into 2 "B" ordinary shares HK$40 divided into 4 non-voting 5% deferred shares	**22.42%**	22.27%
COSCO-HPHT ACT Limited	British Virgin Islands	Investment holding	Limited liability company	1,000 ordinary shares of US$1 each	**22.42%**	22.27%

40 Particulars of principal subsidiaries, joint ventures and associates (Continued)

(c) Associates

As at 31 December 2015, 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 2015	2014
COSCO Finance Co., Ltd.	PRC	Banking and related financial services	Limited liability company	RMB1,600,000,000	**31.25%**	31.25%
Dalian Port Container Terminal Co., Ltd.	PRC	Operation of container terminal	Limited liability company	RMB730,000,000	**8.97%**	8.91%
Suez Canal Container Terminal S.A.E.	Egypt	Operation of container terminal	Limited liability company	1,856,250 ordinary shares of US$100 each	**8.97%**	8.91%
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	**8.97%**	8.91%
Wattrus Limited	British Virgin Islands/PRC	Investment holding	Limited liability company	32 "A" shares of US$1 each and 593 "B" shares US$1 each	**2.30%**	2.28%
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	**7.39%**	7.34%
Dalian Automobile Terminal Co., Ltd.	PRC	Construction and operation of automobile terminals	Limited liability company	RMB320,000,000	**13.45%**	13.36%
Taicang International Container Terminal Co., Ltd.	PRC	Construction and operation of automobile terminals	Limited liability company	RMB450,800,000	**17.50%**	17.50%
Tianjin Ocean Plaza Co., Ltd.	PRC	Property investment	Limited liability company	RMB1,491,635,651	**49%**	–

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.

41 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**625**	549
Intangible assets		**4,723**	581
Subsidiaries		**52,301,720**	52,301,720
Loans to subsidiaries		**4,951,242**	4,900,945
Total non-current assets		**57,258,310**	57,203,795
Current assets			
Prepayments, deposits and other receivables		**3,107**	3,765
Advances to and amounts due from subsidiaries		**67,946**	104,925
Available-for-sale financial assets		**270,000**	500,000
Cash and bank balances		**1,304,374**	1,593,234
Total current assets		**1,645,427**	2,201,924
Total assets		**58,903,737**	59,405,719
EQUITY			
Share capital		**10,216,274**	10,216,274
Reserves	Note (a)	**38,924,039**	39,517,624
Total equity		**49,140,313**	49,733,898
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**8,894,585**	8,867,496
Current liabilities			
Trade and other payables		**354,883**	295,086
Amounts due to subsidiaries		**38,629**	37,144
Tax payable		**475,327**	472,095
Total current liabilities		**868,839**	804,325
Total liabilities		**9,763,424**	9,671,821
Total equity and liabilities		**58,903,737**	59,405,719

The balance sheet of the Company was approved by the Board of Directors on 30 March 2016 and was signed on its behalf:

Mr. Wan Min
Director

Mr. Xu Zunwu
Director

41 Balance sheet and reserve movement of the Company (Continued)

(a) Reserve movement of the 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 2015	**39,134,574**	**913,032**	**2,812,810**	**(3,342,792)**	**39,517,624**
Loss for the year	**—**	**—**	**(593,585)**	**—**	**(593,585)**
As at 31 December 2015	**39,134,574**	**913,032**	**2,219,225**	**(3,342,792)**	**38,924,039**

	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

42 Subsequent events

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

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

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

(3) COSCO Pacific and China Shipping Group entering into an SPA (the "FCHL SPA"), pursuant to which COSCO Pacific conditionally agreed to sell all the equity interest in FCHL ("FCHL shares") (representing the container leasing, management, sale and related business segment) and assign the FCHL shareholders' loans and China Shipping Group agreed to acquire the FCHL and take assignment of the FCHL shareholders' loans;

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

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

42 Subsequent events (Continued)

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

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

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

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

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

Five Year Financial Summary

For the year ended 31 December 2015

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	
Revenue	**57,403,934**	66,901,438	66,137,861	68,267,510	84,639,178
Profit/(loss) before income tax	**1,755,805**	507,287	(1,513,596)	(8,591,164)	(7,854,229)
Income tax	**(457,474)**	1,043,534	(299,472)	(519,086)	(1,031,036)
Profit/(loss) for the period from continuing operations	**1,298,331**	1,550,821	(1,813,068)	(9,110,250)	(8,885,265)
Profit for the period from discontinued operations	**493,173**	—	4,692,490	972,819	—
Profit/(loss) for the period	**1,791,504**	1,550,821	2,879,422	(8,137,431)	(8,885,265)
Profit/(loss) attributable to:	**1,791,504**	1,550,821	2,879,422	(8,137,431)	(10,495,295)
– Equity holders of the Company	**(283,391)**	(362,529)	(235,470)	9,559,141	1,610,030
– Non-controlling interests	**1,508,113**	1,188,292	2,643,952	1,421,710	(8,885,265)

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Restated)	
Total assets	**148,193,149**	148,788,454	161,862,107	165,259,530	157,458,885
Total liabilities	**(103,255,638)**	(105,830,496)	(119,748,300)	(123,559,329)	(107,288,432)
Total equity	**44,937,511**	42,957,958	42,113,807	41,700,201	50,170,453

Notes:

(a) The financial figures for the year 2015 and 2014 were extracted from the consolidated financial statements.

(b) The financial figures for the year 2013 to 2011 were extracted from the 2014 annual report.

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