ANNUAL REPORT **2015**

GOING FURTHER

China Shipping Container Lines Company Limited

中海集裝箱運輸股份有限公司

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

Stock Code : 2866

Company Profile

China Shipping Container Lines Company Limited ("CSCL", "CS Container" or the "Company"), a specialized corporation affiliated to China Shipping (Group) Company ("China Shipping"), is an international diversified enterprise mainly involved in container liner services and other related services. The Company was established in 1997, with head office in Shanghai, the PRC, and is listed both in Hong Kong and Shanghai. The registered capital of the Company is RMB11.68 billion and registered address is at Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC.

The business scope of the Company includes container transportation, vessel chartering, cargo canvassing and booking, customs clearance, storage, depot services, container construction, repair, sales, purchase, vessel management and other related domains.

As at the end of December 2015, CSCL has a fleet of 173 vessels, with total operating capacity of 889,000TEU, ranking it No.7 among its peers in the industry. Of which, it has 87 large vessels each with a capacity above 4,000TEU, which amounts to 808,000TEU in total, and representing 90.8% of total operating capacity. The average capacity per vessel is 5,141TEU, and average age of vessel is 7.5 years.

CSCL calls at more than 180 ports across 60 countries (regions). The Company operates more than 80 international and domestic routes as well as Southeast, South China, North China and Yangtze River sub-routes. With 80 agencies, 287 business outlets and 8,000 staff in 102 countries and regions around the world, CSCL has set up a global network of operation and fully realized network marketing and provided integrated services.

Based on our philosophy of "Trustworthy services all over the world", we implement standardized services, explore a series of logistic solutions, provide EDI, CARGO and other e-commerce services to our global customers, and through comprehensive transportation monitoring and reduced logistic costs, we are able to further enhance our customers' competitiveness.

CSCL has always been committed to achieve corporate benefits and social benefits, a balance between expansion and quality control, sustainable development, promote advanced corporate culture, enhance staff integrated capabilities, promote energy saving and low-carbon voyage. The Company has taken part in sea rescues and various charity initiatives to help relieve poverty, thereby branding itself as "Blissful CSCL", "Green CSCL" and "Responsive CSCL". The Company's effort has been widely recognized by international and domestic institutions and has been granted various awards including "Green Environment Award", "Award for Exceptional Bravery at Sea Rescue", "Social Responsibility Award for Shipping Companies", "Most Popular Liner Company for Europe Trade Lanes" and "Top 10 Container Shipping Corporations that Deliver Best-in-Class Comprehensive Service".

On 1 February 2016, the Company, with the approval of the shareholders at the general meeting, carried out a material asset restructuring. Through restructuring transactions, CSCL is expected to experience a strategic transformation, and change from a container liner operator into an integrated financial services platform with leasing businesses such as vessel leasing, container leasing and non-shipping leasing as core and shipping financing as feature. Upon completion of the restructuring, CSCL's vessel leasing operations will become in the forefront of the world in terms of scale, with the scale of container leasing business ranking third in the world and its non-shipping finance leasing business will focus on the development of ports, energy services, medical services, education and other finance leasing business. Apart from diversified leasing businesses, the Company will also commit to develop other integrated financial services. After the restructuring, the Company will take full advantage of the Group's experiences and existing resources in the shipping industry and financial services industry, to optimize its business model and diversify its financial business, thereby forging an integrated financial service platform with leasing business as its core.

Contents

Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhang Guofa *(Chairman)*
Mr. Huang Xiaowen *(Vice Chairman)*
Mr. Zhao Hongzhou

NON-EXECUTIVE DIRECTORS

Mr. Ding Nong
Mr. Yu Zenggang
Mr. Yang Jigui
Mr. Han Jun
Mr. Chen Jihong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhang Nan
Ms. Hai Chi Yuet
Mr. Guan Yimin
Mr. Shi Xin
Mr. Graeme Jack

SUPERVISORS

Mr. Xu Wenrong *(Chairman)*
Mr. Ye Hongjun
Mr. Zhong Lu
Mr. Zhu Donglin
Mr. Shen Kangchen

INVESTMENT STRATEGY COMMITTEE

Mr. Zhang Guofa *(Chairman)*
Mr. Huang Xiaowen
Mr. Yu Zenggang
Ms. Zhang Nan
Ms. Hai Chi Yuet
Mr. Shi Xin

NOMINATION COMMITTEE

Ms. Zhang Nan *(Chairman)*
Mr. Yu Zenggang
Mr. Shi Xin
Ms. Hai Chi Yuet

REMUNERATION COMMITTEE

Mr. Shi Xin *(Chairman)*
Ms. Hai Chi Yuet
Mr. Yu Zenggang

AUDIT COMMITTEE

Mr. Guan Yimin *(Chairman)*
Ms. Zhang Nan
Mr. Yang Jigui

CHIEF ACCOUNTANT

Mr. Zhang Mingwen

JOINT COMPANY SECRETARY

Mr. Yu Zhen
Ms. Ng Sau Mei

AUTHORISED REPRESENTATIVES

Mr. Huang Xiaowen
Mr. Yu Zhen

LEGAL ADDRESS IN THE PRC

Room A-538, International Trade Center
China (Shanghai) Pilot Free Trade Zone
Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

628 Minsheng Road
Pudong New Area
Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower 2, Kowloon Commerce Centre
51 Kwai Cheong Road
Kwai Chung
Hong Kong

INTERNATIONAL AUDITOR

Ernst & Young

DOMESTIC AUDITOR

Baker Tilly China (Special General Partnership)

LEGAL ADVISERS TO THE COMPANY

Clifford Chance (As to Hong Kong law)
Zhong Lun Law Firm (As to PRC law)

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial and Commerce Bank of China
Citibank
China Merchants Bank
Shanghai Pudong Development Bank

TELEPHONE NUMBER

86 (21) 6596 6105

FAX NUMBER

86 (21) 6596 6813

COMPANY WEBSITE

www.cscl.com.cn

H SHARE LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,751,000,000 H Shares

BOARD LOT

1,000 Shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

7,932,125,000 A Shares

BOARD LOT

100 Shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

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

Financial Highlights

COMPARISON OF 2015 AND 2014 KEY FINANCIAL FIGURES

Consolidated Results
Under Hong Kong Financial Reporting Standards ("HKFRS")

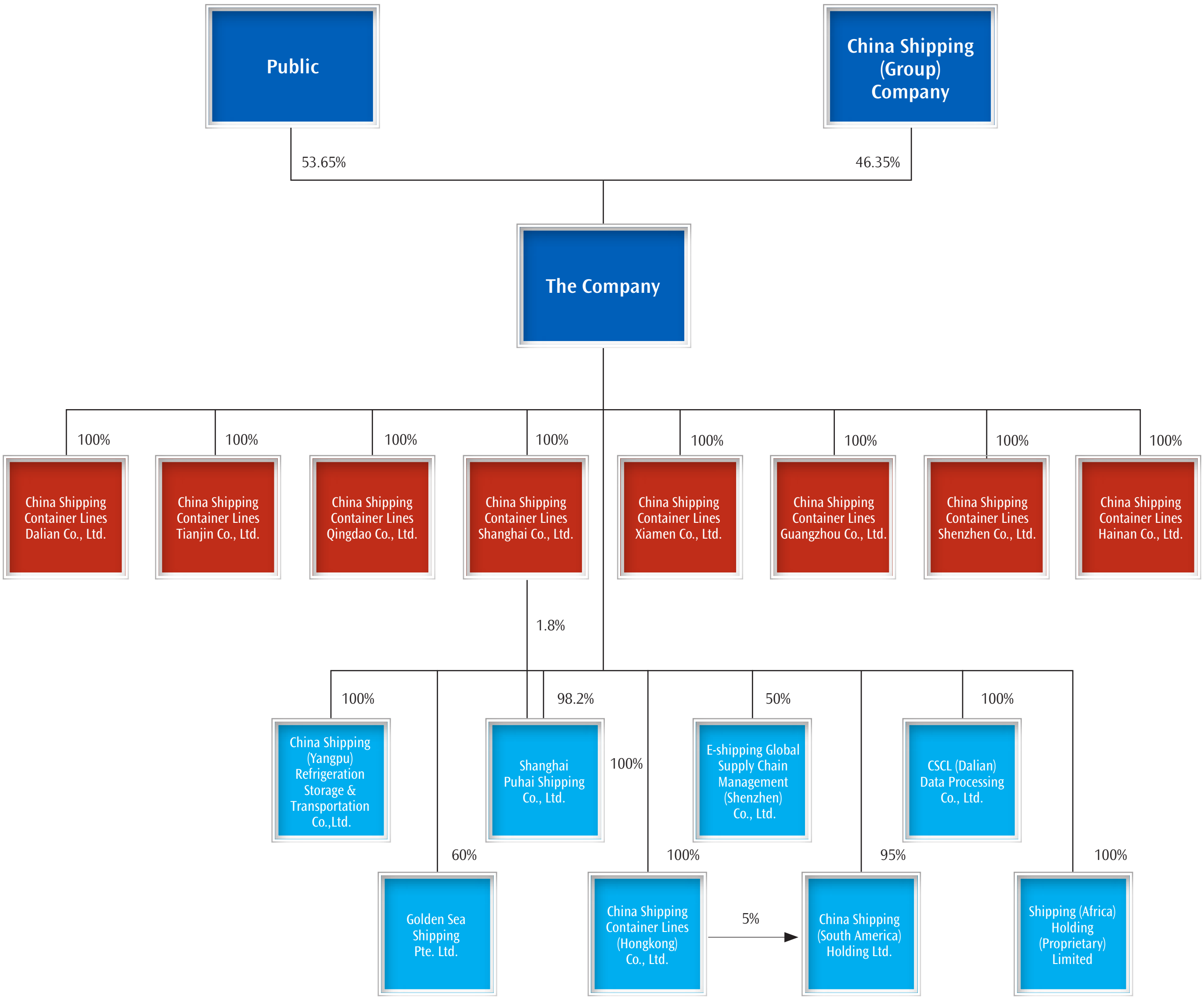
For the year ended 31 December (the "Period")	**2015**	2014	Change
	RMB'000	RMB'000	(%)
Revenue	**31,834,165**	36,077,425	(11.8%)
Operating (loss)/profit	**(2,488,402)**	1,961,694	(226.8%)
(Loss)/profit before income tax from continuing operations	**(2,897,163)**	1,577,524	(283.7%)
Profit for the year from a discontinued operation	**–**	38,756	(100.0%)
(Loss)/profit for the year attributable to owners of parent	**(2,950,234)**	1,044,036	(382.6%)
Basic (loss)/earnings for the year per share	**(RMB0.253)**	RMB0.089	(384.3%)
Gross (loss)/profit margin (continuing operations)	**(3.0%)**	3.4%	(188.2%)
(Loss)/profit margin before income tax (continuing operations)	**(9.1%)**	4.4%	(306.8%)
Gearing ratio	**86.2%**	59.4%	45.1%

Consolidated Assets and Liabilities
Under HKFRS

As at 31 December	**2015**	2014	Change
	RMB'000	RMB'000	(%)
Total assets	**56,877,083**	53,541,151	6.2%
Non-current assets	**42,369,079**	40,212,104	5.4%
Current assets	**14,508,004**	13,329,047	8.8%
Total liabilities	**34,639,753**	28,663,668	20.8%
Current liabilities	**15,027,288**	13,256,077	13.4%
Net current (liabilities)/assets	**(519,284)**	72,970	(811.6%)
Net assets	**22,237,330**	24,877,483	(10.6%)

Shareholding Structure

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries as at 31 December 2015:



Brief particulars of the subsidiaries, associated companies and joint ventures of the Company are contained in Note 40 to the consolidated financial statements.


吊具下:65吨
吊钩下:76吨
ZPMC
QC-19
CHINA SHIPPING


CHINA SHIPPING
U A S C
HAMBURG SÜD
ZPMC
吊具下:65吨
吊钩下:76吨
QC-20
QC-20 08B
CHINA

Chairman's Statement

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

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

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

REVIEW OF OPERATIONS

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

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

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

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

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

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

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

REFORM, RESTRUCTURING, TRANSITION AND DEVELOPMENT

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

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

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

STRATEGIES FOR FUTURE DEVELOPMENT

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

Chairman's Statement

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

1. LEASING BUSINESS

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

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

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

2. INVESTMENT BUSINESS

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

3. INTEGRATED FINANCIAL SERVICES

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

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

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

Zhang Guofa
Chairman

Shanghai, the PRC
30 March 2016


CHINA SHIPPING LINE


MAERSK

REVIEW ON OVERALL OPERATIONAL PERFORMANCE

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

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

FINANCIAL REVIEW

REVENUE

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

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

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

Details of income

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

Decrease in volume of loaded cargoes

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

Decrease in freight rates

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

COSTS OF SERVICES

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

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

- Container and cargo costs increased from RMB13,260,260,000 in 2014 to RMB13,405,841,000 during the Period, representing an increase of 1.1% as compared with 2014, which is immaterial as a whole. In response to a slower growth in cargo demand, the Company cut back new shipping capacity, as a result, new shipping space put into operation decreased by 3.9% as compared with last year, whereas loaded cargo volume decreased by 3.5%, however stevedore charges remained flat as compared with last year due to increase in rates.

- Vessel and voyage costs decreased from RMB11,340,282,000 in 2014 to RMB10,620,693,000 for the Period, representing a decrease of 6.3% as compared with the corresponding period of 2014, mainly due to the decrease in fuel costs. During the Period, fuel costs amounted to RMB4,410,134,000, representing a decrease of 36% as compared with RMB6,850,509,000 in the corresponding period of 2014. The decrease in fuel costs was due to fallen oil prices in the global market which led to a decrease in the unit fuel cost of the Company of approximately 34.9% during the Period. Moreover, the adding of ports with fuel refill facilities at low prices also substantially reduced our fuel costs.

- Sub-route and other costs decreased from RMB6,246,350,000 in 2014 to RMB5,827,605,000 in 2015 during the Period, representing a decrease of 6.7% as compared with 2014. The decrease was mainly due to the reduced cargo volume as a result of weak trunk route market, thus lower sub-route cost.

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

GROSS PROFIT

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

INCOME TAX

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

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

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

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

OTHER GAINS

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

PROFIT/LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

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

LIQUIDITY, FINANCIAL SOURCES AND CAPITAL STRUCTURE

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

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

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

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

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

NET CURRENT ASSETS

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

CASH FLOWS

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

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

Unit: RMB

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

NET CASH GENERATED FROM OPERATING ACTIVITIES

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

NET CASH USED IN INVESTING ACTIVITIES

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

NET CASH GENERATED FROM FINANCING ACTIVITIES

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

AVERAGE TURNOVER DAYS OF TRADE RECEIVABLES

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

GEARING RATIO

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

FOREIGN EXCHANGE RISK AND HEDGING

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

CAPITAL EXPENDITURE

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

COMMITMENTS

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

CONTINGENT LIABILITIES

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

EMPLOYEES, TRAINING AND BENEFITS

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

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

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

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

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

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

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

RECENT DEVELOPMENT

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

EXECUTIVE DIRECTORS

MR. ZHANG GUOFA (張國發), AGE 59

Chairman and executive Director of the Company and Chairman of the Investment Strategy Committee of the Board and had held the posts of executive Director and Vice Chairman of the Company. Mr. Zhang joined China Shipping (Group) Company (hereinafter "China Shipping") in 2004 and successively served as vice president, Party leadership group member, director, president and Party leadership group member of China Shipping. Prior to joining China Shipping, he worked at Changjiang Marine Transportation Company and the Ministry of Communications. During his service with the Ministry of Communications, he had held the posts of department head, deputy section chief, section chief, assistant to the director and deputy director of the Transport Department and the Water Transport Department. Mr. Zhang Guofa graduated from Wuhan River Shipping School (武漢河運學校), major in River Navigation and Wuhan University, major in Political Economy. He obtained a bachelor, a master and a doctorate degree in Political Economy from Wuhan University and is a senior engineer. Mr. Zhang joined the Company in February 2005.

MR. HUANG XIAOWEN (黃小文), AGE 53

Vice chairman and executive Director of the Company. Mr. Huang is also the deputy general manager and a Party leadership group member of China COSCO Shipping Corporation Limited and director of China Shipping Development Company Limited. Mr. Huang started his shipping career in 1981, and was appointed as manager of Container Shipping Section of Guangzhou Ocean Shipping Company, deputy general manager and general manager of Container Transportation Department of China Ocean Shipping Company, and was appointed as deputy general manager, executive Director, General Manager and vice Party secretary of the Company. He became the deputy general manager and a Party leadership group member of China Shipping since April 2012. Mr. Huang's "bulk container shipping methodology" was granted 2002 New Product for Hong Kong maritime administration, Gold Medal in New Technology International Exhibition and Practical New Design patent by State Intellectual Property Office, and his "multipurpose vehicle container shipping methodology" was also granted Practical New Design patent by State Intellectual Property Office. Mr. Huang graduated from Qingdao Ocean Seaman Institute with a major in vessel piloting, and obtained an EMBA from China Europe International Business School. Mr. Huang joined the Company in October 1997.

MR. ZHAO HONGZHOU (趙宏舟), AGE 48

Executive Director of the Company. Mr. Zhao was the department head of Container Shipping main office of China Ocean Shipping (Group) Company, the vice department head and department head of the Executive Department of China Shipping, the deputy general manager of the Company and the executive Director. From August 2012 to now, he served as the general manager and executive Director of the Company. Mr. Zhao graduated from Shanghai Maritime University, majoring in transportation management and engineering, where he obtained a master's degree in engineering. He is also a senior engineer. Mr. Zhao joined the Company in November 2002.

NON-EXECUTIVE DIRECTORS

MR. DING NONG (丁農), AGE 54

Non-executive Director of the Company. He is a deputy general manager and a member of the Party leadership group of China Shipping (Group) Company, a director of China Shipping Development Company Limited and chairman of China Shipping (Africa) Holdings (PTY) Ltd. Mr. Ding started his career in August 1982 and served consecutively as chief ship engineer of Guangzhou Maritime Transportation Bureau, deputy manager of the Guangzhou Shipping Taihua Tanker Company, deputy general manager of Guangzhou Shipping (Group) Co., Ltd. (the cargo company owned by China Shipping Development Company Limited), general manager of China Shipping Suppliers & Trading Co., Ltd., general manager and Party secretary of China Shipping & Sinopec Suppliers Co., Ltd., assistant to the president of China Shipping and general manager and deputy Party secretary of China Shipping International Ship Management Co., Ltd, and has been acting as deputy general manager of China Shipping and a member of the Party leadership group since May 2012. Mr. Ding graduated from Shanghai Maritime University with a master's degree in transportation planning and management and is a senior engineer. Mr. Ding joined the Company in December 2012.

MR. YU ZENGGANG, (俞曾港), AGE 52

Non-executive Director of the Company. He is currently the deputy general manager, a member of the Party leadership group and the press spokesperson of China COSCO Shipping Corporation Limited and the chairman of China Shipping (Europe) Holding GmbH. Mr. Yu was born in December 1963. He started his career from August 1984, and served as the chief representative of the Japan Representative Office of Shanghai Shipping Bureau, director and general manager of Shanghai Haixing Shipping (Japan) Co., Ltd., deputy general manager, general manager of the Development Division of China Shipping, vice president of China Shipping (North America) Holding Co., Ltd., president of China Shipping (Europe) Holding GmbH, general manager of the President Office of China Shipping, officer of the Board of Directors Office and General Office, secretary to the board of China Shipping and has been the deputy general manager and a member of the Party leadership group of China Shipping since February 2014. Mr. Yu graduated from Wuhan University of Technology with a bachelor's degree in engineering science in 1984 and earned a master's degree in 2012 from China Europe International Business School. He is a senior engineer. Mr. Yu joined the Company in June 2014.

MR. YANG JIGUI (楊吉貴), AGE 49

Non-executive Director of the Company. He is currently the deputy chief financial officer of China COSCO Shipping Corporation Limited, a director of China Shipping Haisheng Co., Ltd and a non-executive director of China Everbright Bank Company Limited. Born in September 1966, Mr. Yang has served successively as manager of Finance Department of Guangzhou Maritime Transport (Group) Co., Ltd. (hereinafter "Guangzhou Maritime Transport") Shenzhen Shipping Branch, chief accountant of Supply and Trade Division of Guangzhou Maritime Transport, head of Finance Department of China Shipping Supply and Trade Co., Ltd, deputy director of Planning and Finance Department of China Shipping, general manger of Finance Department of China Shipping, general manager of Planning and Finance Department of China Shipping, general manager assistant and general manager of Finance Department of China Shipping since March 2014 and deputy chief financial officer and general manager of Finance Department since July 2015. Mr. Yang graduated from Shanghai Maritime University (上海海運學院) majoring in financial accounting and Tsinghua University majoring in business administration. He has a bachelor degree and a master degree and is a senior accountant. Mr. Yang joined the Company in December 2015.

MR. HAN JUN (韓駿), AGE 50

Non-executive Director of the Company. He currently serves as general manager assistant of China COSCO Shipping Corporation Limited, managing director and Party secretary of Shipping Development Co., Ltd. and general manager and deputy Party secretary of China Shipping Tanker Company Limited. Mr. Han was born in March 1965 and took his first job in July 1987. He has successively held the positions of mate and Youth League secretary of Dalian Shipping (Group) Company; general manager of Hainan Hailian Shipping Co., Ltd.; head of development department of China Shipping; general manager and deputy chairman of Universal Shipping (Asia) Co., Ltd.; Party secretary for Shenzhen area of China Shipping; deputy president, president and Party secretary of China Shipping (H.K.) Holdings Co., Ltd.; joint work Party committee secretary of China Shipping (H.K.) Holdings Co., Ltd. Mr. Han Jun served as general manager and Party secretary of China Shipping Development Co., Ltd. (started to work as executive director in May 2013) and general manager and deputy Party secretary of China Shipping Tanker Company Limited from March 2013. He has served as general manager assistant of China Shipping since August 2015. Mr. Han graduated from Dalian Maritime University with a major in ship steering. Mr. Han holds a bachelor's degree and a master's degree of business administration and is recognised as an engineer. Mr. Han joined the Company in December 2015.

MR. CHEN JIHONG (陳紀鴻), AGE 58

Non-executive Director of the Company. He is a general manager of Shanghai Shipping (Group) Company, a supervisor of China Shipping Development Company Limited, and the chairman of the Shanghai Institute of Navigation. Mr. Chen started his career in March 1975 and has served as the deputy section chief of the publicity section, the deputy director of the corporate governance department, the director of the Party office and the section chief of the publicity section, the secretary of the discipline inspection commission and the section chief of the supervision section and secretary of the party and secretary of the discipline inspection commission of Shanghai Ocean Ship Repair Factory, director of organization department of the Party committee of the department of organization of China Shipping, a member of the standing committee of the Fang Cheng Gang Municipal Committee and the vice mayor of Fang Cheng Gang City of Guangxi Autonomous Region (temporary post), the secretary of the party and vice general manager of Tanker Branch of China Shipping Development Company Limited, head of the work department of the Party leadership group of China Shipping. Mr. Chen graduated from East China Normal University, majoring in Global Economics, with an on-the-job postgraduate degree and MBA degree. Mr. Chen is a senior political officer. Mr. Chen joined the Company in June 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MS. ZHANG NAN (張楠), AGE 67

Independent non-executive Director of the Company. Ms. Zhang began her career in March 1969. She has served as the deputy secretary and secretary of the Communist Youth League, and the deputy director of political office in the Second Chemical Factory of Beijing Yanhua Corporation. She was the director of the office of the political department of Beijing Yanhua Corporation, the deputy director of the office of Beijing Electronics & Instrument Industrial Bureau Device Company, and the deputy director of the professional department on electronic devices and deputy director of the office of Beijing Computer Industry Corporation. She served as the deputy director of audit and compliance division of Beijing Electronic Industry Office, the deputy director of the research office of the State Council Production Office and the State Council Economics and Trade Office. She was the director of the division of economic law and regulations, the deputy director of the economic research center, the deputy director of the enterprise supervision bureau, and the director of the economics officer training center of the State Economic and Trade Commission. She served as the director of the economics officer training center and a supervisor (bureau class) of the supervisory board for large state-owned enterprises of the State-owned Assets Supervision and Administration Commission. She is currently a researcher of China Center for Comparative Politics and Economics and a special invited member of the scientific management committee and the enterprise risk management specialist committee of Sinohydro Corporation, an independent director of Rising Nonferrous Metals Share Co., Limited. Ms. Zhang graduated from the Party School of the Central Committee with a major in economic management and the Chinese Academy of Social Sciences with a major in economic law and is an senior economist. She was appointed as an independent non-executive director of the Company in June 2010.

MS. HAI CHI YUET (奚治月), AGE 61

Independent non-executive Director. She has more than 30 years of working experience in shipping logistics industry. From December 2012 to now, she has served as the advisor to Hutchison Port Holdings Trust. Ms. Hai served as the managing director of COSCO-HIT Terminals (Hong Kong) Limited, the managing director of Yantian International Container Terminals Limited, and the chief executive officer of HPH Trust. Ms. Hai also participates in public service organizations, including being the member of the Election Committee for the Chief Executive of Hong Kong Special Administrative Region, Transport Subsector. She also served as the member of Hong Kong Port Development Advisory Group and the president of Shenzhen Ports Association. In 2011, Ms. Hai was awarded as Shenzhen Honorable Citizen. Ms. Hai graduated from York University, Toronto, Canada and the University of Hong Kong, obtaining a Bachelor of Business Administration and a Master of Buddhism Studies respectively. Ms. Hai was appointed as an independent non-executive Director of the Company in May 2015.

Biographies of Directors, Supervisors and Senior Management

MR. GUAN YIMIN (管一民), AGE 65

Independent non-executive Director of the Company. He is currently an independent director of Shanghai International Port (Group) Co., Ltd. and an external supervisor of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Mr. Guan began his career in January 1983. He taught in the accounting faculty of Shanghai University of Finance and Economics and served as deputy dean and standing deputy dean of the institute of adult education of Shanghai University of Finance and Economics. He was a professor of Shanghai University of Finance and Economics and Shanghai National Accounting Institute. Mr. Guan graduated from the accounting faculty of Shanghai University of Finance and Economics and was appointed as an independent non-executive director of the Company in June 2013. He is entitled to receive special subsidies granted by the State Council of China.

MR. SHI XIN (施欣), AGE 49

Independent non-executive Director of the Company. He is also currently a professor of Shanghai Maritime University and a deputy director of maritime management committee of China Institute of Navigation. He has extensive experience in the research of transport and communication planning and management. He has participated in research topics such as construction of Shanghai International Shipping Center, development of modern shipping service industry, and management of transport and communication industry. He has been awarded several provincial science and technology advancement awards and policy-making consultation achievement award. With extensive working experiences in enterprise management and consultation, Mr. Shi has also participated in the management consultation work for many well-known shipping and logistics enterprises. Mr. Shi is the leading lecturer and the guiding lecturer of EMBA and MBA courses. He graduated from Shanghai Jiao Tong University, majoring in management engineering, and received a doctorate degree. He was appointed as an independent non-executive director of the Company in June 2013.

MR. GRAEME JACK, AGE 65

Independent non-executive Director of the Company, Mr. Graeme Allan Jack has served as an independent non-executive Director of the Company since June 2015. He has extensive experience in finance and auditing. He is also an independent non-executive director of Hutchison Port Holdings Trust and The Greenbrier Companies Inc., and an independent trustee for the group retire plan of CK Hutchinson Holdings Limited. He retired from PricewaterhouseCoopers as a partner in 2006. He holds a bachelor degree in commerce and is a fellow member of the Hong Kong Society of Accountants and an associate member of The Institute of Chartered Accountants in Australia and New Zealand.

SUPERVISORY COMMITTEE MEMBERS

MR. XU WENRONG (徐文榮), AGE 54

Chairman of the Supervisory Committee. Mr. Xu served as deputy general director of Petroleum Geophysical Exploration Bureau and general manage of International Exploration Bureau of China National Petroleum Corporation ("CNPC"), general director and deputy Party secretary of Petroleum Geophysical Exploration Bureau of CNPC, vice chairman, the general manager and deputy Party secretary of Bureau of Geophysical Prospecting of CNPC, assistant to the general manager of CNPC, and at the same time, director of R&D department of CNPC, chairman of CNPC Services & Engineering Co., Ltd., chairman of the supervisory committee of China Shipping Development Co., Ltd., chairman of China Shipping (South East Asia) Holdings Co., Limited, China Shipping International Ship Management Co., Ltd., China Shipping Property Co., Ltd., China Shipping Investment Co., Ltd., principal of party school of China Shipping a member of the Party leadership group and the chief of discipline & inspection group of China Shipping and deputy general manager, member of the Party leadership group and chief of discipline & inspection group. Mr. Xu graduated from East China Petroleum Institute of China University of Petroleum with a bachelor's degree in engineering and obtained on-the-job post graduate (doctorate) degree in management from China University of Petroleum, he is a senior engineer with professor qualifications. Mr. Xu joined the Company in June 2013.

MR. YE HONGJUN (葉紅軍), AGE 53

Supervisor of the Company. Mr. Ye is currently the chief legal consultant of China COSCO Shipping Corporation Limited. He worked in Beijing Communications Management Institute for Executives, and served in the MOC and has held the posts including a servant without fixed position, deputy department head, department head and the deputy section chief of the Legal Section, the deputy section chief of the Price Regulatory Section of the Water Transport Department and the section chief of the Regulation Section of the Water Transport Department. He served as the assistant to the head of the Maritime Safety Administration of the MOC, and the director of the Domestic Shipping Management Division of the Waterway Transportation Bureau of the MOT. He has served as the chief law consultant of China Shipping since April 2012. Mr. Ye received a master's degree in law from Fudan University. Mr. Ye joined the Company in June 2013.

MR. ZHU DONGLIN (朱冬林), AGE 56

He is a currently a Supervisor, secretary of the Communist Party Committee and the general manager of the Human Resources Division of the Company. Mr. Zhu was born in December 1959 and joined the Company in 1997, and has served as deputy director of the general manager office, deputy director and deputy director (in charge) of the general affairs office, deputy director of the Party and Mass Organisation Division, deputy general manager of the office of Secretary to the Board and the vice president of the Labour Union. Mr. Zhu has served as the general manager of the Human Resources Division of the Company since March 2012 and has served as the secretary of the Communist Party Committee of the Company since January 2014. Mr. Zhu graduated from Shanghai Maritime Institute in 1982 with a bachelor's degree majoring in Shipping Electrification and Automation and is a deputy researcher.

MR. ZHONG LU (鍾路), AGE 48

He is currently a Supervisor of the Company. Mr. Zhong was born in December 1967, holds a bachelor degree and is an assistant accountant. Mr. Zhong joined the Company in 1997 and served as the head of domestic trade accounting department and accounting department of the finance department of the Company and the assistant of the chief and deputy chief of the supervise department of the Company.

MR. SHEN KANGCHEN (沈康辰), AGE 75

Independent Supervisor of the Company. He has served as an instructor, lecturer and associate professor, successively in Chongqing Jiaotong University and Institute of Architecture and Engineering, and a visiting scholar to Carnegie Mellon University and University of Florida. He served as the vice president of Chongqing Jiaotong University, and the dean of faculty, the secretary of the Party committee and professor of Shanghai Maritime University. He was the vice president and professor of Shanghai Maritime University. He was the dean and professor of Shanghai Maritime University (during which he was invited to act as a visiting scholar of New Jersey Industry College). He was the head of Network Computing Institute of Shanghai Maritime University. He was the chief engineer of Shanghai Branch of CABR Technology Co., Ltd. He was an independent non-executive Director of the second and third session of the Board of the Company. Mr. Shen graduated from East China Institute of Water Conservation with a bachelor's degree majoring in water lane and port, and obtained his master's degree in engineering mechanics under the guidance of academician Xu Zhi Lun. He was appointed as an independent supervisor of the Company in June 2013.

COMPANY SECRETARY

MR. YU ZHEN (俞震), AGE 38

Board Secretary and joint company secretary of the Company. Mr. Yu started his career in 1999. He has served as finance department officer, finance department head of China Shipping International Trading Company, manager of finance department of China Shipping (Romania) Agency Co., Ltd., general manager of finance department of China Shipping (Europe) Holding GmbH since 1999. He joined the Company in November 2013 and has served as the Board Secretary and joint company secretary of the Company since April 2014. He graduated from finance and accounting faculty of Shanghai Shipping College with a bachelor's degree in economics. Mr. Yu is a certified public accountant (CPA) of the People's Republic of China and a mid-level accountant.

SENIOR MANAGEMENT

MR. LIU CHONG (劉沖), AGE 46

General manager of the Company. Mr. Liu has served as the general manager of China Shipping Investment Co., Ltd. since April 2013, and the general manager of China Shipping Leasing Co., Ltd. since August 2014. Mr. Liu served as the financial controller and deputy general manager of China Shipping Logistics Co., Ltd., the chief accountant of China Shipping Haisheng Co., Ltd., the head of capital management division of China Shipping and the chief accountant of the Company. Mr. Liu graduated from Sun Yat-sen University majoring in economics, and is a certified public accountant and a senior accountant. Mr. Liu joined the Company in March 2016.

MR. FENG XINGGUO (馮幸國), AGE 58

Deputy general manager, a member of the Party committee and chief captain of the Company. Mr. Feng assists the general manager of the Company and is responsible for the security and technological work of the Company. Mr. Feng began his career in 1975, and has served as third officer, the second officer and the chief officer of Shanghai Maritime Bureau; the captain, captain supervisor, assistant to general manager and deputy general manager of vessel company No. 2 under Shanghai Hai Xing Shipping Co., Ltd.; Mr. Feng was the deputy general manager of Container Branch Company under Shanghai Hai Xing Shipping Co., Ltd.; general manager of security and technology department of the Company; the assistant to the general manager of the vessel administration center and the general manager of the security and technology department of the Company; the deputy general manager of vessel administration center and general manager of crew management department of the Company; the chief captain, deputy general manager of vessel administration center of the Company. From 2010 till now, he is the deputy general manager, a member of the Party committee and chief captain of the Company. Mr. Feng graduated from Shanghai Maritime Staff University, majoring in vessel piloting. He is a senior captain and senior engineer. He joined the Company in September 1997.

MR. ZHANG MINGWEN (張銘文), AGE 37

Chief accountant and member of the Party committee of the Company. Mr. Zhang began his career in 1999. He served as the officer and vice supervisor of the settlement centre of China Shipping the vice supervisor and deputy chief of the capital canter of the financial planning department of China Shipping, the assistant to the general manager of the financial planning department of China Shipping and the assistant to the general manager of the financial capital department of China Shipping. Mr. Zhang joined the Company in November 2012 and served as the Company's deputy chief accountant and member of the Party committee from November 2012 to January 2014. He has served as the financial controller of the Company since April 2013 and as the chief accountant and a member of the Party committee of the Company since January 2014. Mr. Zhang Mingwen graduated from Faculty of Finance of the Shanghai University of Finance and Economics, majoring in investment economics and obtaining a bachelor's degree in economics, and the Antai College of Economics & Management of Shanghai Jiao Tong University, majoring in business administration and receiving a MBA degree. He is a chartered financial analyst (CFA) and a senior accountant.

Biographies of Directors, Supervisors and Senior Management

MR. MING DONG (明東), AGE 45

Current deputy general manager and a member of the Party committee of the Company. Mr. Ming began his career in 1994 and consecutively worked in COSCO Finance Company Limited and in the asset operation centre, president affairs department and capital operation department of China Ocean Shipping (Group) Company. He served as the general manager of investor relations division and the securities affairs representative of China COSCO Holdings Company Limited from July 2005 to December 2008, and the general manager of the securities affairs division of China Ocean Shipping (Group) Company and China COSCO Holdings Company Limited from January 2009 to February 2016. Mr. Ming graduated from Central University of Finance and Economics, majoring in international finance and investment economics, and obtained a master's degree in economics. He is a senior economist. Mr. Ming joined the Company in March 2016.

MR. QIAN WEIZHONG (錢衛忠), AGE 49

Mr. Qian started his career in 1987 and had served as the general manager assistant, deputy general manager, a member of the Party committee, deputy general manager (in charge), a member of the Party committee, general manager and a member of the Party committee of China Shipping Agency Company Limited since 2000. From December 2012 to March 2014, he was the vice president of China Shipping (North America) Holdings Company and the general manager of the Los Angeles branch of China Shipping (North America) Agency Company Limited (中國海運（北美）代理有限公司). Mr. Qian graduated from Jimei University, majoring in engine management, and Shanghai Maritime College, majoring in transportation plan and management. He holds a master's degree and is an economist. Mr. Qian joined the Company in March 2014 and resigned as the deputy general manager of the Company in March 2016.

MR. SUI JUN (隋軍), AGE 44

Mr. Sui was the manager of the external trade department of the Dalian International Shipping Co., Ltd., deputy general manager, general manager of CS International Shipping Co., Ltd. (Dalian Branch), general manager of Dalian CS Logistics Co., Ltd. and general manager of CS Northern Logistics Co., Ltd. He was the general manager of CSCL (Dalian branch) from January 2003 to March 2013, and deputy Party secretary of CSCL (Dalian branch) from August 2007 to March 2013. From February 2012 till December 2012, he was also the assistant to the general manager of CSCL. He has been the deputy general manager and member of the Party committee of the Company since December 2012. Mr. Sui graduated from the China Europe International Business School EMBA program and Dalian Maritime University obtaining a master's degree in transportation planning and management. He is an economist and joined the Company in January 2003. He resigned as deputy general manager of the Company in March 2016.

MR. CHEN WEI (陳威), AGE 45

Mr. Chen Wei joined the Company in September 1997. He served as deputy general manager of the marketing department (in charge) and general manager of the marketing department. He served as president of China Shipping (Korea) Holdings Co., Limited and general manager of China Shipping Korea Co., Ltd. from June 2008 to February 2012. He was the president of China Shipping (South East Asia) Holdings Co., Limited from February 2012 to January 2014, and also served as general manager of Golden Sea Shipping Pte. Ltd. (鑫海航運有限公司) from July 2012 to January 2014. Mr. Chen Wei graduated from Beijing University with a bachelor's degree in economic law. He resigned as deputy general manager of the Company in March 2016.

MR. GU ZHONGDONG (辜忠東), AGE 45

Mr. Gu Zhongdong began his career in 1992. He served as third officer and second officer of Shanghai Shipping, first officer of Shanghai Haixing, captain of China Shipping International. He was the deputy general manager of the third department of shipping works of the vessel administration center of the Company, deputy manager of the security and technology department of the Company (in charge), and deputy general manager of the transportation department of China Shipping. He served as general manager and secretary of the Party branch of China Shipping Car Carrier Co., Ltd. from February 2012 to January 2014. Mr. Gu Zhongdong graduated from Dalian Maritime University, majoring in vessel piloting. In 2009, he was awarded with special subsidies granted by the State Council of China. Mr. Gu joined the Company in January 2014. He resigned as deputy general manager of the Company in March 2016.

MR. CHEN SHUAI (陳帥), AGE 41

Mr. Chen Shuai began his career in 1995. He joined the Company in September 1997 and has served as deputy manager of division one of the cargo transportation division of the Company, assistant to the general manager of CSCL HK, and general manager of the Americas division of the Company. He served as assistant to the general manager of the Company and general manager of the Americas division concurrently from December 2012 to January 2014. Mr. Chen Shuai graduated from the Shanghai Maritime Academy, majoring in marine engineering management. He resigned as deputy general manager of the Company in March 2016.

Report of the Board of Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2015 (the "Year").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Group are owning, chartering and operating container vessels for the provision of international and domestic container marine transportation services. The principal activities of the subsidiaries are set out in Note 40 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 104 of this Annual Report.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2015, an analysis of the Group's performance for the year using key financial metrics, recent development, a discussion on the future development of the Group and a description of the potential principal risks and uncertainties facing the Group are set out in "Chairman's Statement" on pages 8 to 15 and "Management Discussion and Analysis" on pages 16 to 22. The Company's environmental policy and our performance, its compliance with relevant laws and regulations that may have significant effect on the Group and the relationship between the Group and its employees, customers and suppliers are set out in "Report of the Board of Directors", "Corporate Governance Report" and "Social Responsibility" on pages 36 to 97.

DIVIDENDS

The accumulated loss calculated under PRC accounting standards of the Company and the Group as at 31 December 2015 was RMB2,374 million and RMB6,919 million, respectively. It was proposed that no profit distribution would be made for the year 2015 and no capitalization of capital common reserve fund would be made. The above proposal is subject to review at the Annual General Meeting.

RESERVES

Movement of the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 109 of this Annual Report, Note 28 and Note 41 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the PRC Company Law, the Company may only distribute dividends out of its distributable profits (i.e. the Company's profit after income tax after offsetting: (i) the accumulated losses brought forward from the previous years; and (ii) the allocations to the statutory surplus reserve and, if any, the discretionary common reserve (in such order of priorities) before payment of any dividend on shares).

According to the Company's articles of association (the "Articles of Association"), for the purpose of determining profit distribution, the distributable profit of the Company is the lesser of its profit after income tax determined in accordance with: (i) the PRC accounting standards and regulations; and (ii) Hong Kong Financial Reporting Standards.

As at 31 December 2015, the accumulated loss of the Company, calculated based on the above principles, amounted to approximately RMB2,374 million, which is prepared in accordance with the PRC accounting standards and regulations.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, no pre-emptive rights exist which require the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 4 of this Annual Report.

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

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

H SHARE SHARE APPRECIATION RIGHTS SCHEME AND THE BASIS OF DETERMINING THE EMOLUMENT OF THE DIRECTORS

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme (the "Scheme") and Implementation Methods" passed at the Company's second extraordinary general meeting held on 12 October 2005, the Company implemented the Scheme as appropriate incentive policy.

In accordance with the Scheme and its amendments dated 20 June 2006, 26 June 2007 and 26 June 2008, the eligible grantees are: the Directors (other than independent non-executive Directors), the supervisors of the Company (the "Supervisors") (other than independent Supervisors), the senior management of the Company, the head in charge of department of each of the operational and management departments of the Company and the general managers and deputy general managers of the Company's subsidiaries. As at the end of this reporting period, all share appreciation rights granted were due and lapsed.

The Company determines the remuneration of Directors by reference to the performance of Directors for the year ended 31 December 2015 and on the principle of linking Company's management with operation results.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors who held office during the year and up to the date of this Annual Report are:

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhang Guofa *(Chairman)*
Mr. Huang Xiaowen *(Vice Chairman)*
Mr. Zhao Hongzhou

NON-EXECUTIVE DIRECTORS

Mr. Ding Nong
Mr. Yu Zenggang
Mr. Yang Jigui(1)
Mr. Han Jun(1)
Mr. Chen Jihong
Ms. Su Min(1)
Mr. Liu Xihan(1)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhang Nan
Ms. Hai Chi Yuet(2)
Mr. Guan Yimin
Mr. Shi Xin
Mr. Graeme Jack(2)
Mr. Teo Siong Seng(2)
Mr. Chen Lishen(2)

SUPERVISORS

Mr. Xu Wenrong *(Chairman)*
Mr. Ye Hongjun
Mr. Zhu Donglin
Mr. Zhong Lu(3)
Mr. Shen Kangchen
Mr. Tu Shiming(3)

According to the Articles of Association, the term of service of the Directors and Supervisors shall be 3 years.

Notes:

1. Ms. Su Min and Mr. Liu Xihan resigned as non-executive Directors of the Company due to change of job assignments, which became effective on 22 December 2015. Mr. Yang Jigui and Mr. Han Jun were appointed as non-executive Directors of the Company, with effect from 22 December 2015.

2. Mr. Teo Siong Seng and Mr. Chen Lishen resigned as independent non-executive Directors of the Company due to personal reasons, which came into effect on 8 May 2015 and 26 June 2015 respectively. Ms. Hai Chi Yuet and Mr. Graeme Jack were appointed as independent non-executive Directors of the Company, which came into effect on 8 May 2015 and 26 June 2015 respectively.

3. Mr. Tu Shiming resigned as the employee representative Supervisor of the Company due to change of job assignments, which came into effect on 20 April 2015. Mr. Zhong Lu was elected as the employee representative Supervisor of the Company at the employee representative meeting of the Company, which came into effect on 20 April 2015.

DIRECTORS’ AND SUPERVISORS’ SERVICE CONTRACTS

Each of the Directors and Supervisors of the Board and the Supervisory Committee for this term has a service contract with the Company until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016.

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any Director or Supervisor.

DIRECTORS’ AND SUPERVISORS’ INTEREST IN CONTRACTS

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no transactions, arrangements or contracts of significance (as defined in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”)), in which a Director or a Supervisor or their connected entities are or were materially interested, directly or indirectly, subsisted during the Year or at the end of the Year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in which the Company or any of its subsidiary and its controlling shareholders (as defined in Appendix 16 to the Listing Rules) or a subsidiary of its controlling shareholders was a party, subsisted during the Year or at the end of the Year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in relation to the service provided by controlling shareholders or their subsidiaries to the Company or its subsidiaries, subsisted during the Year or at the end of the Year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has arranged appropriate insurance cover for its directors and senior management staff in respect of legal action that may be brought against them in connection with company activities.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors, Supervisors and senior management of the Company are set out on pages 23 to 35 of this Annual Report. Each of Zhang Guofa, Huang Xiaowen, Ding Nong, Yu Zenggang, Yang Jigui, Han Jun and Chen Jihong was as at 31 December 2015, the managing director, the deputy general manager, deputy general manager, deputy general manager, deputy chief accountant, assistant general manager, head of the work department of the Party leadership group respectively of China Shipping, which was a company having, as at 31 December 2015, an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangements to which the Company or its subsidiary is or was a party to enable the Directors, Supervisors or chief executives of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate subsisted at the end of the Year or at any time during the Year.

INTERESTS OR SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests or short positions of the Directors, Supervisors or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was 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 any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

Name	Number of underlying H shares interested in	Capacity in which underlying H shares were held	Percentage in the issued H share capital
Director			
Teo Siong Seng[1]	200,000(L)	Beneficial owner	0.005%

(L) – long position

Note:

1. Mr. Teo Siong Seng resigned as independent non-executive Director of the Company due to personal reason (other work requirement), which came into effect on 8 May 2015.

Save as disclosed above, as at 31 December 2015, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which was 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 any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

INTERESTS OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OR OTHER PERSONS IN THE SHARES OR UNDERLYING SHARES

As at 31 December 2015, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or the interests or short positions which have been notified to the Company and the Stock Exchange were as follows:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital (%)	Percentage in total share capital (%)
China Shipping	A Shares	5,314,194,300(L)	Beneficial owner	67.00	45.49
The Northern Trust Company (ALA)	H Shares	249,945,900(P)	Approved lending agent	6.66	2.14

(L) – Long position, (P) – Lending pool

Save as disclosed above, as at 31 December 2015, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or 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 any interest or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interest or short positions which have been notified to the Company and the Stock Exchange.

DIRECTORS AND EMPLOYEES OF THE SUBSTANTIAL SHAREHOLDERS

Certain Directors and Supervisors of the Company are the director or employee of China Shipping (details of which are set out on page 40 of this Annual Report), and China Shipping has interests in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information that is within the knowledge of the Company and also known to the Directors, as at the date of this Annual Report, there was sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

MANAGEMENT CONTRACTS

No contracts were entered into and subsisted (other than the service contracts with any Directors or Supervisors or any of the full-time staff of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individuals, firms or body corporates.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group purchased in aggregate less than 30% of its goods and services from its 5 largest suppliers and sold in aggregate less than 30% of its goods and services to its 5 largest customers.

For the year ended 31 December 2015, none of the Directors, Supervisors, their respective associates or any shareholder (who to the knowledge of the Board owns more than 5% of the share capital of the Company) had any interest in the 5 largest customers or the 5 largest suppliers of the Group.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Group or subsisted during the Year.

CHARITABLE DONATIONS

There was no charitable donation with a total amount of not less than HK$10,000 made by the Group during the Year.

CONNECTED TRANSACTIONS

During the Year, the Company entered into the following connected transactions:

1. SALE OF USED CHASSIS

- Date and parties of the transaction: On 25 September 2015, China Shipping Container Lines (Hong Kong) Co., Ltd. ("CSCL (HK)" and China Shipping Container Lines (Asia) Co., Ltd. ("CSCL (Asia)") entered into the Sale and Purchase Agreements with Oriental Equipment Services, Inc. ("Oriental Equipment Services"), pursuant to which CSCL (HK) and CSCL (Asia) have agreed to sell and Oriental Equipment Services has agreed to purchase the chassis.

- Connected relationship of the parties of the transaction: Oriental Equipment Services is a wholly-owned subsidiary of China Shipping, the controlling shareholder of the Company. Accordingly, Oriental Equipment Services is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms:

  USD14,314,000.00 (approximately HK$110,933,500.00)

  Based on the valuation by China Tong Cheng Asset Evaluation Co., Ltd. (the "Independent Valuer"), as at 30 June 2015 (reference date of assets evaluation), the book value of the 4,005 units of chassis owned by CSCL (HK) and CSCL (Asia) was USD6,962,900.00, and the assessed value was USD12,956,800.00. The consideration of the Sale and Purchase Agreements is determined based on the assessed value of the chassis and the chassis are sold at a price higher than the assessed value.

- Reasons for the transaction and the nature and extent of interests of the connected party in the transaction: The Board is of the view that, since the Group has changed its operation model and does not provide chassis services any more, the disposal of the chassis will optimize the structure of the Group's assets.

  The Board (including the independent non-executive Directors of the Company) considers that as the consideration for the sale of chassis was assessed by reference to the appraised value prepared by the Independent Valuer, the terms of the sale of chassis are fair and reasonable, and are in the interests of the Company and the shareholders of the Company as a whole.

2. BAREBOAT CHARTERS AND STANDBY CHARTERS

- Date and parties of the transaction: On 30 October 2015, CSCL HK entered into the Bareboat Charters with China Shipping Nauticgreen Holdings Company Limited (the "Owner"), pursuant to which CSCL HK will lease six vessels from the Owner for a term of 12 years; and corresponding to each of the Bareboat Charters, the Company entered into the Standby Charters with the Owner, pursuant to which the Company will lease relevant vessel(s) from the Owner upon the occurrence of the event-of-default termination of the relevant Bareboat Charter(s).

- Connected relationship of the parties of the transaction: The Owner is an indirect wholly-owned subsidiary of China Shipping, the controlling shareholder of the Company. Accordingly, the Owner is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms:

  Charter hire in the amount of US$41,000 per calendar day (equivalent to approximately RMB260,329.5) for each vessel.

  The charter hire is determined by reference to the market freight rates for liners in the Far East and Europe trade lanes during the past five years (namely, from 2010 to 2014). According to the internal estimation and calculation of CSCL HK and the Company, hire for a time charter which is equivalent to the charter hire under the charters plus the internal vessel management costs is consistent with the hire level for general time charter and long-term charter in the market, and it is expected that conducting the vessel charter will generate profits.

- Reasons for the transaction and the nature and extent of interests of the connected party in the transaction: The Board is of the view that the vessel charter will further help optimize the Group's fleet structure, maintain a reasonable proportion between the self-owned vessels and leased vessels of the Group, and enhance the Group's comprehensive competitiveness.

  The Board (including the independent non-executive Directors of the Company) considers that the terms of the charters (including the charter hire) are on normal commercial terms and are entered into in the ordinary and usual course of business of the Company, which are fair and reasonable, and are in the interests of the Company and the shareholders of the Company as a whole.

3. A SERIES OF INTER-CONDITIONAL TRANSACTIONS UNDER THE MAJOR ASSET RESTRUCTURING PLAN OF THE GROUP

On 11 December 2015, the Company and its relevant subsidiaries entered into a series of agreements with China Shipping (Group) Company (中國海運（集團）總公司)) ("CS Company"), China Ocean Shipping (Group) Company (中國遠洋運輸（集團) 總公司) ("COSCO Company"), China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) ("China COSCO"), COSCO Pacific Limited (中遠太平洋有限公司) ("COSCO Pacific") and their relevant subsidiaries on the same day, whereby the Company (by itself or through its relevant subsidiaries) has agreed to:

- acquire the Financial Equity comprising equity interests in certain companies operating container leasing business, shipping-related financial service business and other financial business from CS Company, COSCO Company or COSCO Pacific or their relevant subsidiaries;
- sell the Sales Equity comprising equity interests in certain subsidiaries and associates companies of CS Container operating ports business, offshore container shipping agency business and onshore container shipping agency business, to China COSCO, COSCO Pacific, COSCO Company or CS Company or their relevant subsidiaries;
- charter and lease the Leased Assets comprising vessels and containers of CS Container to China COSCO and/or its subsidiaries and associates; and
- upon completion of the transactions under the Restructuring, provide assets leasing services, finance leasing services and other financial services to CS Company and/or its associates, as continuing connected transactions of the Company.

(1) the acquisition of equity interest in relation to: (a) container leasing business; (b) shipping-related and other financial service business; and(c) Minority Financial Interests Acquisition Agreements.

(a) Container Leasing Business

On 11 December 2015, CS Container HK, a subsidiary of the Company, entered into a series of agreements in relation to the acquisition of equity interests in certain companies involving in container leasing business, namely (1) Dong Fang International Acquisition Agreement; and (2) Florens Acquisition Agreement.

a. Dong Fang International Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK International and China Shipping (Hong Kong) Holdings Co., Limited ("CS Hong Kong") entered into Dong Fang International Acquisition Agreement, whereby CS Container HK has agreed to purchase and CS Hong Kong has agreed to sell the entire equity interests in Dong Fang International Investment Limited ("Dong Fang International"). Dong Fang International is a company incorporated in the British Virgin Islands and its principal business is in container leasing services.

- Connected relationship of the parties of the transaction: CS Hong Kong is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CS Company, the controlling shareholder of the Company. Accordingly, CS Hong Kong is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the acquisition of the entire equity interests in Dong Fang International shall be RMB2,969.2275 million., which was determined after arm's length negotiations between CS Container HK and CS Hong Kong with reference to (amongst others) the valuation of the entire equity interests in Dong Fang International at an amount of RMB2,969.2275 million as at 30 September 2015 (the "Reference Date").

b. Florens Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK and COSCO Pacific Limited (中遠太平洋有限公司) ("COSCO Pacific") entered into Florens Acquisition Agreement, whereby CS Container HK has agreed to purchase and COSCO Pacific has agreed to sell the entire equity interests in Florens Container Holdings Limited (佛羅倫貨箱控股有限公司), ("Florens"). Florens is a company incorporated in the British Virgin Islands and its principal business is in container leasing services.

- Connected relationship of the parties of the transaction: The transaction under Florens Acquisition Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under Florens Acquisition Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The initial price for the acquisition of the entire equity interests in Florens shall be (i) an amount equal to RMB7,784.4833 million minus (ii) the RMB equivalent of an amount equal to the pre-closing dividend that COSCO Pacific may procure Florens to declare and pay of an amount no greater than the amount of the distributable profits of Florens as at the Reference Date. Such consideration was determined after arm's length negotiations between CS Container HK and COSCO Pacific with reference to (amongst others) the valuation of the entire equity interests in Florens at an amount of RMB7,784.4833 million at the Reference Date.

(b) Shipping-Related and Other Financial Service Business Acquisition Agreements

On 11 December 2015, CS Container or its certain subsidiaries entered into a series of agreements in relation to the acquisition of equity interests in certain companies involving in shipping-related and other financial service business, namely (1) CS Financial Assets Acquisition Agreement; (2) CS Leasing Acquisition Agreement; (3) CS Investment Acquisition Agreement and (4) CS Finance Equity Acquisition Agreement.

a. CS Financial Assets Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK and CS Hong Kong entered into CS Financial Assets Acquisition Agreement, whereby CS Container HK has agreed to purchase and CS Hong Kong has agreed to sell the entire equity interests in each of Helen Insurance Brokers Limited (海寧保險經紀有限公司) ("Helen Insurance") and CS Nauticgreen. Helen Insurance and CS Nauticgreen are companies incorporated in Hong Kong and their principal businesses are in shipping-related financial service business.

- Connected relationship of the parties of the transaction: CS Hong Kong is an indirect wholly-owned subsidiary of CS Company, the controlling shareholder of the Company. Accordingly, CS Hong Kong is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the acquisition of the entire equity interests in Helen Insurance and CS Nauticgreen shall be RMB1,699.6956 million. Such consideration was determined after arm's length negotiations between CS Container HK and CS Hong Kong with reference to (amongst others) the valuation of the entire equity interests in Helen Insurance and CS Nauticgreen at an amount of RMB181.2257 million and RMB1,518.4699 million respectively or RMB1,699.6877 million in aggregate at the Reference Date.

b. CS Leasing Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and CS Company entered into CS Leasing Acquisition Agreement, whereby the Company has agreed to purchase and CS Company has agreed to sell the entire equity interests in China Shipping (Group) Leasing Co., Ltd. (中海集團租賃有限公司) ("CS Leasing"). CS Leasing is a company incorporated in the PRC and its principal business is in shipping-related financial service business.

- Connected relationship of the parties of the transaction: CS Company is the controlling shareholder of the Company. Accordingly, the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the acquisition of the entire equity interests in CS Leasing shall be RMB1,995.6070 million. Such consideration was determined after arm's length negotiations between CS Container and CS Company with reference to (amongst others) the valuation of the entire equity interests in CS Leasing at an amount of RMB1,995.6070 million at the Reference Date.

c. CS Investment Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, the Company, CS Company, Shanghai Shipping (Group) Company (上海海運（集團）公司) ("CS Shanghai") and Guangzhou Maritime Transport (Group) Co., Ltd. (廣州海運（集團）有限公司) ("CS Guangzhou") entered into CS Investment Acquisition Agreement, whereby CS Container has agreed to purchase and CS Company, CS Shanghai and CS Guangzhou have agreed to sell the entire equity interests in CS Investment, CS Investment is a company incorporated in the PRC with its principal business engaged in (1) container manufacturing and (2) financial investment in certain financial institutions, ports and shipping logistic companies.

- Connected relationship of the parties of the transaction: CS Company is the controlling shareholder of the Company, and CS Shanghai and CS Guangzhou are wholly-owned subsidiaries of the Company. Accordingly, CS Company, CS Shanghai and CS Guangzhou are connected persons of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the acquisition of the entire equity interests in CS Investment shall be RMB3,458.4549 million. Such consideration was determined after arm's length negotiations between CS Container and CS Company, CS Shanghai and CS Guangzhou with reference to (amongst others) the valuation of RMB3,458.4549 million in aggregate at the Reference Date.

d. CS Finance Equity Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, the Company entered into CS Finance Equity Acquisition Agreements with CS Company and CS Guangzhou, whereby the Company has agreed to purchase and CS Company, CS Shanghai and CS Guangzhou have agreed to sell 40% of the Equity of China Shipping Finance Company Limited (中海集團財務有限責任公司) ("CS Finance"). CS Finance is a company incorporated in the PRC with its principal business engaged in deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement, and liquidation.

- Connected relationship of the parties of the transaction: CS Company is the controlling shareholder of the Company and CS Guangzhou is a wholly-owned subsidiary of CS Company, the controlling shareholder of the Company. Accordingly, CS Company, CS Shanghai and CS Guangzhou are connected persons of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the acquisition of the CS Finance Equity shall be RMB510.9866 million. Such consideration was determined after arm's length negotiations between CS Container and CS Company and CS Guangzhou with reference to (amongst others) the valuation of the CS Finance Equity at an amount of RMB510.9866 million at the Reference Date.

(c) Minority Financial Interests Acquisition Agreements

On 11 December 2015, CS Container or its certain subsidiaries entered into a series of agreements in relation to the acquisition of equity interests in certain companies involving in other financial services business, namely (1) COSCO Finance Capital Increase Agreement; (2) Long Honour Acquisition Agreement; and (3) CBHB Equity Acquisition Agreement.

a. COSCO Finance Capital Increase Agreement

- Date and parties of the transaction: On 11 December 2015, the Company entered into COSCO Finance Capital Increase Agreement with COSCO Company, COSCO Container Lines Co., Ltd. (中遠集裝箱運輸有限公司) ("COSCO Container"), COSCO Bulk Carrier Co., Ltd., Qingdao Ocean Shipping Co., Ltd., COSCO Shipping Co., Ltd., Guangzhou Ocean Shipping Co., Ltd., Dalian Ocean Shipping Co., Ltd., Xiamen Ocean Shipping Co., Ltd., COSCO International Freight Co., Ltd., China Ocean Shipping Agency Co., Ltd.; China Ocean Shipping Tally Company, COSCO Shipbuilding Industry Company, COSCO Shipyard Group Co., Ltd. and China Marine Bunker (Petro China) Co., Ltd. (the "COSCO Finance Shareholders"), whereby all parties to the COSCO Finance Capital Increase Agreement have agreed to the Capital Increase to be made by the Company with an amount of RMB614.2674 million, among which around RMB340 million will be contributed to the registered capital of COSCO Finance and the remaining shall be used as capital reserve for the future development of business of COSCO Finance. COSCO Finance is a company incorporated in the PRC with limited liability and its principal business is in deposit services, credit services, financial and financing consultation, credit verification and related consultation and agency services, settlement and liquidation.

- Connected relationship of the parties of the transaction: The transaction under COSCO Finance Capital Increase Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under COSCO Finance Capital Increase Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: Such capital contribution was determined after arm's length negotiations between the Company and the COSCO Finance Shareholders with reference to (amongst others) the valuation of the entire equity interests of COSCO Finance at an amount of RMB2,890.6703 million at the Reference Date.

b. Long Honour Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK and China COSCO (Hong Kong) Limited (中遠（香港）集團有限公司) ("COSCO HK"), whereby CS Container HK has agreed to purchase and COSCO HK has agreed to sell the entire equity interests in Long Honour Investments Limited (長譽投資有限公司) ("Long Honour"). Long Honour is a company incorporated in the British Virgin Islands with its principal business engaged in investment holding and its principal asset is China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱（集團）股份有限公司) ("CIMC") Equity held by Long Honour.

- Connected relationship of the parties of the transaction: The transaction under Long Honour Acquisition Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under Long Honour Acquisition Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the acquisition of the entire equity interests in Long Honour shall be RMB2,770.9726 million. Such consideration was determined after arm's length negotiations between CS Container HK and COSCO HK with reference to (amongst others) the valuation of RMB2,770.9726 million as at 31 October 2015 (the "Reference Date").

c. CBHB Equity Acquisition Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and COSCO Company entered into CBHB Equity Acquisition Agreement, whereby the Company has agreed to purchase and COSCO Company has agreed to sell 13.67% of the China Bohai Bank Co., Ltd. (渤海銀行股份有限公司) ("CBHB") Equity. CBHB is a company incorporated in the PRC with its principal business engaged in banking industry in the PRC.

- Connected relationship of the parties of the transaction: The transaction under CBHB Equity Acquisition Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under CBHB Equity Acquisition Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the acquisition of the CBHB Equity shall be RMB5,448.0480 million. Such consideration was determined after arm's length negotiations between CS Container and COSCO Company with reference to (amongst others) the valuation of the CBHB Equity at an amount of RMB5,448.0480 million at the Reference Date.

(d) The purposes of the acquisition of equity interest in relation to: (a) container leasing business; (b) shipping-related and other financial service business; and (c) Minority Financial Interests Acquisition Agreements and nature and extent of interests of connected persons in such transactions:

Such transactions will strengthen the Company's ability to counter the business cycle of the conventional shipping business by providing the Company with the ability to better shield the effects of the business cycle of the conventional shipping business through the expansion of its chartering business, container leasing business and shipping related financial services, which is expected to strengthen the stability of the financial condition of the Company and create growth engines for the benefit of the Company and its shareholders.

Such transactions will provide synergy among the business segments of the Company and among the Company and other members of CS Company and COSCO Company. The Company will be able to provide a full range of shipping services ranging from container shipping, leasing to related financial services, which is expected to generate a great amount of synergy among the business segments through comprehensive services, cross-selling and increased loyalty of the customers. Additionally, the expanded business of the Company can better interact with the business of other members of CS Company and COSCO Company through the integration of financial services and the industrial segments.

Such transactions will facilitate intra-group business integration by optimising strategy management and control, achieving synergy among different business segments, and improving overall operating efficiency of the Company.

As such, the Directors consider that the Agreements are entered into on normal commercial terms, which are fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

(2) On 11 December 2015, the Company or its relevant subsidiaries entered into a series of agreements in relation to the sales of equity interests in certain subsidiaries and associates companies, namely (1) CS Ports ("CS Ports") Sales Agreement; (2) Offshore Agency Sales Agreements; and (3) Onshore Agency Sales Agreements.

(a) CS Ports Sales Agreement

- Date and parties of the transaction: On 11 December 2015, the Company entered into CS Ports Sales Agreement with CS Hong Kong and COSCO Pacific, whereby the Company and CS Hong Kong have agreed to sell and COSCO Pacific has agreed to acquire the entire equity interests in CS Ports. CS Ports is a company incorporated in Hong Kong principally engaged in the business of investment in various port and port-related companies.

- Connected relationship of the parties of the transaction: CS Hong Kong is an indirect wholly-owned subsidiary of CS Company, the controlling shareholder of the Company. Accordingly, CS Hong Kong is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules. In addition, the transaction under CS Ports Sales Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under CS Ports Sales Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The closing price for the sale of the entire equity interests in CS Ports shall be RMB7,632.4553 million, which was determined after arm's length negotiations between the Company, CS Hong Kong and COSCO Pacific with reference to (amongst others) the valuation of RMB7,632.4553 million.

(b) Offshore Agency Sales Agreements

a. CS Container Agency HK Sales Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK and COSCO Container Lines (Hong Kong) Co., Limited (中遠集運（香港）有限公司) ("COSCO Container HK") entered into CS Container Agency HK Sales Agreement, whereby CS Container HK has agreed to sell and COSCO Container HK has agreed to acquire the entire equity interests in CS Container Agency HK. COSCO Container HK is a company incorporated in Hong Kong with its principal business engaged in Shipping Agency Services.

- Connected relationship of the parties of the transaction: the transaction under CS Container Agency HK Sales Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under CS Container Agency HK Sales Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration in relation to the sales of total equity interests in CS Container Agency HK was RMB35.6706 million, which was determined after arm's length negotiations between CS Container HK and COSCO Container HK with reference to (amongst others) the valuation of RMB35.6706 million at the Reference Date.

b. Universal Shipping Sales Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK and Shanghai Pan Asia Shipping Company Limited (上海泛亞航運有限公司) ("Pan Asia Shipping") entered into Universal Shipping Sales Agreement, whereby CS Container HK has agreed to sell and Pan Asia Shipping has agreed to acquire the entire equity interests in Universal Shipping (Asia) Company Limited (五洲航運有限公司) ("Universal Shipping"). Universal Shipping is a company incorporated in Hong Kong with its principal business engaged in container shipping business.

- Connected relationship of the parties of the transaction: the transaction under Universal Shipping Sales Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under Universal Shipping Sales Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration in relation to the sales of total equity interests in Universal Shipping was RMB124.2913 million, which was determined after arm's length negotiations between CS Container HK and Pan Asia Shipping with reference to (amongst others) the valuation of RMB124.2913 million at the Reference Date.

c. Golden Sea Sales Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and COSCO Container entered into Golden Sea Shipping Pte. Ltd. (鑫海航運有限公司) ("Golden Sea") Sales Agreement, whereby the Company has agreed to sell and COSCO Container has agreed to acquire the 51% equity interests Golden Sea. Golden Sea is a company incorporated in Singapore with its principal business engaged in feeder container shipping business.

- Connected relationship of the parties of the transaction: the transaction under Golden Sea Sales Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under Golden Sea Sales Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration in relation to the sales of the Golden Sea Equity was RMB71.0360 million, which was was determined after arm's length negotiations between CS Container and COSCO Container with reference to (amongst others) the valuation of 51% equity interests in Golden Sea at an amount of RMB71.0360 million at the Reference Date.

d. CSSP Equity Sales Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK and China Shipping Regional Holdings Pte. Ltd. (中國海運（東南亞）控股有限公司) ("CS Regional") entered into CSSP Equity Sales Agreement, whereby CS Container HK has agreed to sell and CS Regional has agreed to acquire 91% of the Equity of China Shipping (Singapore) Petroleum Pte. Ltd. (中國海運（新加坡）石油有限公司) ("CSSP"). CSSP is a company incorporated in Singapore with its principal business engaged in petroleum procurement.

- Connected relationship of the parties of the transaction: CS Regional is a wholly-owned subsidiary of CS Company, the controlling shareholder of the Company. Accordingly, CS Regional is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration in relation to the sales of the CSSP Equity was RMB30.6975 million, which was determined after arm's length negotiations between CS Container HK and CS Regional with reference to (amongst others) the valuation of RMB30.6975 million at the Reference Date.

e. Golden Sea Equity Sales Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and CS Regional entered into Golden Sea Equity Sales Agreement, whereby the Company has agreed to sell and CS Regional has agreed to acquire 9% of the Golden Sea Equity. Golden Sea is a company incorporated in Singapore with its principal business engaged in feeder container shipping business.

- Connected relationship of the parties of the transaction: CS Regional is a wholly-owned subsidiary of CS Company, the controlling shareholder of the Company. Accordingly, CS Regional is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration in relation to the sales of the Golden Sea Equity was RMB12.5358 million, which was determined after arm's length negotiations between CS Container and CS Regional with reference to (amongst others) the valuation of the Golden Sea Equity at an amount of RMB12.5358 million at the Reference Date.

(c) Onshore Agency Sales Agreements

a. CS Onshore Agency Sales Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and China COSCO entered into CS Onshore Agency Sales Agreement, whereby has agreed to sell and China COSCO has agreed to acquire the Onshore Agencies and Other Related Business, which involves assets of shipping agency services, information services, shipping business, logistics services and port services, including (1) 100% equity interest in China Shipping Container Lines Dalian Co., Ltd. (中海集裝箱運輸大連有限公司),(2) 100% equity interest in China Shipping Container Lines Tianjin Company Limited (中海集裝箱運輸天津有限公司), (3) 100% equity interest in China Shipping Container Lines Qingdao Company Limited (中海集裝箱運輸青島有限公司), (4) 100% equity interest in China Shipping Container Lines Shanghai Co., Ltd. (中海集裝箱運輸上海有限公司), (5) 100% equity interest in China Shipping Container Lines Xiamen Co., Ltd. (中海集裝箱運輸廈門有限公司), (6) 100% equity interest in China Shipping Container Lines Guangzhou Co., Ltd. (中海集裝箱運輸廣州有限公司), (7) 100% equity interest in China Shipping Container Lines Shenzhen Co., Ltd. (中海集裝箱運輸深圳有限公司), (8) 100% equity interest in China Shipping Container Lines Hainan Company Limited (中海集裝箱運輸海南有限公司), (9) 100% equity interest in China Shipping Container Lines (Dalian) Data Processing Co., Ltd. (中海集運（大連）信息處理有限公司), (10) 98.2% equity interest in Shanghai Puhai Shipping Liners Co., Ltd. (上海浦海航運有限公司), (11) 100% equity interest in (11) China Shipping (Yangpu) Refrigeration Storage & Transportation Co., Ltd. (中海（洋浦）冷藏儲運有限公司), (12) 50% equity interest in Dalian Vanguard International Logistics Co., Ltd. (大連萬捷國際物流有限公司), (13) 45% equity interest in Jinzhou Port Container and Railway Logistics Limited(錦州港集鐵物流有限公司), 14) 20.07% equity interest in Angang Vehicle Transportation Co., Ltd. (鞍鋼汽車運輸有限責任公司), (15) 10% equity interest in China Shipping Container Lines Yinkou Company Limited (中海集裝箱運輸營口有限公司), (16) 10% equity interest in China Shipping Container Lines Qinhuangdao Company Limited (中海集裝箱運輸秦皇島有限公司), (17) 10% equity interest in China Shipping Container Lines Lianyungang Company Limited (連雲港中海集裝箱運輸有限公司), (18) 10% equity interest in China Shipping Container Lines Longkou Company Limited (龍口中海集裝箱運輸有限公司), (19) 45% equity interest in China Shipping Container Lines Zhejiang Company Limited (中海集裝箱運輸浙江有限公司), (20) 45% equity interest in China Shipping Container Lines Jiangsu Company Limited (江蘇中海集裝箱運輸有限公司), (21) 10% equity interest in China Shipping Container Lines Quanzhou Company Limited (泉州中海集裝箱運輸有限公司), (22) 10% equity interest in China Shipping Container Lines Fuzhou Company Limited (福州中海集裝箱運輸有限公司), (23) 10% equity interest in China Shipping Container Lines Shantou City Company Limited (汕頭市中海集裝箱運輸有限公司), (24) 10% equity interest in China Shipping Container Lines Zhongshan Company Limited (中山中海集裝箱運輸有限公司), (25) 10% equity interest in China Shipping Container Lines Fangchenggang Company Limited (防城港中海集裝箱運輸有限公司), (26) 10% equity interest in China Shipping Container Lines Zhanjiang Company Limited (湛江中海集裝箱運輸有限公司), (27) 10% equity interest in China Shipping Container Lines Jiangmen Company Limited (江門中海集裝箱運輸有限公司); and (28) 10% equity interest in China Shipping Container Lines Dongguan City Company Limited (東莞市中海集裝箱運輸有限公司) ("Onshore Agencies and Other Related Business").

- Connected relationship of the parties of the transaction: the transaction under CS Onshore Agency Sales Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under CS Onshore Agency Sales Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration for the Onshore Agencies and Other Related Business is RMB885.6734 million., which was determined after arm's length negotiations between CS Container and China COSCO with reference to (amongst others) the valuation of RMB885.6734 million at the Reference Date.

b. Shenzhen Agency Sales Agreement

- Date and parties of the transaction: On 11 December 2015, CS Container HK, Pan Asia Shipping and COSCO Container entered into Shenzhen Agency Sales Agreement, whereby CS Container HK has agreed to sell and COSCO Container has agreed to acquire the entire equity interests in China Shipping Container Lines Agency (Shenzhen) Co., Ltd. (中海集裝箱運輸代理（深圳）有限公司) ("CS Container Agency SZ"); and CS Container HK has agreed to sell and Pan Asia Shipping has agreed to acquire the entire equity interests in Universal Logistics (Shenzhen) Co., Ltd. (深圳中海五洲物流有限公司) ("Universal Logistics"). CS Container Agency SZ is a company incorporated in Shenzhen with its principal business engaged in shipping agency services. Universal Logistics is a company incorporated in Shenzhen with its principal business engaged in shipping agency services.

- Connected relationship of the parties of the transaction: the transaction under Shenzhen Agency Sales Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under Shenzhen Agency Sales Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: The total consideration in relation to the sales of total equity interests in CS Container Agency SZ was RMB15.1741 million, which was determined after arm's length negotiations between CS Container HK and COSCO Container with reference to (amongst others) the valuation of RMB15.1741 million at the Reference Date. The total consideration in relation to the sales of total equity interests in Universal Logistics was RMB9.0516 million, which was determined after arm's length negotiations between CS Container HK and Pan Asia Shipping with reference to (amongst others) the valuation of RMB9.0516 million at the Reference Date.

(d) the Company or its relevant subsidiaries entered into a series of agreements in relation to the sales of equity interests in certain subsidiaries and associates companies, namely (a) CS Ports Sales Agreement; (b) Offshore Agency Sales Agreements and (c) Onshore Agency Sales Agreements – the purposes of such transactions and nature and extent of interests of connected persons in such transactions:

According to the Assets Lease Framework Agreement, on the one hand, CS Container will charter and lease its vessels and containers to China COSCO but on the other hand, CS Container will retain its capabilities in crew management, ship management, maintenance, administrative, sales and support which are necessary to the liner services. Therefore, certain subsidiaries and associates companies involving in shipping agency and other related business could not maximize their potential and profitability after the commencement of the transactions under the Assets Lease Framework Agreement and were decided to be disposed to China COSCO together with the chartering of vessels and containers.

Upon the expiry or termination of the Assets Lease Framework Agreement, the Company is entitled to either continue to own and charter its container vessels to China COSCO or other operators or continue to own, charter and/or operate the container vessels. Besides, according to the internal estimation made by the Company, although there are costs involved in reactivating the liner services should it choose to, it would be commercially feasible to do so considering (1) the returns from the transactions under the Assets Lease Framework Agreement; (2) the availability of third party services providers (including personnel) in the market; and (3) the fact that the Company will retain other liner services capabilities as stated above.

As such. The Directors consider that such agreements are entered into on normal commercial terms, which are fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

(3) Assets Lease Framework Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and China COSCO entered into Assets Lease Framework Agreement, whereby the Company has agreed to charter and lease (excluding finance leasing) vessels and containers to China COSCO and/or its subsidiaries and associates in accordance with the following principles:

  Vessels

  (1) self-owned vessels: the charter will be time charter in principle. For vessels with a capacity of more than 8,000TEU, the charter period shall be a fixed term of five years and an option term of five years subject to negotiation between both parties; for vessels with a capacity of less than 8,000TEU, the charter period shall be a fixed term of five years;

  (2) chartered-in vessels: the Company shall make efforts to (1) procure an early surrender of the charter and procure the original owners to charter the vessels to China COSCO directly; or (2) obtain the consent of the original owner to sub-charter the vessels to China COSCO, with the new charter agreements or sub-charter agreements on the same terms and conditions as the original charters. For such subchartered vessels, upon the expiry of the charters, China COSCO shall return (through the Company) the vessels to the original owner at the time and location to be determined at the discretion of China COSCO subject to the provisions of relevant charter agreements;

(3) chartered-out vessels: for the chartered-in and then chartered-out vessels, when the chartered-out agreements expire: (1) if the chartered-in agreements of the same vessels expire on the same time, CS Container shall return such vessels to its original owners; (2) if such chartered-in agreement will remain effective, principle (2) above shall apply; for those self-owned vessels, principle (1) above shall apply upon the expiry of the chartered-out agreement; and

(4) self-owned vessels under construction: principle (1) of self-owned vessels shall apply once the construction is completed.

Containers

(1) self-owned containers: the terms of lease shall be determined based on the age of the containers. For containers with an age of less than five years, six to eight years, nine to ten years, more than ten years, the corresponding terms of lease shall be five years, three years, two years and one year; for containers built between 2004 and 2005, the terms of lease shall be subject to further negotiation between both parties;

(2) containers under sale-and-lease back arrangements: CS Container shall endeavour to obtain the consent of the owners to sub-lease the containers to China COSCO, the new terms and conditions of which will be determined upon the expiry of the lease term subject to the discussion between CS Container and the owners of the containers;

(3) containers leased from third parties: CS Container shall endeavour to obtain the consent of the owners to replace the existing lease agreements with new ones entered into directly with China COSCO on terms and conditions substantially the same as the existing agreements.

The initial term of the Assets Lease Framework Agreement will expire on 31 December 2025, subject the approval by the shareholders of China COSCO and CS Container on the annual caps of the transaction amounts contemplated under the Assets Lease Framework Agreement every three years. The Independent Financial Adviser is of the opinion that the required term of the Assets Lease Framework Agreement shall exceed three years, and that the relevant term of Agreement is a normal business practice.

- Connected relationship of the parties of the transaction: the transaction under Assets Lease Framework Agreement and other transactions under restructuring are inter-conditional and certain transactions of which are connected transactions of the Company. Accordingly, transaction under Assets Lease Framework Agreement is also deemed as a connected transaction of the Company under the Listing Rules.

- Price and other terms: Prices of lease of vessels and containers shall be based on fair market consideration based on arm's length negotiations between the parties. In order to determine fair market consideration, CS Container and China COSCO have jointly appointed an independent shipping consultant, Drewry, to prepare its advice based on the market price of vessels and container leasing for the past three years. The container shipping asset leasing strategy report prepared by Drewry is attached to the circular dated 13 December 2015 of the Company.

- The purposes and nature and extent of interests of the connected persons in the transactions:

In response to an extended downturn in the shipping market, the Company, based on the varied conditions and utilization of shipping capacity of different shipping routes, proactively adjusted its operating strategies by suspending certain shipping routes with a low capacity utilization rate and leasing such excess capacity to third-party for a stable rental income. Compared with the container liner business, vessels chartering business is less susceptible to the seasonality and price fluctuations of the global container shipping market. Charter contracts with a relatively longer chartering term, particularly those vessels with a high shipping capacity, can ensure stable cash flows and funds for purchasing vessels in the future.

Given (i) the fleet of vessels and containers owned by CS Container; (ii) the extensive experience accumulated by CS Container in the shipping industry and its understanding of the markets; (iii) the overall layout of CS Company in the shipping industry chain; and (iv) the longterm cooperative relationship established between CS Container and banks and other financial institutions, CS Container will be engaged in the vessels chartering business in a more professional and comprehensive manner, whereby providing customers with one-stop services including ship chartering, container chartering, crew management, vessel management, repair and logistics network.

The Directors consider that the transactions under the Assets Lease Framework Agreement is entered into after arm's length negotiations and based on normal commercial terms, and therefore terms of such transactions and the proposed annual caps are fair and reasonable and represent the interests of the Company and its shareholders as a whole.

(4) Financial Services Provision Framework Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and CS Company entered into Financial Services Provision Framework Agreement, whereby the Group may provide certain financial services to CS Group and/or its associates, in particular the Group shall procure CS Finance to provide CS Group and/or its associates with a range of financial services including (i) deposit services; (ii) credit services; (iii) settlement services; (iv) foreign exchange services; and (v) other financial services as approved by CBRC.

  The initial term of the Financial Services Provision Framework Agreement will expire on 31 December 2016.

- Connected relationship of the parties of the transaction: CS Company is the controlling shareholder of the Company. Accordingly, the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms:

  Deposit Services:

  CS Finance shall provide deposit services to CS Group at interest rates not higher, and thus no more favourable, where applicable, than (a) the deposit benchmark interest rate set by the PBOC from time to time for such types of deposits; or (b) the interest rate offered by the major and independent PRC commercial banks in the service place or adjacent areas in the normal course of business for such types of deposits.

  Credit Services:

  CS Finance shall provide credit services (including, among others, loan, guarantee, bills discounting, bills acceptance and finance leasing services) to CS Group at interest rates not lower, and thus no more favourable, where applicable, than (a) the loan benchmark interest rate set by the PBOC from time to time for such types of loan; and (b) the interest rate or charging rate offered by the major and independent PRC commercial banks in the service place or adjacent areas in the normal course of business for such types of loans.

  Settlement Services:

  CS Finance shall provide settlement services to CS Group at fee rates not lower, and thus no more favourable, than (a) the lower limit (if applicable) of the fees stipulated by PBOC to be charged for the same type of services; (b) the fees charged by any independent third party for the same type of services; or (c) the fees charged by CS Finance for similar type of services on any independent third party with the same credit rating.

  Foreign Exchange Services:

  CS Finance shall provide foreign exchange services to CS Group at fee rates not lower, and thus no more favourable, than (a) the lower limit (if applicable) of the fees stipulated by PBOC to be charged for the same type of services; (b) the fees charged by any independent third party for the same type of services; or (c) the fees charged by CS Finance for similar type of services on any independent third party with the same credit rating.

Other Financial Services:

The fees charged by CS Finance for the provision of other financial services, namely financial and financing consultation, credit verification and related consultation and agency services and scheme design of settlement and liquidation to members of CS Group in accordance with the provisions set out in the Measures for the Administration of Finance Companies of Enterprise Groups promulgated by the CBRC to CS Group shall not be lower, and thus no more favourable, than (a) the lower limit (if applicable) of the fees stipulated by PBOC to be charged for similar type of services; (b) the fees charged by any independent third party for similar type of services on CS Group; or (c) the fees charged by CS Finance for similar type of services on any independent third party with the same credit rating.

Such interest rate and commission fee shall be reviewed and updated by CS Container on an annual basis.

- The purposes of the transaction and nature and extent of interests of connected persons in the transaction:

  CS Finance can increase its capital size for the purpose of the development of its financial business and capital operation through absorbing capitals from CS Group and can also increase profits for the Group through providing loan and settlement services to CS Group by means of charging loan interests or other fee income.

  As the interest rates and other terms of services contemplated under the Financial Services Provision Framework Agreement available for CS Group provided by CS Finance shall be no more favourable than those offered by other major and independent PRC commercial banks, CS Finance will not provide unfair benefit to CS Group through lower cost of financing and other financial service fees.

  The Directors consider that the transactions under the Financial Services Provision Framework Agreement is entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed annual caps are fair and reasonable and represent the interests of CS Container and its shareholders as a whole.

(5) New Assets Lease Framework Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and CS Company entered into New Assets Lease Framework Agreement, whereby the Group may provide assets leasing services (including but not limited to vessels and containers) to CS Group and/or its associates.

  The initial term of the New Assets Lease Framework Agreement will expire on 31 December 2016.

- Connected relationship of the parties of the transaction: CS Company is the controlling shareholder of the Company. Accordingly, the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms:

  The transactions contemplated under the New Assets Lease Agreement will be conducted on normal commercial terms and conditions which shall not be more favourable than those provided to other third parties by CS Container, and the leasing fee shall be determined in accordance with the market price and shall not be lower than the leasing fee charged by comparable assets leasing service providers operating at the same or nearby area for same type of assets leasing service.

  Where the relevant market price is not available, the contracted price, which shall be determined after arm's length negotiation by both parties of the contract based on the principle of cost plus a fair and reasonable profit margin and by reference to the historical rentals and similar assets leasing service provided by CS Container to other independent third parties. The expected range of profit margin is up to 12.25% and not lower than the profit rate charged to independent third parties.

  Such service fee shall be reviewed and updated by CS Container on a quarterly basis.

- The purposes of the transaction and nature and extent of interests of connected persons in the transaction: Assets leasing business can provide guaranteed profits and stable cash payments with limited risks to CS Container and will further facilitate the overall business development of CS Container.

  The Directors (including the Independent Non-executive Directors) consider that the transactions under the New Assets Lease Framework Agreement is entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the annual cap are fair and reasonable and represent the interests of CS Container and its shareholders as a whole.

(6) Finance Leasing Framework Agreement

- Date and parties of the transaction: On 11 December 2015, the Company and CS Company entered into Finance Leasing Framework Agreement, whereby the Group may provide finance leasing services (including but not limited to vessels and containers) to CS Group and/or its associates.

  The initial term of the Finance Leasing Framework Agreement will expire on 31 December 2016.

- Connected relationship of the parties of the transaction: CS Company is the controlling shareholder of the Company. Accordingly, the transaction constituted a connected transaction of the Company under the Listing Rules

- Price and other terms: The transactions contemplated under the Finance Leasing Agreement will be conducted on normal commercial terms and conditions which shall not be more favourable than those provided to other third parties by CS Container, and the leasing fee shall be determined in accordance with the market price and shall not be lower than the leasing fee charged by comparable finance leasing service providers operating at the same or nearby area for same type of finance leasing service.

  Such interest rate and commission fee shall be reviewed and updated by CS Container on an annual basis.

- The purposes of the transaction and nature and extent of interests of the connected persons in the transaction: Considering the potential capital investment demands as a result of the business development in relation to the ports, warehouses and logistic sectors of CS Group and/or its associates after the Completion, transactions under the Finance Leasing Framework Agreement may not only provide stable cash payments with limited risks for the Company but also support the financial stability of relevant companies for their operation demands.

  The Directors (including the Independent Non-executive Directors) consider that the transactions under the Finance Leasing Framework Agreement is entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the annual cap are fair and reasonable and represent the interests of CS Container and its shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

As at 31 December 2015, the Company had the following relevant annual caps which were announced and subsequently revised and approved at the Company's general meeting. The actual annual figures for the year ended 31 December 2015 in relation to those continuing connected transactions are also set out below. Terms used in the following table shall have the same meanings as defined in the Company's announcements dated 20 September 2012, 6 December 2012, 18 April 2013, 21 April 2014, 8 August 2014 and 6 November 2015.

						Transaction amount		
No.	**Continuing Connected Transactions**	**Signing date of the transaction and effective period after renewal every three years**	**Parties and connected relationship**	**Nature of transaction**	**Pricing Terms**	Year ended 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	**Year ended 31 December 2015 RMB'000**
1	Master Liner Services Agreement in respect of services to be provided by the Group	10 May 2004, 10 May 2016	The Company and China Shipping[1]	Liner services	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market Prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	155,343	113,616	**156,736**

No.	Continuing Connected Transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing Terms	Transaction amount Year ended 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	**Year ended 31 December 2015 RMB'000**
2	First Master IT Service Agreement in respect of products and services to be provided by the Group	10 May 2004, 10 May 2016	The Company and China Shipping[1]	IT Service	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	14,094	13,970	**25,268**
3	Master Purchase Agreement for the provision of the Agreed Materials, Fuel, and related services by the Group	28 June 2013 28 June 2015	The Company and China Shipping[1]	Purchase Service	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[6].	1,125,712	2,325,178	**1,321,407**
4	Revised Master Provision of Containers Agreement in respect of containers leased to the Group	10 April 2007, 10 April 2016	The Company and China Shipping[1]	Lease of containers	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	182,287	154,107	**154,981**
5	Master Provision of Chassis Agreement in respect of container chassis etc. to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping [1]	Lease of container chassis	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	22,088	17,912	**9,296**
6	First Master Liner and Cargo Agency Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping [1]	Cargo and liner agency services	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	587,593	574,328	**612,240**

No.	Continuing Connected Transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing Terms	Transaction amount Year ended 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	**Year ended 31 December 2015 RMB'000**
7	First Master Container Management Agreement in respect of services etc. to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping [1]	Container management services	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	150,070	178,912	**186,771**
8	Master Ship Repair Services Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping[1]	Ship repair services	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	75,580	47,432	**46,325**
9	Master Supply Agreement in respect of products and services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping[1], China Shipping & Sinopec Suppliers Co.[2]	Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	2,127,274	1,462,340	**1,160,813**
10	Master Depot Services Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping[1]	Depot services	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	8,559	14,573	**26,067**
11	First Master IT Service Agreement in respect of products and services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping[1]	IT Service	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	43,054	29,955	**48,723**

No.	Continuing Connected Transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing Terms	Transaction amount Year ended 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	**Year ended 31 December 2015 RMB'000**
12	Master Provision of Crew Members Agreement in respect of crew members to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping[1]	Provision of crew members	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[7].	31,926	506,001	**677,901**
13	First Master Loading and Unloading Agreement and Second Master Loading and Unloading Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	First Master Loading and Unloading Agreement: The Company and China Shipping, Shanghai China Shipping Container Terminal Co., Ltd., Zhanjiang China Shipping Container Terminal Co. Ltd. and Dalian Dagang China Shipping Container Terminal Co., Ltd.[1]; Second Master Loading and Unloading Agreement: The Company and West Basin Container Terminal LLC[2]	Loading and unloading services	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market Prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5]. The calculation of the payment is subject to the service fees charged based on container unit prices.	583,709	1,211,294	**1,431,690**
14	Revised Master Provision of Containers Agreement in respect of containers to be purchased by the Group	10 April 2007, 10 April 2016	The Company and China Shipping[1]	Manufacture of containers	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[5].	479,025	682,779	**1,038,759**
15	Master Tenancy Agreement in respect of products or services to be provided to the Group	31 December 2012, 31 December 2015	The Company and China Shipping[1]	Property rental	(i) state-prescribed prices[3]; (ii) where there is no state-prescribed price, then according to relevant market Prices[4] and on principle of fairness and reasonableness; or (iii) where there is no market price, then according to the contracted price[6].	20,072	82,658	**81,392**

No.	Continuing Connected Transactions	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Pricing Terms	Transaction amount Year ended 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	**Year ended 31 December 2015 RMB'000**
16	Financial Service Framework Agreement in respect of maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group at CS Finance Company	31 December 2009, 31 December 2015	The Company and China Shipping[1]	Deposit services	interest rates not lower than (a) the lower limit of the relevant rates stipulated by PBOC for the same type of deposits; (b) the interest rates offered by any independent third parties for the same type of deposits; or (c) the interest rates at which CS Finance Company accepts from any independent third parties for the same type of deposits.	3,741,887	4,194,975	**4,783,426**
17	Financial Service Framework Agreement in respect of maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted to the Group by CS Finance Company	31 December 2009, 31 December 2015	The Company and China Shipping[1]	Loan services	interest rates not higher than (a) the relevant rates stipulated by PBOC for the same type of loan; (b) the interest rates offered by any independent third parties for the same type of loan; or (c) the interest rates at which CS Finance Company provides to any independent third parties with the same credit rating for the same type of loan.	364,000	1,211,900	**22,500**
18	Financial Service Framework Agreement in respect of provision of settlement service to the Group	31 December 2009, 31 December 2015	The Company and China Shipping[1]	Settlement service	The settlement service charges shall not be higher than (a) the upper limit of the relevant charges stipulated by PBOC for the same type of services (if applicable); (b) the charges offered by any independent third parties for the same type of services; or (c) the charges offered by CS Finance Company to any independent third parties with the same credit rating for the same type of services.	7,240	82,309	**190,437**

Notes:

1. China Shipping (Group) Company ("China Shipping") is a controlling shareholder of the Company (as defined in the Listing Rules), which constitutes a connected person of the Company.

2. Such companies are associates of China Shipping (as defined in the Listing Rules), which constitute connected persons of the Company.

3. Representing the price set by the relevant laws, regulations and other governmental regulatory documents issued by the relevant departments of the PRC government.

4. Representing the price at which the same or comparable type of products or services are provided from or to (as appropriate) independent third parties in the same area on normal commercial terms in the ordinary course of business.

5. Representing the relevant cost incurred in providing such products or services plus a profit margin ranging from 0% to 12.25% thereof.

6. Representing the price arrived at after arm's length negotiations on principle of fairness and reasonableness.

7. The relevant cost incurred, covering the management fee incurred while the crew members are not on board vessels and the relevant expenses incurred while such crew members are on board vessels.

The reasons for the above continuing connected transactions (excluding the deposit services and loan services under the connected transactions for financial services), and the nature and extent of the interests of the connected party in the relevant continuing connected transactions are as follows:

The Company was established in 1997 as the container shipping arm of China Shipping. Due to the long established and close business relationship between the members of the Group and the China Shipping Group, a number of transactions have been entered into and are to be entered into between the Group and the relevant connected persons and their respective subsidiaries and associates, which are individually significant and collectively essential to the core business and operation of container marine transportation of the Group.

In addition, as China Shipping is one of the key state-owned enterprises and is a large shipping conglomerate that operates across different regions, sectors and countries, and the relevant connected persons (most of them are associates of China Shipping) are well-known marine transportation corporations with outstanding competency in shipping industry and have developed good experience and service systems in respect of the products and services under the continuing connected transactions set out above. The cooperation with China Shipping and other connected persons enables the Group to fully leverage on their advantages to achieve better operating performance.

Finally, the terms and conditions provided by the relevant connected persons in relation to the continuing connected transactions set out above are generally more favourable to the Group than those provided by independent third parties to the Group, or those provided by the relevant connected persons to independent third parties.

The reasons for providing the deposit services and loan services under the connected transactions for financial services, and the nature and extent of the interests of the connected party in the relevant continuing connected transactions are as follows:

The terms and conditions of deposit services, loan services, settlement services and other financial services provided by CS Finance Company under the Financial Services Framework Agreement are generally more favourable to the Group than those provided by independent third parties, or those provided by CS Finance Company to independent third parties. Furthermore, the Group is not restricted under the Financial Services Framework Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be made on costs and quality of services. Therefore, the Group may, but is not obliged to, continue to use CS Finance Company's deposit services, loan services, settlement services and other financial services if the service quality provided is competitive. Having such flexibility afforded under the Financial Services Framework Agreement, the Group is able to better manage its current capital and cash flow position.

In addition, it is also expected that CS Finance Company will mainly provide more efficient deposit services, loan services and settlement services to the Group, as compared to independent third-party banks.

For further details regarding the above continuing connected transactions and connected transactions, please refer to Note 39 to the consolidated financial statements. The Company confirmed that it has disclosed the connected transactions and continuing connected transactions pursuant to the definitions of "connected transaction" and "continuing connected transaction" (as the case may be) of Chapter 14A of the Listing Rules and pursuant to the disclosure requirements of Chapter 14A of the Listing Rules.

For further information about the Group's significant transaction with related parties, please refer to note 39 to the consolidated financial statements. The Company confirms that the significant transaction with related parties fall within the definitions under Chapter 14A of the Listing Rules in relation to "connected transaction" and "continuing connected transaction" as set out in Chapter 14A (as the case may be) and met the disclosure requirements under Chapter 14A under the Listing Rules.

INTERNAL CONTROL PROCEDURES

Before entering into any specific agreement under the continuing connected transactions as mentioned above, the Company will implement the following procedures to ensure that the terms of such specific agreement will be in line with the framework set out in the continuing connected transactions:

Under the Assets Lease Framework Agreement:

(i) for self-owned vessels and containers, the executives of relevant business of the Company will cross-check with the container shipping asset leasing strategy report prepared by Drewry to ensure that the lease rate calculated by Drewry has been adopted in the specific agreements where applicable;

(ii) for chartered-in vessels and containers, the executives of relevant business of the Company will cross-check with the relevant agreements signed with the original owners to ensure that the terms and conditions in the sub-charter agreements are generally the same as those in the original charter agreements; and

(iii) the supervision department of the Company will periodically review and inspect the process of the relevant continuing connected transactions.

Under other framework agreements, the Company will implement the following procedures to ensure the terms offered to the relevant connected parties are no more favourable than those available to other independent third parties:

(i) the executives of relevant business of the Company will review contemporaneous prices and other relevant terms offered by at least two commercial banks, all being independent third parties, operating at the same or nearby area before the commencement of the relevant transaction, and ensure the terms offered to the relevant connected persons are fair and reasonable and comparable to those offered by independent third parties; and

(ii) the supervision department of the Company will periodically review and inspect the process of the relevant continuing connected transactions.

By implementing the above procedures, the Directors consider that CS Container has established sufficient internal control measures to ensure the pricing basis of each of the transactions contemplated under the Finance Leasing Framework Agreement will be on market terms and on normal commercial terms and will be fair and reasonable to the Company and the Shareholders as a whole.

The independent non-executive Directors of the Company, Ms. Zhang Nan, Ms. Hai Chi Yuet, Mr. Guan Yimin, Mr. Shi Xin and Mr. Graeme Jack have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

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

(2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether the above continuing connected transactions are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreement of the above continuing connected transactions governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Ernst & Young, the international auditor of the Company, has confirmed to the Company regarding the continuing connected transactions disclosed above that nothing has come to the auditor's attention that causes them to believe that:

1. the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

2. the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

3. the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

4. the disclosed continuing connected transactions have exceeded the maximum aggregate annual cap amount disclosed in the previous announcements dated 8 October 2009, 16 December 2010, 30 September 2011, 20 September 2012, 6 December 2012, 18 April 2013, 21 April 2014 and 8 August 2014 made by the Company in respect of each of the disclosed continuing connected transactions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made an annual confirmation of his/her independence pursuant to the Listing Rules. The Company is of the view that all the independent non-executive Directors had been in compliance with the requirements of guidelines regarding independence as set out in the Listing Rules and are independent in accordance with the provisions of the guidelines.

PENSION SCHEME

Details of the Group's pension scheme for the year ended 31 December 2015 are set out in Note 2.4 to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2015, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the year.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 72 to 93.

AUDIT COMMITTEE

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

AUDITORS

Auditors appointed by the Company in the past 3 years are as follows:

2013, 2014 and 2015 : Ernst & Young

The financial statements set out in this Annual Report have been audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Zhang Guofa
Chairman

Shanghai, the PRC
30 March 2016

Corporate Governance Report

The Group has always strived to enhance corporate governance standards and views corporate governance as a part of value creation and a reflection of the commitment of all Directors and senior management to comply with corporate governance. Transparency is maintained for shareholders and we aim to maximize the interests of shareholders.

The Board confirms that, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2015.

The Company will continue to consistently review the corporate governance practices of the Group to ensure that they are thoroughly implemented. Improvements will also be made to comply with the latest trends of corporate governance, including any new amendments to the Corporate Governance Code in the future.

A. BOARD OF DIRECTORS

1. COMPOSITION OF THE FOURTH SESSION OF THE BOARD

As approved by the annual general meeting for the year 2012, the fourth session of the Board consists of five executive Directors, five non-executive Directors and five independent non-executive Directors. As approved by the seventh meeting of the fourth session of the Board, Mr. Li Shaode and Mr. Xu Lirong resigned as Chairman, executive Director and Vice Chairman, executive Director of the fourth session of the Board of the Company respectively and Mr. Zhang Guofa was appointed as the Chairman and executive Director of the Company. As approved by the 2013 Annual General Meeting, with effect from 26 June 2014, Mr. Wang Daxiong and Mr.Zhang Rongbiao resigned as non-executive Directors of the Company and Mr. Liu Xihan and Mr. Yu Zenggang were appointed as non-executive Directors respectively for the fourth session of the Board of the Company. Ms. Su Min and Mr. Liu Xihan have tendered their resignations as the non-executive Directors of the Company due to change of job assignments, with effect from 22 December 2015. Mr. Yang Jigui and Mr. Han Jun have been nominated as the non-executive Directors of the Company, with effect from 22 December 2015. Mr. Teo Siong Seng and Mr. Chen Lishen have tendered their resignations as the independent non-executive Directors due to personal reasons, with effect from 8 May 2015 and 26 June 2015 respectively. Ms. Hai Chi Yuet and Mr. Graeme Jack were appointed as the independent non-executive Directors of the Company, with effect from 8 May 2015 and 26 June 2015 respectively. As at 31 December 2015, the members of the fourth session of the Board of the Company included:

DIRECTORS

Executive Directors:

Mr. Zhang Guofa *(Chairman)*
Mr. Huang Xiaowen *(Vice Chairman)*
Mr. Zhao Hongzhou

Non-executive Directors:

Mr. Ding Nong
Mr. Yu Zenggang
Mr. Yang Jigui
Mr. Han Jun
Mr. Chen Jihong

Independent non-executive Directors:

Ms. Zhang Nan
Ms. Hai Chi Yuet
Mr. Guan Yimin
Mr. Shi Xin
Mr.Graeme Jack

The list of current Directors (including names, duties and brief biographies) is shown on the Company's website: www.cscl.com.cn. There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members, especially among the Chairman and General Manager.

In 2015, the Board had at least three independent non-executive Directors in accordance with the Listing Rules, of whom one had appropriate professional qualifications or accounting or related financial management expertise. Each independent non-executive Director has re-confirmed his/her independence to the Company in accordance with the Listing Rules. Based on their confirmation, the Company considers that they are independent.

2. RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for managing the businesses and affairs of the Group with an aim of enhancing shareholder value; presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects as set out in the annual and interim reports, and other price sensitive announcements and the reports submitted and other financial information to be disclosed pursuant to the Listing Rules; and reporting to regulators information which is required to be disclosed as per statutory requirements.

The Board owes fiduciary and statutory duties to the Company and the Group. Other duties include: formulating the overall strategy and policies of the Group, and the establishment of corporate and management goals, major operational measures and risk management policies in accordance with the strategic objectives of the Group; supervision and monitoring of the operational and financial performance of the Group; and approval of expenditure budget and key capital spending, key investments, major acquisitions and disposals of assets, corporate or financial reorganization, major finance consent and management matters.

The Board also delegates authority and obligation to the management to manage the Group, and to make relevant reports to the Board regarding the day-to-day management of the Group.

The Board has set up the Audit Committee, the Remuneration Committee, the Investment Strategy Committee and the Nomination Committee. Please refer to the following paragraphs for the composition and duties of the Audit Committee, the Remuneration Committee, the Investment Strategy Committee and the Nomination Committee. Each committee should present its recommendations to the Board in accordance with its own duties; such recommendations should be ultimately determined by the Board, unless prescribed clearly in each committee's terms of references.

The Company Secretary provides information regarding the latest developments in relation to the Listing Rules and other applicable regulatory requirements for all Directors. The Company confirms that the Company Secretary attended over 15 hours of professional training during the Year. Any Director may require the Company Secretary to arrange independent professional advice at the expense of the Company to assist the Director(s) in discharging his/her/their duties to the Company effectively.

3. CORPORATE GOVERNANCE FUNCTION

The Board is responsible for formulation of the corporate governance function of the Company and performance of the following corporate governance duties:

(1) to formulate and review the Group's policies and practices on corporate governance;

(2) to review and monitor the training and continuing professional development of the directors and senior management;

(3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(4) to formulate, review and monitor the code of conduct of Directors and employees; and

(5) to review the Group's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

In 2015, the Board has performed its corporate governance duties through aspects such as the formulation of the Board Diversity Policy, the review and monitor of the training and continuing professional development of the directors and senior management and compliance with the relevant laws and regulations. It has also put great efforts on improving the Company's corporate governance practices.

4. CHAIRMAN AND GENERAL MANAGER

In 2015, Mr. Zhang Guofa and Mr. Zhao Hongzhou served as the Chairman and the General Manager of the Company respectively. As required by the Articles of Association of the Company, the Chairman and the General Manager perform their responsibilities separately. The General Manager is responsible for the management of the Company's production operations, the organization and implementation of the Company's Board resolutions, the organization and implementation of the Company's annual operation plan and investment proposal, the formulation of the internal management organization plan of the Company, the formulation of fundamental management system of the Company, the formulation of the fundamental rules of the Company, recommendation of appointment or dismissal of the Deputy Manager and financial controller of the Company, appointment or dismissal of personnel other than those required to be appointed or dismissed by the Board and performance of other duties delegated by the Articles of Association and the Board. The Deputy Manager and other senior management personnel are responsible for assisting the General Manager.

5. TRAINING OF THE DIRECTORS AND CONTINUING PROFESSIONAL DEVELOPMENT

(1) Newly appointed Directors

Each newly appointed Director will receive a set of training materials which cover the legal responsibilities of the Directors, the specific legal responsibilities, rules governing the dealings of the securities of listed company, disclosure of price sensitive information, discloseable transactions, connected transactions, other continuing responsibilities, Corporate Governance Code and disclosure of interests under the SFO to ensure the newly appointed Directors fully understand their duties under the Listing Rules and other regulations. In 2015, the newly appointed Directors, namely Ms. Hai Chi Yuet, Mr. Graeme Jak, Mr. Yang Jigui and Mr. Han Jun attended such training.

(2) The Board of the Company shall be re-elected every three years. The current session of the Board commenced on June 2013 and attended the training organized by the Shanghai Securities Regulatory Bureau of China Securities Regulatory Commission pursuant to the relevant requirements. In 2015, Mr. Ding Nong and Mr. Yu Zenggang, the non-executive Directors, attended the above training.

(3) The Company will provide information about the updated or amended version of relevant laws and regulation on irregular basis to Directors for learning purposes. In compliance with the continuing professional development requirement under the Corporate Governance Code, the Directors attended the training regarding the functions and duties of Directors during the Year.

According to the Company's records, in order to comply with the new regulation of the Corporate Governance Code regarding continuing professional development, the Directors received the following training in 2015:

Director	Updates on the Board practice and development, corporate governance and regulation Reading materials	Risk management and strategy/ business/industry specific Briefings, seminars or training
EXECUTIVE DIRECTORS		
Zhang Guofa	✓	✓
Huang Xiaowen	✓	✓
Zhao Hongzhou	✓	✓
NON-EXECUTIVE DIRECTORS		
Ding Nong	✓	✓
Yu Zenggang	✓	✓
Yang Jigui(1)	✓	✓
Han Jun(1)	✓	✓
Chen Jihong	✓	✓
Su Min(1)	✓	✓
Liu Xihan(1)	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Zhang Nan	✓	✓
Hai Chi Yuet (2)	✓	✓
Guan Yimin	✓	✓
Shi Xin	✓	✓
Graeme Jack(2)	✓	✓
Teo Siong Seng(2)	✓	✓
Chen Lishen (2)	✓	✓

Notes:

1. Ms. Su Min and Mr. Liu Xihan have tendered their resignations as the non-executive Directors of the Company due to change of job assignments, with effect from 22 December 2015. Mr. Yang Jigui and Mr. Han Jun have been nominated as the non-executive Directors of the Company, with effect from 22 December 2015.

2. Mr. Teo Siong Seng and Mr. Chen Lishen have tendered their resignations as the independent non-executive Directors due to personal reasons, with effect from 8 May 2015 and 26 June 2015 respectively. Ms. Hai Chi Yuet and Mr. Graeme Jack were appointed as the independent non-executive Directors of the Company, with effect from 8 May 2015 and 26 June 2015 respectively.

(4) The Company provides latest information about the operation of the Company to the Board through monthly operation reports, physical board meetings and replies to the questions raised by the Directors, so that the Directors can perform their duties.

6. BOARD MEETINGS

The Board meets at least four times a year. The Directorate Secretary Office would provide an official agenda of items to be considered and determined by the Board before any Board meeting. Notice would be given at least 14 days before each regular Board meeting. Directors may include related matters in the agenda for discussion at the Board meeting. The Company Secretary assists the Chairman of the Company to prepare an agenda for each Board meeting and ensures it is prepared in accordance with applicable statutory requirements and regulations in relation to the meeting. The ultimate agenda and Board papers would be sent to all Directors at least 3 days before the Board meeting. Any Director with a conflicting interest in any resolution to be considered by the Board should abstain from voting on such resolution.

The Board held 18 meetings during 2015. Record of attendance for each Director is set out as follows:

Attendance of Directors at Board Meetings and General Meetings

	Attendance of Board meetings						Attendance of general meetings [1]	
Name of Director	Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate (%)	Unable to attend in person for two consecutive board meetings	Annual general meetings attended	Extraordinary general meetings attended
Executive Directors:								
Zhang Guofa	18	17	1	14	100	No	1/1	0/2
Huang Xiaowen	18	14	1	14	100	No	0/1	0/2
Zhao Hongzhou	18	18	0	14	100	No	1/1	2/2
Non-executive Directors:								
Su Min[2]	17	14	3	13	100	No	1/1	0/1
Ding Nong	18	18	0	14	100	No	1/1	0/2
Liu Xihan[2]	17	13	4	13	100	No	0/1	0/1
Yu Zenggang	18	17	1	14	100	No	0/1	0/2
Chen Jihong	18	15	3	14	100	No	0/1	0/2
Yang Jigui[2]	1	1	0	1	100	No	0/0	0/1
Han Jun[2]	1	1	0	1	100	No	0/0	0/1

Name of Director	Attendance of Board meetings: Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate (%)	Unable to attend in person for two consecutive board meetings	Attendance of general meetings [(1)]: Annual general meetings attended	Extraordinary general meetings attended
Independent Non-executive Directors:								
Zhang Nan	18	18	0	14	100	No	1/1	0/2
Hai Chi Yuet[(3)]	12	12	0	9	100	No	0/1	1/2
Guan Yimin	18	17	1	14	100	No	1/1	0/2
Shi Xin	18	18	0	14	100	No	1/1	1/2
Graeme Jack[(3)]	11	11	0	9	100	No	0/1	1/1
Teo Siong Seng[(3)]	6	5	1	5	100	No	0/0	0/0
Chen Lishen[(3)]	7	7	0	5	100	No	0/0	0/1

Notes:

1. The number of meetings attended include the actual number of meetings attended by Directors/number of general meetings Directors are entitled to attend.

2. Ms. Su Min and Mr. Liu Xihan have tendered their resignations as the non-executive Directors of the Company due to change of job assignments, with effect from 22 December 2015. Mr. Yang Jigui and Mr. Han Jun have been nominated as the non-executive Directors of the Company, with effect from 22 December 2015.

3. Mr. Teo Siong Seng and Mr. Chen Lishen have tendered their resignations as the independent non-executive Directors due to personal reasons, with effect from 8 May 2015 and 26 June 2015 respectively. Ms. Hai Chi Yuet and Mr. Graeme Jack were appointed as the independent non-executive Directors of the Company, with effect from 8 May 2015 and 26 June 2015 respectively.

7. SUPPLY OF AND ACCESS TO INFORMATION

All Directors of the Company are entitled to have access to the relevant documents and other information of the Board from the Company Secretary in order to make informed decisions.

8. APPOINTMENT AND RESIGNATION OF DIRECTORS

The Board reviews its structure, size and composition regularly. The Company appoints new directors to the Board in accordance with a formal, well thought-out and transparent procedure.

The Board held three meetings in 2015 to review the appointment and resignation of the directors and make recommendation thereon, and the attendance rate of the Directors was 100%. Record of attendance for each Director is set out as follows:

Executive Directors

Directors	Number of meetings attended	Attendance rate
Zhang Guofa	3	100%
Huang Xiaowen	3	100%
Zhao Hongzhou	3	100%

Non-executive Directors

Directors	Number of meetings attended	Attendance rate
Su Min(1)	3	100%
Ding Nong	3	100%
Liu Xihan(1)	3	100%
Yu Zenggang	3	100%
Chen Jihong	3	100%
Yang Jigui	–	–
Han Jun	–	–

Independent non-executive Directors

Directors	Number of meetings attended	Attendance rate
Zhang Nan	3	100%
Teo Siong Seng(2)	2	100%
Chen Lishen(2)	2	100%
Guan Yimin	3	100%
Shi Xin	3	100%
Hai Chi Yuet	1	100%
Graeme Jack	1	100%

Notes:

1. Ms. Su Min and Mr. Liu Xihan have tendered their resignations as the non-executive Directors of the Company due to change of job assignments, with effect from 22 December 2015. Mr. Yang Jigui and Mr. Han Jun have been nominated as the non-executive Directors of the Company, with effect from 22 December 2015.

2. Mr. Teo Siong Seng and Mr. Chen Lishen have tendered their resignations as the independent non-executive Directors due to personal reasons, with effect from 8 May 2015 and 26 June 2015 respectively. Ms. Hai Chi Yuet and Mr. Graeme Jack were appointed as the independent non-executive Directors of the Company, with effect from 8 May 2015 and 26 June 2015 respectively.

9. BOARD COMMITTEES

(1) Audit Committee

On 28 June 2013, a resolution was passed to elect the members of the fourth session of the Audit Committee of the Board at the first meeting of the fourth session of the Board. The fourth session of the Audit Committee of the Board consists of Mr. Guan Yimin and Ms. Zhang Nan, who are independent non-executive Directors and Ms. Su Min, who is a non-executive Director. Mr. Guan Yimin, who is an independent non-executive director, is the Chairman of the Audit Committee. Ms. Su Min has tendered her resignation as non-executive Director and member of the Audit Committee of the Company, with effect from 22 December 2015. Meanwhile, as approved by the second extraordinary general meeting held in 2015, Mr. Yang Jigui has been appointed as non-executive Director and member of the Audit Committee of the Company with effect from 22 December 2015.

The primary duties of the Audit Committee are to oversee the integrity of the financial reports, annual and interim reports of the Company, and review the financial control, risk management, internal control systems of the Company and the effectiveness of its internal audit system.

In 2015, the Audit Committee of the Board held seven meetings with the average attendance rate of 100%.

Four regular meetings were held as follows:

(1) The fourteenth meeting of the fourth session of the Audit Committee of the Board was held with physical presence on 26 March 2015. The meeting discussed and passed proposal regarding 2014 financial report of the Company by unanimous vote.

(2) The fifteenth meeting of the fourth session of the Audit Committee of the Board was held on 24 April 2015 by communication voting method, during which the proposal regarding the first quarterly report of 2015 of the Company was passed by unanimous vote.

(3) The sixteenth meeting of the fourth session of the Audit Committee of the Board was held with physical presence on 24 August 2015.

The following was heard during the meeting:

1. Report of foreign external auditors on the financial report and related audit matters of the Company for the first half of 2015;

2. Report of domestic auditors on the financial report and related audit matters of the Company for the first half of 2015;

3. Report on internal control status of the Company for the first half of 2015;

4. Report on the implementation status of internal audit of the Company for the first half of 2015;

The meeting discussed and passed the following proposals by unanimous vote:

1. Proposal regarding the first half of 2015 financial report of the Company;

2. Proposal regarding the audit fees for domestic and foreign external auditors in 2015.

(4) The seventeenth meeting of the fourth session of the Audit Committee of the Board was held on 28 October 2015 by communication voting method, during which proposal regarding 2015 third quarterly report of the Company was passed by unanimous vote.

Three extraordinary meetings were held as follows:

(1) The thirteenth meeting of the fourth session of the Audit Committee of the Board was held with physical presence on 16 March 2015. The following was heard during the meeting:

1. Report of Baker Tilly China on the audit of 2014 of the Company;

2. Report of Ernst & Young on the audit of 2014 of the Company;

3. Report of Baker Tilly China on the audit of 2014 internal control of the Company;

4. Report on the implementation status of internal audit of the Company for 2014;

5. Report on the establishment status of internal control system of the Company for 2014;

The meeting discussed and passed the following proposals by unanimous vote:

1. Proposal regarding 2014 self-assessment report on internal control of the Company;

2. Proposal regarding 2015 internal audit plan of the Company;

3. Proposal regarding 2015 internal control system establishment plan of the Company;

4. Proposal regarding reappointment of 2015 domestic and foreign external auditors and internal control auditors of the Company;

5. Proposal regarding duties performance of the Audit Committee of the Board in 2014.

(2) The eighteenth meeting of the fourth session of the Audit Committee of the Board was held on 5 November 2015 by communication voting method, during which the proposal regarding the cap on estimated amount of related party transactions in the ordinary course of business of the Company for 2016 was passed by unanimous vote.

(3) The nineteenth meeting of the fourth session of the Audit Committee of the Board was held on 10 December 2015 through written correspondence. The meeting passed the following proposals by unanimous vote:

1. Proposal regarding major asset restructuring plan of the Company

2. Proposal regarding major asset restructuring plan of the Company that constitutes connected transaction

3. Proposal regarding lease of vessels and containers of the Company

4. Proposal regarding major asset re-stricting plan of the Company that constitutes new connected transaction

5. Proposal regarding provision of fund by CS Group for the major acquisition of assets

Record of attendance for each member of the Audit Committee is set out as follows:

Directors	**Number of meetings attended/ Number of meetings held**	**Attendance rate**
The fourth session of the Audit Committee of the Board		
Guan Yimin *(independent non-executive Director) (Chairman)*	7/7	100%
Zhang Nan *(independent non-executive Director)*	7/7	100%
Su Min *(non-executive Director)*	7/7	100%
Yang Jigui *(non-executive Director)*	0/0	N/A[(1)]

Notes:

(1) Mr. Yang Jigui has been appointed as member of the Audit Committee of the Company with effect from 22 December 2015. Subsequent to his appointment, the Audit Committee of the Company did not hold any meeting for the year ended 31 December 2015.

(2) *Remuneration Committee*

On 28 June 2013, a resolution was passed to elect the members of the fourth session of the Remuneration Committee of the Board at the first meeting of the fourth session of the Board. The fourth session of the Remuneration Committee of the Board consists of Mr. Chen Lishen and Mr. Shi Xin, who are independent non-executive Directors and Mr. Wang Daxiong, who is a non-executive Director. Mr. Chen Lishen, who is an independent non-executive Director, is the Chairman of the Remuneration Committee. Mr. Wang Daxiong resigned as non-executive Director and member of the Remuneration Committee of the Company with effect from 26 June 2014. Meanwhile, as approved by the 2013 annual general meeting, Mr. Yu Zenggang has been appointed as non-executive Director and member of the Remuneration Committee of the Company with effect from 26 June 2014. Mr. Chen Lishen resigned as chairman of the Remuneration Committee with effect from 11 May 2015. As approved by the 29th meeting of the fourth session of the Board, Ms. Hai Chi Yuet has been appointed as member of the Remuneration Committee and Mr. Shi Xin has been appointed as chairman of the Remuneration Committee with effect from 11 May 2015.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and Supervisors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; to have the delegated responsibility by the Board to determine the specific remuneration packages of Directors and senior management holding positions in the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance based remuneration; to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; to review and approve the compensation payable to executive Directors and Supervisors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company; to review and approve compensation arrangements relating to dismissal or removal of Directors or Supervisors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and to ensure that no Director or Supervisor or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held two meetings in 2015. The average attendance rate was 100%. The second meeting of the fourth session of the Remuneration Committee of the Board assessed the performance and reviewed the remuneration of senior management of the Company for the year 2014 at the meeting. The resolution regarding remuneration of the Directors, Supervisors and senior management for the year 2015 was reviewed at the third meeting of the fourth session of the Remuneration Committee of the Board and was recommended to the Board for approval. Record of attendance for each member of the Remuneration Committee is set out as follows:

Directors	**Number of meetings attended/ Number of meetings held**	**Attendance rate**
The fourth session of the Remuneration Committee of the Board		
Chen Lishen *(independent non-executive Director) (Chairman) (to 11 May 2015)*	2/2	100%
Shi Xin *(independent non-executive Director) (Chairman) (from 11 May 2015)*	2/2	100%
Yu Zenggang *(non-executive Director)*	2/2	100%
Hai Chi Yuet *(independent non-executive Director)* (1)	0/0	N/A

Notes:

(1) Ms. Hai Chi Yuet has been appointed as member of the Remuneration Committee of the Company with effect from 11 May 2015. Subsequent to her appointment, the Remuneration Committee of the Company did not hold any meeting for the year ended 31 December 2015.

(3) Investment Strategy Committee

On 28 June 2013, a resolution on establishing the Investment Strategy Committee of the fourth session of the Board was passed at the first meeting of the fourth session of the Board. The Investment Strategy Committee of the fourth session of the Board consists of Mr. Li Shaode, Mr. Xu Lirong, Mr. Zhang Guofa, Mr. Huang Xiaowen, Mr. Zhao Hongzhou, who are executive Directors and Mr. Wang Daxiong, who is a non-executive Director and Ms. Zhang Nan, Mr. Teo Siong Seng and Mr. Shi Xin, who are independent non-executive Directors. Mr. Li Shaode, the former Chairman of the Company, was the Chairman of the Investment Strategy Committee. Following the respective resignation of Mr. Li Shaode and Mr. Xu Lirong as Chairman, executive Director and Vice Chairman, executive Director of the Company on 2 December 2013, they ceased to be members of the Investment Strategy Committee. After the resignation of Mr.Li Shaode, Mr. Zhang Guofa, the Chairman of the Company, served as the Chairman of the Investment Strategy Committee. Following the resignation of Mr. Wang Daxiong as non-executive Director of the Company on 26 June 2014, he ceased to be a member of the Investment Strategy Committee of the Company. Meanwhile, as approved by the 2013 annual general meeting, Mr. Yu Zenggang has been appointed as non-executive Director and member of the Investment Strategy Committee of the Company with effect from 26 June 2014. Mr. Teo Siong Seng resigned as independent non-executive Director and member of Investment Strategy Committee of the Company with effect from 8 May 2015. As approved by the 29th meeting of the fourth session of the Board, Ms. Hai Chi Yuet has been appointed as member of the Investment Strategy Committee with effect from 11 May 2015.

The primary duties of the Investment Strategy Committee are to consider and make recommendations on the strategic plan for the Company's long-term development; the material investments and financing plans and material capital operation and asset operating project, which are subject to the Board's approval, in accordance with the Articles of Association of the Company.

The Investment Strategy Committee held one meeting in 2015. The average attendance rate is 100%. The first meeting of the fourth session of the Investment Strategy Committee of the Board reviewed the proposals regarding revised 2015 CSCL investment plan and revised 2015 CSCL asset disposal plan, all the proposals were passed by unanimous vote. Record of attendance for each member of the Investment Strategy Committee is set out as follows:

Directors	**Number of meetings attended/ Number of meetings held**	**Attendance rate**
The fourth session of the Investment Strategy Committee of the Board		
Zhang Guofa *(executive Director) (Chairman)*	1/1	100%
Huang Xiaowen *(executive Director)*	1/1	100%
Zhao Hongzhou *(executive Director)* (1)	1/1	100%
Yu Zenggang *(non-executive Director)*	1/1	100%
Zhang Nan *(independent non-executive Director)*	1/1	100%
Teo Siong Seng *(independent non-executive Director)* (2)	0/0	100%
Shi Xin *(independent non-executive Director)*	1/1	100%
Hai Chi Yuet *(independent non-executive Director)* (2)	1/1	100%

Notes:

(1) Mr. Zhao Hongzhou resigned as member of Investment Strategy Committee of the Company due to the change of job assignments and the change of the Company's business, with effect from 16 March 2016.

(2) Mr. Teo Siong Seng resigned as independent non-executive director and member of Investment Strategy Committee of the Company due to personal reasons, with effect from 8 May 2015. As approved by the 29th meeting of the fourth session of the Board, Ms. Hai Chi Yuet has been appointed as member of the Investment Strategy Committee with effect from 11 May 2015.

(4) Nomination Committee

On 28 June 2013, a resolution on establishing the Nomination Committee of the fourth session of the Board was passed at the first meeting of the fourth session of the Board. The Nomination Committee consists of Ms. Zhang Nan, Mr. Teo Siong Seng and Mr. Shi Xin, who are independent non-executive Directors, and Mr. Zhang Guofa, who is an executive Director and Mr. Wang Daxiong, who is a non-executive Director. Ms. Zhang Nan, the independent non-executive Director, was the Chairman of the Nomination Committee. Following the resignation of Mr. Wang Daxiong as non-executive Director of the Company on 26 June 2014, he ceased to be a member of the Nomination Committee of the Company. Meanwhile, as approved by the 2013 annual general meeting, Mr. Yu Zenggang has been appointed as non-executive Director and member of the Nomination Committee of the Company with effect from 26 June 2014. Mr. Teo Siong Seng resigned as independent non-executive Director and member of Nomination Committee of the Company with effect from 8 May 2015. As approved by the 29th meeting of the fourth session of the Board, Ms. Hai Chi Yuet has been appointed as member of the Nomination Committee with effect from 11 May 2015.

The primary duties of the Nomination Committee include: to make recommendations to the Board on the head count and composition of the Board and the composition of senior management in accordance with the Company's business activities, assets size and shareholding structure; to consider and make recommendations to the Board on the selection criteria and procedures of the Directors and the members of senior management; to review and make recommendations on the qualifications of the candidates of the Directors and the members of senior management; and to assess the independence of the independent non-executive Directors.

On 28 August 2013, the Board of the Company passed the Board Diversity Policy. The Nomination Committee has formulated a Board Diversity Policy, which has been set out in the working rules of the Nomination Committee. The main contents are: when determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, cultural and education background, professional experience, skills, knowledge and term of service. All appointments of the Board of Directors are based on meritocracy, and candidates will be considered against objective criteria, taking into account the benefits of board diversity. The final selection of candidates will be determined based on their merits and contribution to the Board. The composition of the Board is basically in line with the diversity principle, details of composition are set out under the section headed "Composition of the fourth session of the Board" in the "Corporate Governance Report". The biographies of Directors set out on pages 23 to 29 of this Annual Report also set out the diversified skills, professional knowledge, experience and qualifications of the Directors.

In 2015, the Nomination Committee held four meetings with average attendance rate of 100%.

1. On 12 March 2015, the sixth meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

   Proposal regarding change of independent non-executive Directors of the Company

   1.1 Accept resignation of Mr. Teo Siong Seng as independent non-executive Director and member of the Nomination Committee and the Investment Strategy Committee of the Company

   1.2 Accept resignation of Mr. Chen Lishen as independent non-executive Director and chairman of the Remuneration Committee of the Company

   1.3 Elect Ms. Hai Chi Yuet as independent non-executive Director of the Company

2. On 23 April 2015, the seventh meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

   Appoint Mr. Graeme Jack as independent non-executive Director of the Company

3. On 14 September 2015, the eighth meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

   1. Proposal regarding change of non-executive Directors of the Company

      1.1 Accept resignation of Ms. Su Min as non-executive Director and member of the Audit Committee of the Board of the Company

      1.2 Elect Mr. Yang Jigui as non-executive Director of the Company

4. On 22 September 2014, the ninth meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

   1. Proposal regarding change of non-executive Directors of the Company

      1.1 Accept resignation of Mr. Liu Xihan as non-executive Director of the Company

      1.2 Appoint Mr. Han Jun as non-executive Director of the Company

All resolutions mentioned above were agreed to be submitted to the Board for further review. Record of attendance rate of each member of the Nomination Committee is set out as follows:

Directors	Number of meetings attended/ Number of meetings held	Attendance rate
The fourth session of the Nomination Committee of the Board		
Zhang Nan *(independent non-executive Director) (Chairman)*	4/4	100%
Teo Siong Seng *(independent non-executive Director)* (1)	2/2	100%
Shi Xin *(independent non-executive Director)*	4/4	100%
Zhang Guofa *(executive Director)* (2)	4/4	100%
Hai Chi Yuet *(independent non-executive Director)*(1)	2/2	100%
Yu Zenggang *(non-executive Director)*	4/4	100%

Notes:

(1) Mr. Teo Siong Seng resigned as independent non-executive Director and member of the Nomination Committee of the Company due to personal reasons, with effect from 8 May 2015. As approved by the 29th meeting of the fourth session of the Board, Ms. Hai Chi Yuet has been appointed as member of the Nomination Committee with effect from 11 May 2015.

(2) Mr. Zhang Guofa resigned as member of Nomination Committee of the Company due to the change of job assignments and the change of the Company's business, with effect from 16 March 2016.

10. SECURITIES TRANSACTION BY DIRECTORS AND SUPERVISORS

The Company had adopted a code of conduct on terms no less exacting than the required standard as set out in the Model Code as set out in Appendix 10 to the Listing Rules as the standards for the Directors', Supervisors' and relevant employees' securities transactions. The Company confirmed, having made specific enquiries with all Directors and Supervisors, that for the year ended 31 December 2015, its Directors and Supervisors have complied with the requirements relating to Directors' and Supervisors' dealing in securities as set out in the Model Code. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

11. H SHARE APPRECIATION RIGHTS SCHEME

To motivate the Directors, Supervisors, members of senior management and other important personnel of the Company to work for the Company's development and the shareholders' long-term interest, the Company adopted the H Share Appreciation Rights Scheme on 12 October 2005. Details of the Scheme were set out in the Company's circular to shareholders dated 26 August 2005. This scheme expired and lapsed on 12 October 2015. The relevant Directors, Supervisors and senior management who held interest in H shares of the Company under such scheme had submitted the disclosure of interest notices to the Stock Exchange on the same day.

12. ANNUAL REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Company is determined according to the remuneration policy and structure of the Company.

For the year ended 31 December 2015, the remuneration of senior management is divided into the following grades:

Basic annual salary grade	No. of people
RMB700,000 and below	1
RMB700,001 to RMB1,300,000	2
RMB1,300,001 and above	5

Details of the annual remuneration of Directors for the year ended 31 December 2015 are set out in Note 10 to the consolidated financial statements.

13. THE TERM OF OFFICE FOR NON-EXECUTIVE DIRECTORS OF THE FOURTH SESSION OF THE BOARD

Non-executive Directors	Term of office starting date	Term of office expiration date
Su Min	28 June 2013	22 December 2015
Ding Nong	28 June 2013	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Yu Zenggang	26 June 2014	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Liu Xihan	26 June 2014	22 December 2015
Chen Jihong	28 June 2013	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Yang Jigui	22 December 2015	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Han Jun	22 December 2015	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016

B. ACCOUNTABILITY AND AUDITING

1. EXTERNAL AUDITORS

Baker Tilly China and Ernst & Young were appointed as the domestic and foreign external auditors of the Company respectively at the 2014 annual general meeting by the shareholders until the conclusion of the next annual general meeting.

The Company has paid Ernst & Young RMB7,250,000 as remuneration for its auditing service and related service provided for the year 2015. The Company has paid Baker Tilly China RMB5,550,000 as remuneration for its auditing service and related service provided for the year 2015. The Company has paid Baker Tilly China RMB700,000 as remuneration for its internal control and auditing service provided for the year 2015.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors of the Company have confirmed their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015. Ernst & Young, the external auditor of the Company, has confirmed its reporting responsibilities as set out in the auditor's report in the financial statements of the Company for the year ended 31 December 2015.

C. INTERNAL CONTROL

The Board of the Company is responsible for the internal control system of the Company and its subsidiaries and review of its effectiveness. The Board of the Company will assess and review the effectiveness of the internal control system through discussion with senior management, internal audit team and external auditors and refer to the report submitted by the internal audit team. The internal audit team will review all the important controls, including financial control, operation and compliance control and risk management function, based on its audit plan. The internal audit team will report its findings to Board of the Company and make recommendations regarding the improvement of the internal control of the Company. The Audit Committee of the Board has considered the recommendations made by the external auditor in the meeting of the Audit Committee of the Board.

The Board of the Company will at least annually review the effectiveness of the internal control system of the Company and its subsidiaries. The Board of the Company will review the effectiveness of the internal control with reference to the assessment of the Audit Committee of the Board, management, internal audit team and external auditors. The annual review will also consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the year ended 31 December 2015, according to the assessment of the Audit Committee, senior management and the internal audit team, the Board of the Company has reviewed the effectiveness of the internal control system of the Company and its subsidiaries.

D. SHAREHOLDER RIGHTS

1. PROCEDURES FOR EXTRAORDINARY GENERAL MEETINGS CONVENED BY SHAREHOLDERS

Shareholders demanding the convention of an extraordinary general meeting shall proceed as follows:

(1) Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Board of Directors the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving such proposal. The aforementioned number of shares held are calculated based on the number shares held by the shareholder on the date of submission of the written proposal.

(2) In the event that the Board of Directors does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing.

(3) Failure of the Supervisory Committee to issue the notice of the general meeting shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders individually or collectively holding 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on a unilateral basis. The procedures of convening of the meeting should be similar to those of convening a general meeting by the Board of Directors as far as possible. The location of the meeting should also be at the location of the Company.

(4) Where the shareholder(s) decide(s) to convene the general meeting by itself/themselves, it/they shall send out a written notice to the Board, and shall put on the records of the dispatched office of CSRC at the locality of the Company and the stock exchange. The convening shareholder shall submit relevant evidence to the local office of CSRC at the place where the Company is located and the stock exchange(s) upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

(5) The Board of Directors and the secretary to the Board of Directors shall cooperate with respect to matters relating to a general meeting convened by shareholders at its/their own discretion. The Board of Directors shall provide the register of shareholders as of the date of record date.

(6) The reasonable expenses to a general meeting convened by shareholders at their own discretion shall be borne by the Company and deducted from the monies payable by the Company to the defaulting directors.

2. PROCEDURES FOR THE PROPOSAL OF MOTIONS AT GENERAL MEETINGS

At general meetings of the Company, shareholder(s) severally or jointly holding more than 3% of the Company's shares may propose motions to the Company. Shareholder(s) severally or jointly holding 3% or more of the Company's shares may submit an extraordinary motions in writing to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days upon receipt of such extraordinary motions, to announce the particulars of the extraordinary motions.

3. PROCEDURES FOR SHAREHOLDERS TO RECOMMEND AN INDIVIDUAL FOR ELECTION FOR DIRECTOR

Shareholder nominees who fulfil requirements can participate in elections for the position of director at the Company's annual general meeting and extraordinary general meeting. According to the Articles of Association:

(1) List of candidates for directors shall be submitted as a resolution to be resolved at general meetings. Candidates for directors other than independent directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 3% of the total number of shares attached with voting rights of the Company, and shall be elected at a general meeting of the Company. Candidates for independent directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 1% of the total number of shares attached with voting rights of the Company, and shall be elected at a general meeting of the Company.

(2) A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which the director is to be elected and at least seven days before the date of such meeting, and the notice period shall not be shorter than seven days.

(3) Resolutions in respect of the election of directors shall be passed using an accumulative voting method.

(4) The Company shall announce the general meeting voting results in a timely manner. Appointed directors shall enter into an appointment contract with the Company.

4. PROCEDURES FOR SHAREHOLDERS TO MAKE INQUIRIES TO THE BOARD OF DIRECTORS

Shareholders can at any time submit their inquiries and questions in writing to the Board of Directors through the Company Secretary. The Company Secretary can be contacted through the following methods:

23rd Floor, 628 Minsheng Road, Shanghai, the PRC

Postal code: 200135

Email: ir@cnshipping.com

Shareholders can also make inquiries to the Board at the Company's general meetings.

E. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has put particular emphasis on communication with shareholders. All information related to the operation, business strategies, and development of the Group is provided in the Company's annual report and interim report. The Company encourages shareholders to attend the annual general meetings and each extraordinary general meeting, which should serve as valuable communication forums for each other and with the management.

The Company actively promotes and enhances investor relations. The Company has set up a specialized management post for investor relations responsible for issues related to investor relations. The Company utilizes promotions, road shows, telephone conferences, the Company's website and investor visits to strengthen the ties and communications with investors and securities analysts as well as to constantly raise awareness of the Company among investors.

Shareholders, investors and members of the public can obtain latest information of the Group on the Company's website.

F. MATERIAL CHANGE TO THE COMPANY'S ARTICLES OF ASSOCIATION

During the Year, there was no change to the Company's constitutional document.

G. COMPANY SECRETARY

Mr. Yu Zhen and Ms. Ng Sau Mei are joint company secretaries of the Company. Ms. Ng Sau Mei (KCS Hong Kong Limited) is one of our joint company secretaries. Mr. Yu Zhen, secretary to the Board, is one of the Company's main contact persons with the Stock Exchange and Ms. Ng Sau Mei. Pursuant to Rule 3.29 of the Listing Rules, as at 31 December 2015, Mr. Yu Zhen and Ms. Ng Sau Mei had attended more than 15 hours of relevant professional training.

As a shipping company, it is our responsibility to protect the ocean. Since its establishment, CSCL has been endeavoring to respect the environment, include environment protection as one of the basic principles in enterprise operation, mitigate the impact of sails on environment, incorporate daily energy conservation and emission reduction into performance evaluation of the company, and pursue energy efficiency. The Company spares no efforts to contribute to preserving the eco-diversity of the ocean and to achieve a genuine harmony with the ocean.

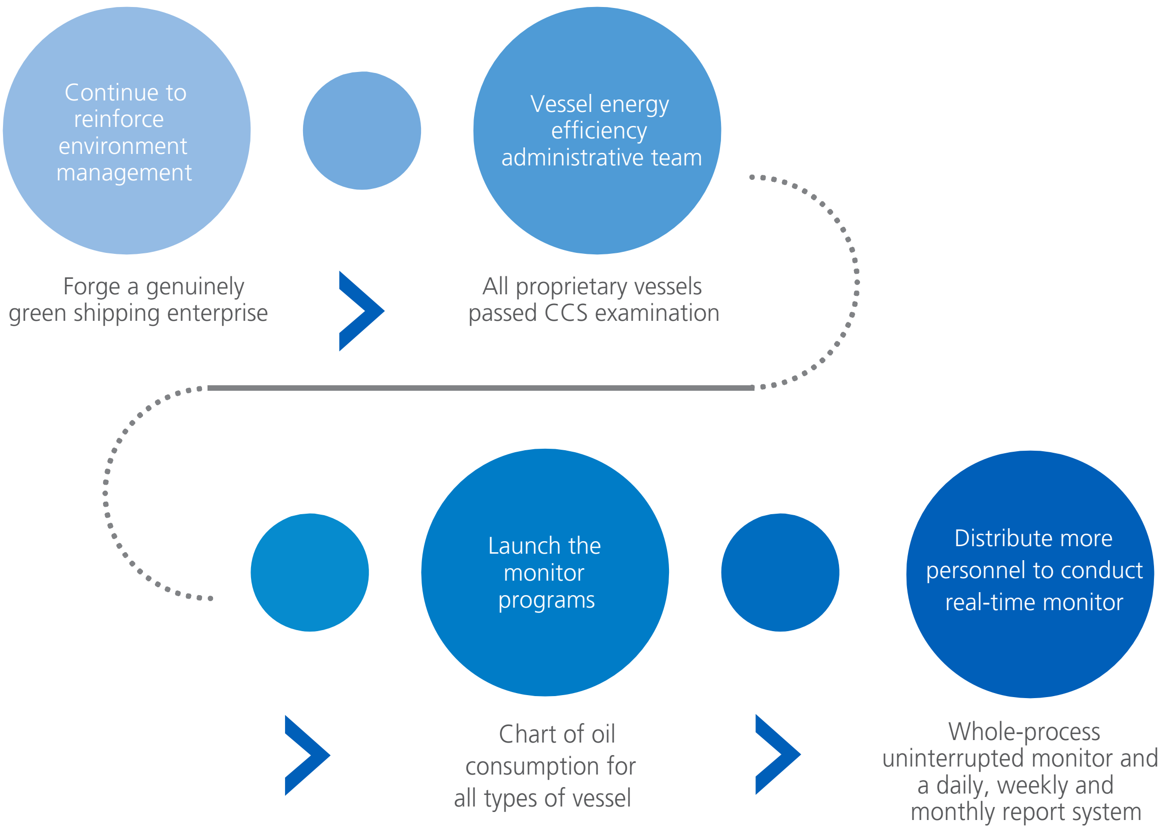
CSCL applies energy conservation and environment protection technologies in its operation, increase energy use efficiency. By innovative technologies and structure, on the basis of low energy consumption, low emission and low pollution, it decreases the consumption of high-carbon energies, increases the dependence on clean energies and promotes green sails. The Company always focuses on lowering carbon emission during transportation when it is fulfilling its environment protection responsibility, and alleviating the burden on the environment by lowering the emission, improving the efficiency and developing new energies. As a shipping company, CSCL launches environment management in every production activity. CSCL strictly obeys related state laws and international conventions about environment protection, tackles with the challenges on resources and environment, effectively controls pollution emission by an integrated environment management mechanism and pursues the harmony between the Company and the ocean.

CONSTRUCTION OF ENVIRONMENT MANAGEMENT SYSTEM

In 2015, the Company continues to reinforce the construction of environment management system, promote green development concept for everyone, improve the environment protection mechanism, ensure that environment protection is involved in vessel transportation and daily management and forge a genuinely green shipping enterprise.

In 2011, the vessel energy efficiency administrative team for the Company was founded. They compiled the Energy Efficiency Management Plan for all proprietary vessels, and implemented all of them. All the proprietary vessels of the Company passed the CCS examination and obtained the Vessel Energy Efficiency Certificate. The team developed and operated the energy efficiency information system, formulated Energy Efficiency Program, and compiled the Operational Guidelines for Vessel Energy Efficiency Management.

From this year, the Company continues to reinforce the monitor programs for "daily oil consumption of vessels", "trim optimization", "engine speed appliance", "suspension on abnormal conditions", "schedule management", etc. For "daily oil consumption of vessels", which is a key monitor item, the Company sorted and checked the basic data and compiled a chart of oil consumption for all types of vessel. At the same time, the Company distributed more personnel to conduct real-time monitor, make sure that the requirements are met in every vessel, every route and every segment so as to offer whole-process uninterrupted monitor and establish a daily, weekly and monthly report system.



LOWER THE IMPACT OF TRANSPORTATION ON ENVIRONMENT

A. NEW VESSELS WITH OUTSTANDING PERFORMANCE IN ENVIRONMENT PROTECTION

In new vessels construction, the Company has installed advanced sanitary sewage treatment facilities to treat sanitary sewage. Every vessel of the Company is equipped with oil-water separator monitor device so as to decrease the amount of slop. We have installed incinerators to decrease the amount of solid waste and garbage. We also use fluoride free refrigerants to reduce emission of greenhouse gases. In addition, we apply standardized sound absorption materials and technologies in construction so as to reduce noise from living spaces. All vessels are required to meet the standard for noise test before delivery. By standardized management on disposal of slop and solid waste in vessels for entering ports, we have reduced the impact of transportation on environment.

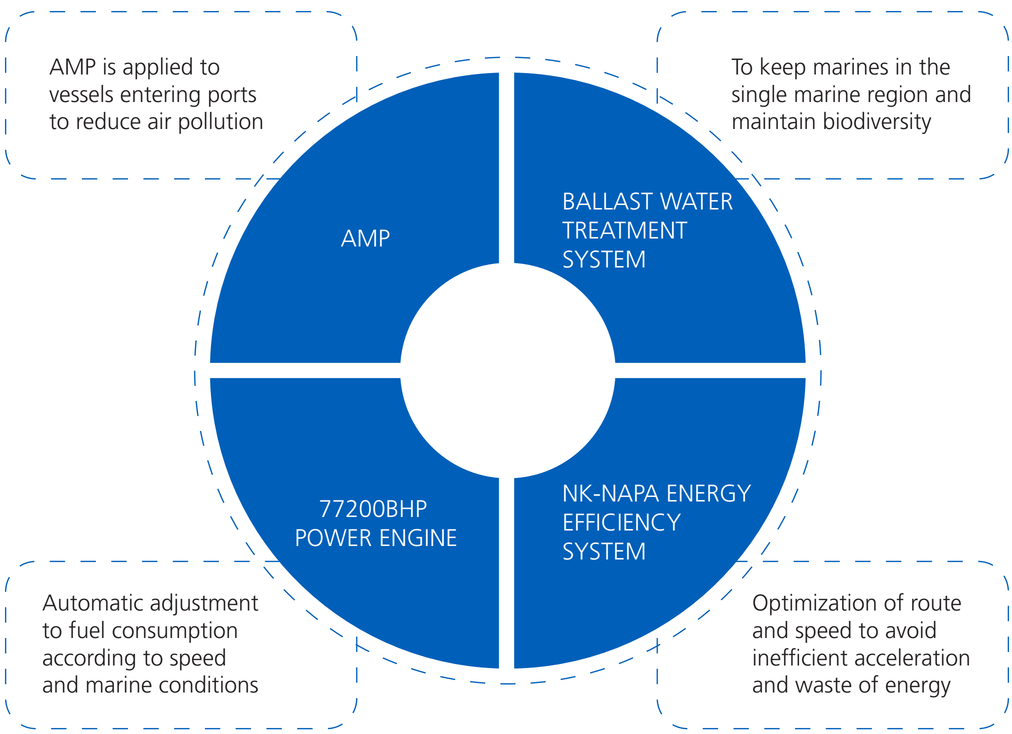
B. THE LARGEST AND MOST ENERGY EFFICIENT CONTAINER VESSEL

In order to cope with the new trend of global liner industry under new normal stage of economic development and the transportation market, CSCL had worked dedicatedly in building a environmental-friendly fleet that features large-sized, young and low-carbon operation. It is also an important move to implement the strategy of "facilitating healthy development of liner industry" in an effort to optimize the structure of its fleet and enhance its competitiveness in the global market.

All newly-delivered CSCL 19100TEU container ships bear EP-D logo, which is a certificate of environmental-friendly design showing that the vessels are in compliance with all relevant MARPOL* regulations and IMO* conventions) and environmental regulations to be enacted. Our 19100TEU ships have been outperforming 14100TEU ships in terms of environmental protection.

* International Convention for the Prevention of Pollution from Ships

* IMO



IMPROVE ENERGY EFFICIENCY

In 2015, the Company continued to expand its investment on upgrading and transformation of fuel injectors for cylinders in engines of our existing vessels. Vessels with three or more air-compressors are equipped with chopper so as to achieve better MCR and enable vessels to operate with MCR. By upgrading and transformation of fuel injectors in cylinders, our vessels had launched 20% MCR or below and ships equipped with MC engine had launched 15% MCR. Our ships with power jet had launched 20% MCR, which promptly reduce the load of our new ships. Currently, most of our vessels for international trade lanes launch 25% MCR, most of our vessels for China trade lanes launch 15%-20% MCR and most of our 4700TEU ships launch 20% MCR. This helps substantially save fuel consumption and improve energy efficiency.

INVEST ON TECHNOLOGICAL INNOVATION, CONSERVE THE ENERGY AND REDUCE THE EMISSION

In 2015 the Company completed the work to transform the bulbous bow of a 14100TEU ship and air-compressor of the engine of a 5668TEU ship and application of energy efficient and anti-fouling paint to two 4250TEU ships.

In 2015, by taking various measures, we save fuel consumption of nearly 16,000 tons and reduce CO_2 emission of nearly 50,000 tons and SO_2 emission of nearly 900 tons.

PROTECT BIODIVERSITY OF MARITIME ECOLOGICAL SYSTEM

Biodiversity is the most valuable legacy. The rapid development of shipping industry is the main reason of explosive increase of biological invasion, which spreads through ballast. In order to prevent the ballast from spreading unwanted aquatic organisms and pathogens, we installed ballast water treatment plant for all newly built vessels since 2012. In this way, we effectively prevent the spreading of aquatic organisms in different waters and the disruption of ecological balance. This is a forward-looking practice of CSCL to protect the maritime environment.

2007
50%
MCR

2009
40%
MCR

2012
30%
MCR

2013
25%
MCR

2014
20%
MCR

2015
15%
MCR

CSCL continues to expand economical speed to more vessels

Report of the Supervisory Committee

In accordance with the regulations of the PRC Company Law, the PRC Securities Law, the Articles of Association and the rules of procedures of the Supervisory Committee of the Company, the Supervisory Committee of the Company upheld the spirit of responsibility to all shareholders, faithfully carried out its supervisory obligations and commenced work in a proactive and effective manner, thus safeguarding the legitimate interests of the shareholders of the Company.

I. WORKING STATUS OF THE SUPERVISORY COMMITTEE

During the reporting period, the Supervisory Committee of the Company attended general manager meetings, Board meetings, general meetings and examined subsidiaries according to the regulations of the Articles of Association of the Company, conducting thorough monitoring and inspection on the operating status and financial status of the Company, as well as the status of the Board and management carrying out their obligations.

During the reporting period, the Supervisory Committee convened five meetings:

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Eighth meeting of the fourth session of the Supervisory Committee	26 March 2015	Onsite meeting	All	1. Review of the Company's resolution regarding the work report of the general manager for 2014 2. Review of the Company's resolution regarding the 2014 financial report 3. To consider resolution regarding the 2014 internal control assessment report of the Company 4. Resolution regarding the profit distribution of the Company in 2014 5. To consider resolution regarding the 2014 annual report of the Company (full text and summary) and financial highlights of 2014 6. Review of resolution regarding the 2014 supervisory committee report
Ninth meeting of the fourth session of the Supervisory Committee	27 April 2015	Voting through written correspondence	All	Resolution 1 Resolution regarding the 2015 first quarterly report of the Company

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Tenth meeting of the fourth session of the Supervisory Committee	27 August 2015	Onsite meeting	All	1. Review of the Company's resolution regarding the work report of the general manager for the first half of 2015 2. Review of the Company's resolution regarding the financial report for the first half of 2015 3. The audit report on the financial report for the first half of 2015 of the Company 4. Review of the Company's resolution regarding the interim report and the interim financial highlights of 2015
Eleventh meeting of the fourth session of the Supervisory Committee	29 October 2015	Voting through written correspondence	All	1. Resolution regarding the 2015 third quarterly report of the Company

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Twelfth meeting of the fourth session of the Supervisory Committee	11 December 2015	Onsite meeting	All	1. Resolution regarding the major asset restructuring plan of the Company 2. Resolution regarding the draft report and summary in relation to major disposal and acquisition of assets of the Company and the connected transaction thereunder 3. Resolution regarding the Company's plan of leasing vessels and containers 4. Resolution regarding the compliance of relevant laws and regulations in relation to the major asset restructuring of the Company 5. Resolution regarding the compliance of Article of Provisions on Issues Concerning Regulating the Material Asset Restructuring of Listed Companies in relation to the major asset restructuring of the Company 6. Resolution regarding the audit report and asset appraisal report in relation to the major asset restructuring 7. Resolution regarding assessment of independence of appraisal body, assessment of reasonableness of assumptions and presumptions, relevance between methods and purposes of assessments and assessment of fairness of valuation 8. Resolution regarding the completeness of fulfilling statutory procedures and the effectiveness of legal documents submitted in relation to the major asset restructuring

II. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE

1. OPERATING STATUS OF THE COMPANY

The Board and management of the Company were able to strictly adhere to the PRC Company Law, PRC Securities Law, Articles of Association of the Company and relevant laws of the place of listings. During the reporting period, we have not identified any violation of relevant laws and regulations or the Articles of Association of the Company for the actions of the Board and management of the Company or any acts of them being against the interests of the Company.

2. FINANCIAL STATUS OF THE COMPANY

The 2015 financial report of the Company fairly reflected the financial status and operating results of the Company, and is truthful and reliable.

3. ACTUAL USE OF PROCEEDS FROM THE COMPANY'S CAPITAL RAISING EXERCISE

During the reporting period, the Company did not raise any capital nor did it use capital raised in previous periods in the current period.

4. ACQUISITIONS, DISPOSALS AND CONNECTED TRANSACTIONS OF THE COMPANY

During the reporting period, we are of the view that the prices the Company paid or received for transactions relating to acquisitions and disposals of assets were reasonable and no insider dealing was found. The connected transactions of the Company strictly adhered to the principles of equality, fairness, openness, were completed on normal commercial terms and fulfilled statutory procedures, and there were no acts which harmed the interest of the Company.

5. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL OF THE COMPANY

The Supervisory Committee thoroughly reviewed the 2015 Self-assessment Report on Internal Control submitted by the Board and are of the view that the internal control of the Company during the reporting period was sound and effective. The self-assessment report accurately reflected the establishment and implementation of the internal control system of the Company.

The Supervisory Committee of the Company will continue to strictly adhere to the regulations of the PRC Company Law, PRC Securities Law, and the Articles of Association of the Company and diligently carry out its monitoring duties to effectively safeguard the legal interests of the Company and all shareholders.

China Shipping Container Lines Company Limited
Supervisory Committee

30 March 2016

Independent Auditors' Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +85202846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of

China Shipping Container Lines Company Limited

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

We have audited the consolidated financial statements of China Shipping Container Lines Company Limited (the "Company") and its subsidiaries set out on pages 104 to 201, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made 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 auditors' judgement, 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 auditors consider 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.

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.

Ernst &Young
Certified Public Accountants

Hong Kong
30 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 RMB'000	2014 RMB'000
CONTINUING OPERATIONS			
Revenue	5	**31,834,165**	36,077,425
Costs of services	6	**(32,788,268)**	(34,839,333)
Gross (loss)/profit		**(954,103)**	1,238,092
Selling, administrative and general expenses	6	**(1,951,930)**	(963,275)
Other income	7	**715,009**	788,350
Other (loss)/gains, net	8	**(297,378)**	898,527
Operating (loss)/profit		**(2,488,402)**	1,961,694
Finance costs	11	**(605,787)**	(468,294)
Share of profits of:			
Associates	18	**193,185**	77,915
Joint ventures	19	**3,841**	6,209
(Loss)/profit before income tax from continuing operations		**(2,897,163)**	1,577,524
Income tax expense	12	**(41,972)**	(547,530)
(Loss)/profit for the year from continuing operations		**(2,939,135)**	1,029,994
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**–**	38,756
(LOSS)/PROFIT FOR THE YEAR		**(2,939,135)**	1,068,750
Attributable to:			
Owners of the parent		**(2,950,234)**	1,044,036
Non-controlling interests		**11,099**	24,714
		(2,939,135)	1,068,750
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
(Expressed in RMB per share)			
Basic and diluted			
– For (loss)/profit for the year	15	**RMB(0.253)**	RMB0.089
– For (loss)/profit from continuing operations		**RMB(0.253)**	RMB0.086

The notes on pages 111 to 201 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

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

The notes on pages 111 to 201 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*16*	**38,336,163**	36,369,808
Investment properties		**2,037**	2,093
Intangible assets	*17*	**15,572**	18,916
Investments in associates	*18*	**3,954,706**	3,754,380
Investments in joint ventures	*19*	**56,243**	52,402
Derivative financial instruments	*20*	**–**	4,026
Deferred tax assets	*32*	**4,358**	10,479
Total non-current assets		**42,369,079**	40,212,104
Current assets			
Inventories	*24*	**898,955**	1,185,498
Trade and notes receivables	*25*	**1,930,882**	2,384,511
Prepayments and other receivables		**675,706**	401,953
Derivative financial instruments	*20*	**–**	697
Restricted cash	*26*	**1,410**	500
Cash and cash equivalents	*26*	**11,001,051**	9,355,888
Total current assets		**14,508,004**	13,329,047
Total assets		**56,877,083**	53,541,151
EQUITY			
Equity attributable to owners of the parent			
Share capital	*27*	**11,683,125**	11,683,125
Special reserves	*28(a)*	**19,030**	20,150
Other reserves	*28(b)*	**17,206,241**	16,873,604
Accumulated losses	*28(c)*	**(6,734,162)**	(3,784,442)
		22,174,234	24,792,437
Non-controlling interests		**63,096**	85,046
Total equity		**22,237,330**	24,877,483

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	As at 31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings	*29*	**17,807,972**	13,463,254
Domestic corporate bonds	*30*	**1,796,432**	1,793,981
Finance lease obligations	*31*	**7,276**	150,281
Derivative financial instruments	*20*	**691**	–
Deferred tax liabilities	*32*	**94**	75
Total non-current liabilities		**19,612,465**	15,407,591
Current liabilities			
Trade payables	*33*	**3,532,484**	3,825,897
Other payables and accruals		**889,433**	658,358
Interest-bearing bank and other borrowings	*29*	**10,557,263**	8,690,651
Derivative financial instruments	*20*	**147**	–
Finance lease obligations – current portion	*31*	**8,550**	36,978
Tax payable		**14,411**	19,193
Provisions	*34*	**25,000**	25,000
Total current liabilities		**15,027,288**	13,256,077
Total liabilities		**34,639,753**	28,663,668
Total equity and liabilities		**56,877,083**	53,541,151
Net current (liabilities)/assets		**(519,284)**	72,970
Total assets less current liabilities		**41,849,795**	40,285,074

The notes on pages 111 to 201 are an integral part of these consolidated financial statements.

Zhang Guofa
Director

Liu Chong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of parent						
	Share capital RMB'000	Special reserves RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	11,683,125	38,278	16,895,316	(4,845,260)	23,771,459	446,595	24,218,054
Profit for the year	–	–	–	1,044,036	1,044,036	24,714	1,068,750
Other comprehensive income for the year:							
Share of other comprehensive loss of associates	–	–	(32,334)	–	(32,334)	–	(32,334)
Cash flow hedges, net of tax	–	–	4,715	–	4,715	–	4,715
Exchange differences on translation of foreign operations	–	–	11,034	–	11,034	(310)	10,724
Total comprehensive income for the year ended 31 December 2014	–	–	(16,585)	1,044,036	1,027,451	24,404	1,051,855
Transaction with owners							
Capital injection from non-controlling interests	–	–	594	–	594	41,935	42,529
Disposal of subsidiaries	–	(883)	(6,395)	–	(7,278)	(422,270)	(429,548)
Liquidation of a subsidiary	–	–	–	–	–	(946)	(946)
Dividends paid to non-controlling interests	–	–	–	–	–	(4,522)	(4,522)
Accrued special reserve during the year	–	174,364	–	(174,364)	–	–	–
Used special reserve during the year	–	(191,609)	–	191,609	–	–	–
Others	–	–	674	(463)	211	(150)	61
At 31 December 2014	11,683,125	20,150	16,873,604	(3,784,442)	24,792,437	85,046	24,877,483

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of parent						
	Share capital RMB'000	Special reserves RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	11,683,125	20,150	16,873,604	(3,784,442)	24,792,437	85,046	24,877,483
Loss for the year	–	–	–	(2,950,234)	(2,950,234)	11,099	(2,939,135)
Other comprehensive income for the year:							
Share of other comprehensive income of associates	–	–	39,841	–	39,841	–	39,841
Cash flow hedges, net of tax	–	–	(5,682)	–	(5,682)	–	(5,682)
Exchange differences on translation of foreign operations	–	–	297,556	–	297,556	2,379	299,935
Total comprehensive income for the year ended 31 December 2015	–	–	331,715	(2,950,234)	(2,618,519)	13,478	(2,605,041)
Dividends declared to non-controlling interests	–	–	–	–	–	(35,365)	(35,365)
Accrued special reserve during the year	–	214,520	–	(214,520)	–	–	–
Used special reserve during the year	–	(215,640)	–	215,640	–	–	–
Others	–	–	922	(606)	316	(63)	253
At 31 December 2015	11,683,125	19,030	17,206,241	(6,734,162)	22,174,234	63,096	22,237,330

The notes on pages 111 to 201 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	*36(a)*	**721,536**	2,819,487
Income tax paid		**(40,614)**	(106,399)
Net cash generated from operating activities		**680,922**	2,713,088
Cash flows from investing activities			
Purchase of items of property, plant and equipment and intangible assets		**(3,787,692)**	(5,909,290)
Proceeds from disposal of items of property, plant and equipment and intangible assets	*36(b)*	**191,575**	126,606
Disposal of subsidiaries		**–**	231,051
Increase in investments in joint ventures and associates		**–**	(7,538)
Increase in investments in available-for-sale financial investments		**–**	(499,445)
Dividends received from associates		**33,622**	19,308
Dividends received from joint ventures		**–**	6,205
Dividends received from available-for-sale financial assets		**–**	12,600
Interest received		**237,155**	161,178
Net cash used in investing activities		**(3,325,340)**	(5,859,325)
Cash flows from financing activities			
Interest paid		**(605,746)**	(574,690)
Capital injection from non-controlling shareholders		**–**	42,529
New bank loans		**13,752,922**	11,636,482
Repayment of bank loans		**(8,980,102)**	(8,151,048)
Capital element of finance lease payments		**(143,752)**	(34,111)
Interest element of finance lease payments		**(27,681)**	(12,135)
Liquidation of a subsidiary		**–**	(946)
Dividends paid to non-controlling interests		**(20,213)**	(4,522)
Other financing activity		**11,000**	–
Net cash generated from financing activities		**3,986,428**	2,901,559
Net increase/(decrease) in cash and cash equivalents		**1,342,010**	(244,678)
Cash and cash equivalents at beginning of year	*26*	**9,355,888**	9,602,804
Effect of foreign exchange rate changes, net		**303,153**	(2,238)
Cash and cash equivalents at end of year	*26*	**11,001,051**	9,355,888

The notes on pages 111 to 201 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

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

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

The Company and its subsidiaries are principally engaged in holding, chartering and operating container vessels for the provision of international and domestic container marine transportation services. The information about subsidiaries is included in note 40 to the consolidated financial statements.

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

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

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

2.1 BASIS OF PREPARATION

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

GOING CONCERN

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

BASIS OF CONSOLIDATION

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

2.1 BASIS OF PREPARATION *(continued)*

BASIS OF CONSOLIDATION *(continued)*

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 Defined Benefit Plans:	Employee Contributions
Annual Improvements to HKFRSs 2010-2012 Cycle	
Annual Improvements to HKFRSs 2011-2013 Cycle	

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012* Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKAS 16 *Property, Plant and Equipment and HKAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of the property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the year.

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

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

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

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

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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018. The Group is currently assessing the impact of the standard.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BUSINESS COMBINATIONS AND GOODWILL *(continued)*

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

FAIR VALUE MEASUREMENT

The Group measures derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

RELATED PARTIES *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly-controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION *(continued)*

Costs incurred on the subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

	Estimated useful lives
Container vessels	25 years from the date of first registration
Improvements under operating leases	5 years or the period of the lease, whichever is the shorter
Buildings	30 to 40 years
Containers	12 years
Loading machinery	8 to 20 years
Motor vehicles, computer, office equipment and furniture	3 to 8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Vessels under construction are stated at cost less accumulated impairment losses. Cost of vessel under construction includes all direct costs relating to the construction and acquisition of vessels incurred by the Group. No depreciation is provided for vessels under construction until such time as the relevant vessels are completed and ready for intended use. Vessels under construction are transferred to container vessels upon the completion of the construction.

Construction in progress mainly represents vessels under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 years.

Subsequent expenditure is charged to the asset's carrying amount 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 costs are expensed in profit or loss during the financial period in which they are incurred.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INTANGIBLE ASSETS (OTHER THAN GOODWILL) *(continued)*

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;

– management intends to complete the software product and use or sell it;

– there is an ability to use or sell the software product;

– it can be demonstrated how the software product will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

– the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed eight years.

LEASES

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, or as derivatives designated as hedging instruments in an effective hedge. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in Selling, administrative and general expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

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. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IMPAIRMENT OF FINANCIAL ASSETS *(continued)*

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to selling, administrative and general expenses in the statement of profit or loss.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings, domestic corporate bonds and finance lease obligations, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL LIABILITIES *(continued)*

Loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING *(continued)*

Initial recognition and subsequent measurement (continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

Amounts recognised in other comprehensive income are transferred to the statement of profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING *(continued)*

Cash flow hedges (continued)

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CASH AND CASH EQUIVALENTS *(continued)*

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

ISSUED CAPITAL

Ordinary shares are classified as equity.

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

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INCOME TAX *(continued)*

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Liner services, freight revenues from the operation of the 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;

(b) from chartering of vessels under operating leases, over the periods of the respective leases on the straight-line basis;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

SHARE-BASED PAYMENTS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments.

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial option valuation model, taking into account the terms and conditions upon which the instruments were granted (note 9). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is measured at the end of each reporting period up to and including the settlement date, with changes in fair value recognised in profit or loss.

OTHER EMPLOYEE BENEFITS

(a) Pension obligations

The full-time employees of the Group employed in Mainland China are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulae. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans based on percentages of the total salary of employees, subject to a certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

OTHER EMPLOYEE BENEFITS *(continued)*

(a) Pension obligations (continued)

The Group also operates a defined contribution Mandatory Provident Fund ("MPF") scheme for its employees employed in Hong Kong. The Group and the employees both contribute 5% of the employees' relevant income per month as required by the Hong Kong Mandatory Provident Fund Schemes Ordinance subject to a maximum of HKD1,500 per person.

The Group's contributions to the above defined contribution schemes are charged to the consolidated statement of profit or loss as incurred.

(b) Housing benefits

All full-time employees of the Group employed in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis, subject to a certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the funds are expensed as incurred.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 2.67% has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES

Certain subsidiaries incorporated outside Mainland China have Hong Kong dollars ("HKD"), United States dollars ("USD"), South African rand ("ZAR"), Brazilian real ("BRL") and Nigerian Naira ("NGN") as their functional currencies. The functional currency of Mainland China subsidiaries is the RMB. As the Group mainly operates in Mainland China, the RMB is used as the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of the statement of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC established companies which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Lease accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases and, in respect of finance leases, determining the appropriate discount rate implicit in the lease to discount minimum lease payments. In respect of certain leases classified as finance leases, it has not been possible to reliably estimate lessors' residual values and management has been required to independently estimate an appropriate discount rate.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Impairment of container vessels and containers

The Group assesses whether vessels and containers have any impairment indicator, in accordance with the accounting policy stated in note 2.4 to the financial statements for the year ended 31 December 2015. After reviewing the external and internal factors, the directors concluded that there is impairment indicator of vessels and containers as at 31 December 2015 and therefore an assessment of the recoverable amounts of the assets has been conducted. An impairment exists when the carrying value of a cash-generating unit exceeds its recoverable amounts, which is its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 16 to the financial statements.

(ii) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the asset, and the current scrap values of steel in an active market at each measurement date. The depreciation expense will change where the useful lives or residual values of property, plant and equipment are different from the previous estimate.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

ESTIMATION UNCERTAINTY *(continued)*

(ii) Useful lives and residual values of property, plant and equipment (continued)

Were the useful lives to differ by 10% from management's estimates as at 31 December 2015 with all other variables held constant, the estimated depreciation expense of property, plant and equipment for the year would have been approximately RMB163,957,473 lower or RMB200,392,466 higher for the year ended 31 December 2015.

Were the residual values to differ by 10% from management's estimates as at 31 December 2015 with all other variables held constant, the estimated depreciation expense of property, plant and equipment for the year would have been approximately RMB51,779,000 lower or higher for the year ended 31 December 2015.

(iii) Income taxes and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income 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, the differences will impact the income tax and deferred income tax provisions in the period in which the determination is made.

Recognition of deferred income tax assets depends on the management's expectation of future taxable profit that will be available against which the deferred income tax assets can be utilised. The outcome of their actual utilisation may be different.

(iv) Provision of cost of services

Costs of services, which comprise container and cargo costs, vessel and voyage costs, and sub-route and other costs, are recognised on a percentage of completion basis as set out in note 2.4. Invoices in relation to these expenses are normally received several months after the expenses have been incurred. Consequently, recognition of costs of services is based on the rendering of services as well as the latest tariff agreed with vendors. If the actual expenses of a voyage differ from the estimated expenses, this will have an impact on costs of services in future periods.

4 FINANCIAL RISK MANAGEMENT

4.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and bunker price risk), credit risk and liquidity risk. 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.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars ("USD") and Hong Kong dollars ("HKD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is considering using forward contracts to cover the foreign currency exposures in the future, where appropriate.

As at 31 December 2015, if RMB had strengthened/weakened by 5% against the USD/HKD with all other variables held constant, post-tax loss for the year would have been RMB67,836,000 higher/lower (2014: post-tax profit of RMB15,493,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of USD/HKD-denominated trade and notes receivables, prepayments and other receivables and cash and cash equivalents, and foreign exchange gains/losses on translation of USD/HKD-denominated bank borrowings, trade payables, finance lease obligations and other payables and accruals.

(ii) Cash flow and fair value interest rate risk

Other than the short-term deposits placed with bank balances and cash at banks, the Group has no significant interest bearing assets. The risk on the Group's income and operating cash flows from changes in market interest rates is low.

The Group's interest rate risk arises from borrowings, domestic corporate bonds, and finance lease obligations. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk; finance lease obligations, domestic corporate bonds and bank borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2015 and 2014, around 9% and 12% of the Group's borrowings, domestic corporate bonds, and finance lease obligations were at fixed rates, respectively. During 2015 and 2014, the Group's bank borrowings at variable rates were denominated in USD. The weighted average effective interest rates and terms of repayment of the Group's borrowings are disclosed in note 29.

As at 31 December 2015, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been RMB225,380,000 higher/lower (2014: post-tax profit of RMB235,663,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate bank borrowings.

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.1 FINANCIAL RISK FACTORS *(continued)*

(a) Market risk (continued)

(iii) Price risk

The container transport and logistics activities are sensitive to economic fluctuations. The Group is exposed to freight rate risk. The Group's revenue will increase/decrease by RMB273,143,000 (2014: increase/decrease RMB315,368,000) for a 1% increase reduction of the average container freight rates with all other variables held constant.

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 conditions and bunker price fluctuations and where appropriate, bunker forward contracts are used to lock up the price of part of the Group's bunker requirements. As at 31 December 2015, the Group did not have bunker forward contracts (2014: Nil).

(b) Credit risk

The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has policies that limit the amount of credit exposure to any financial institutions. The total carrying amounts of trade and notes receivables, prepayments and other receivables and cash and cash equivalents represents the maximum credit exposure of the Group. The Group has also policies in place to ensure that services are rendered to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers.

Maximum credit risk exposure relating to off-balance sheet financial guarantees is related to the Company which provides to subsidiaries loans and other banking facilities amounting to approximately RMB37.8 billion (2014: RMB8.99 billion) as at 31 December 2015, being the face value of the borrowings under guarantee and with a maturity term to year 2017 (2014: to year 2015).

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.1 FINANCIAL RISK FACTORS *(continued)*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities (note 29) and cash and cash equivalents (note 26) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location and take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary; monitoring liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

For the year ended 31 December 2015, the Group's operating loss and loss for the year amounted to RMB2,488,402,000 and RMB2,939,135,000, respectively. The net operating cash inflow amounted to RMB680,922,000.

The directors of the Company believe that based on the Group's available unused banking facilities in excess of RMB26,633,768,000 and its cash and cash equivalents of RMB11,001,051,000, 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.

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.1 FINANCIAL RISK FACTORS *(continued)*

(c) *Liquidity risk (continued)*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest calculated based on the interest rate at the end of the reporting period).

	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
At 31 December 2015				
Interest-bearing bank and other borrowings	**10,557,263**	**6,278,509**	**7,345,871**	**4,183,592**
Domestic corporate bonds	**–**	**1,800,000**	**–**	**–**
Interest payables in relation to the borrowings and domestic corporate bonds	**442,949**	**465,157**	**506,907**	**412,573**
Finance lease obligations	**9,306**	**7,284**	**224**	**–**
Trade payables	**3,487,545**	**44,939**	**–**	**–**
Other payables and accruals	**684,163**	**–**	**–**	**–**
At 31 December 2014				
Interest-bearing bank and other borrowings	8,690,651	2,734,020	7,371,352	3,357,882
Domestic corporate bonds	–	–	1,800,000	–
Interest payables in relation to the borrowings and domestic corporate bonds	480,065	351,036	508,396	261,630
Finance lease obligations	47,128	47,147	121,585	–
Trade payables	3,825,897	–	–	–
Other payables and accruals	503,860	–	–	–

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.2 CAPITAL RISK MANAGEMENT

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings, domestic corporate bonds and finance lease obligations as shown in the consolidated statement of financial position) less cash and cash equivalents.

The gearing ratios of the Group at 31 December 2015 and 2014 were as follows:

	2015 **RMB'000**	2014 RMB'000
Interest-bearing bank and other borrowings	**28,365,235**	22,153,905
Domestic corporate bonds	**1,796,432**	1,793,981
Finance lease obligations	**15,826**	187,259
Less: Cash and cash equivalents	**(11,001,051)**	(9,355,888)
Net debt	**19,176,442**	14,779,257
Total equity	**22,237,330**	24,877,483
Gearing ratio (net debt/total equity)	**86.2%**	59.4%

Note:

The increase of the gearing ratio is mainly due to the increase in borrowings and decrease of total equity of the Group as a result of operating loss.

5 REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

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

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

6 COSTS AND EXPENSES BY NATURE

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

	2015	2014
	RMB'000	RMB'000
Costs of services		
Container repositioning and management	**10,530,909**	10,473,533
Bunkers consumed or sold	**5,872,398**	9,315,693
Operating lease rentals	**4,405,750**	2,958,644
Port charges	**2,152,374**	2,024,404
Depreciation *(note 16)*	**1,784,202**	1,531,369
Employee benefit expenses	**1,347,252**	1,289,719
Sub-route costs and others	**6,695,383**	7,245,971
	32,788,268	34,839,333
Selling, administrative and general expenses		
Employee benefit expenses	**540,953**	554,912
Rental expenses	**85,884**	95,325
Telecommunication and utilities expenses	**74,929**	67,008
Depreciation *(note 16)*	**39,704**	25,217
Repair and maintenance expenses	**2,569**	5,925
Auditors' remuneration	**14,723**	12,800
Provision for impairment of fixed assets *(note 16)*	**821,982**	–
Amortisation *(note 17)*	**7,669**	6,194
Reversal for impairment of trade receivables and other receivables	**(9,466)**	(210)
Office expenses and others	**372,983**	196,104
	1,951,930	963,275
	34,740,198	35,802,608

7 OTHER INCOME

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

Note:

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

8 OTHER (LOSS)/GAINS, NET

	2015 RMB'000	2014 RMB'000
Losses on disposal of items of property, plant and equipment	(253,337)	(18,399)
Gains on disposal of subsidiaries (note 35)	–	947,456
Net foreign exchange losses	(51,606)	(30,530)
Others	7,565	–
	(297,378)	898,527

9 EMPLOYEE BENEFIT EXPENSES

An analysis of staff costs, including directors' and supervisors' emoluments, is set out below:

	2015 RMB'000	2014 RMB'000
Staff salaries and hiring of crews	1,157,366	1,098,753
Social welfare benefits	755,064	745,141
Reversal of share-based compensation liabilities upon expiration	(24,225)	–
Change in fair value of share-based compensation liabilities	–	737
	1,888,205	1,844,631

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's second Special General Meeting held on 12 October 2005, the Company implemented an H Share share appreciation rights scheme as an incentive to its directors and employees. Under this scheme, which was adopted by the shareholders of the Company on 12 October 2005, and amended by the shareholders on 20 June 2006, 26 June 2007 and 26 June 2008, the H Share share appreciation rights (the "Rights") are granted in units with each unit representing one H Share. No shares of the Company will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantee will receive a cash payment from the Company in RMB, subject to any applicable withholding tax, translated from the HKD amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company's H Shares, representing the market price in excess of the exercise price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise.

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 30%, 60% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised after the expiration of the term of the scheme shall lapse.

Until the liabilities relating to the Rights are settled, the Group re-measures the fair value of the liabilities at the end of the reporting period by using a binomial option valuation model. Changes in fair value of the liabilities are recognised in the consolidated statement of profit or loss.

9 EMPLOYEE BENEFIT EXPENSES *(continued)*

Movements in the number of share appreciation rights outstanding and their related weighted average exercise prices during the year are as follows:

	2015		2014	
	Average exercise price (HKD per share)	**Unit of Rights (thousands)**	Average exercise price (HKD per share)	Unit of Rights (thousands)
At 1 January	**2.84**	**79,875**	2.83	85,052
Expired	**2.84**	**(79,875)**	2.68	(5,177)
At 31 December	**–**	**–**	2.84	79,875

Up to 31 December 2015, no Rights granted have been exercised (2014: Nil). As at Rights have expired.

The fair value of the liability relating to the Rights is estimated at the end of each reporting period by using a binomial option valuation model based on an expected volatility of 60%, the exercise price shown above, expected dividend yield of 2% and a risk-free interest rate of 0.1%. The volatility compared with the valuation report measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company and other comparable companies.

During the year ended 31 December 2015, the Group recognised a gain of approximately RMB24,225,000 as a result of the expiry of the compensation program.

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of every director and supervisor is set out below:

Name of director and supervisor	Salary	Pension and other social welfare	Total
	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2015			
Directors			
Mr. Zhang Guofa	–	–	–
Mr. Huang Xiaowen	–	–	–
Ms. Su Min *(a)*	–	–	–
Mr. Ding Nong	–	–	–
Mr. Liu Xihan *(b)*	–	–	–
Mr. Yu Zenggang	–	–	–
Mr. Chen Jihong	–	–	–
Mr. Zhao Hongzhou	1,500	198	1,698
Ms. Zhang Nan	150	–	150
Mr. Zhang Songshen *(c)*	182	–	182
Mr. Chen Lishen *(d)*	–	–	–
Mr. Guan Yimin	150	–	150
Mr. Shi Xin	150	–	150
Mr. Yang Jigui *(e)*	–	–	–
Mr. Han Jun *(f)*	–	–	–
Mr. Graeme Jack *(g)*	79	–	79
Ms. Xi Zhiyue *(h)*	119	–	119
Supervisors			
Mr. Xu Wenrong	–	–	–
Mr. Ye Hongjun	–	–	–
Mr. Tu Shiming *(i)*	890	79	969
Mr. Shen Zhongying	150	–	150
Mr. Shen Kangchen	–	–	–
Mr. Zhu Donglin	821	118	939
Mr. Zhong Lu *(j)*	623	113	736

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

Name of director and supervisor	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000
Senior management			
Mr. Qian Weizhong	1,350	185	1,535
Mr. Feng Xingguo	1,305	188	1,493
Mr. Sui Jun	1,350	182	1,532
Mr. Gu Zhongdong	1,305	182	1,487
Mr. Chen Wei	1,260	182	1,442
Mr. Chen Shuai	1,350	182	1,532
Mr. Zhang Mingwen	1,290	182	1,472
Mr. Yu Zhen	640	111	751
	14,664	1,902	16,566

Notes:

(a) Resigned on 22 December 2015

(b) Resigned on 22 December 2015

(c) Resigned on 8 May 2015

(d) Resigned on 26 June 2015

(e) Appointed on 22 December 2015

(f) Appointed on 22 December 2015

(g) Appointed on 26 June 2015

(h) Appointed on 8 May 2015

(i) Resigned on 20 April 2015

(j) Appointed on 20 April 2015

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

Name of director and supervisor	Fees	Salary	Pension and other social welfare	Total	Unit of the Rights granted
	RMB'000	RMB'000	RMB'000	RMB'000	*(note 9)*
For the year ended 31 December 2014					
Directors					
Mr. Zhang Guofa	–	–	–	–	2,218,050
Mr. Huang Xiaowen	–	–	–	–	3,334,050
Ms. Su Min	–	–	–	–	–
Mr. Ding Nong	–	–	–	–	–
Mr. Liu Xihan *(a)*	–	–	–	–	–
Mr. Yu Zenggang *(a)*	–	–	–	–	–
Mr. Chen Jihong	–	–	–	–	–
Mr. Zhao Hongzhou	–	799	128	927	2,604,000
Mr. Wang Daxiong *(b)*	–	–	–	–	1,240,000
Mr. Zhang Rongbiao *(b)*	–	–	–	–	–
Ms. Zhang Nan	138	–	–	138	–
Mr. Zhang Songshen	300	–	–	300	–
Mr. Chen Lishen	75	–	–	75	–
Mr. Guan Yimin	138	–	–	138	–
Mr. Shi Xin	138	–	–	138	–
Supervisors					
Mr. Xu Wenrong	–	–	–	–	–
Mr. Ye Hongjun	–	–	–	–	–
Mr. Tu Shiming	–	631	120	751	246,450
Mr. Shen Zhongying	138	–	–	138	–
Mr. Shen Kangchen	–	–	–	–	–
Mr. Wang Xiuping *(j)*	180	–	–	180	–
Mr. Zhu Donglin *(c)*	–	658	60	718	–

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

Name of director and supervisor	Fees RMB'000	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000	Unit of the Rights granted *(note 9)*
Senior management					
Mr. Huang Xinming *(d)*	–	349	62	411	2,604,000
Mr. Qian Weizhong *(e)*	–	500	63	563	–
Mr. Li Zhigang *(f)*	–	–	–	–	1,399,650
Mr. Feng Xingguo	–	643	119	762	1,240,000
Mr. Sui Jun	–	638	122	760	1,395,000
Mr. Gu Zhongdong *(g)*	–	480	58	538	–
Mr. Chen Wei *(g)*	–	480	76	556	–
Mr. Chen Shuai *(g)*	–	663	59	722	1,395,000
Mr. Zhang Mingwen	–	663	59	722	–
Mr. Yu Zhen *(h)*	–	399	52	451	–
Mr. Ye Yumang *(i)*	–	67	–	67	1,240,000
	1,107	6,970	978	9,055	18,916,200

Notes:

(a) Appointed on 26 June 2014

(b) Resigned on 26 June 2014

(c) Appointed on 27 January 2014

(d) Resigned on 4 March 2014

(e) Appointed on 4 March 2014

(f) Resigned on 10 January 2014

(g) Appointed on 7 January 2014

(h) Appointed on 29 April 2014

(i) Resigned on 29 April 2014

(j) Resigned on 27 January 2014

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

No directors or supervisors of the Company waived any emoluments during the year ended 31 December 2015 (2014: Nil). No discretionary bonus was paid to any of the directors or supervisors of the Company during the year ended 31 December 2015 (2014: Nil).

In year 2015, fair value of the Rights granted to the directors and supervisors of the Company decreased by RMB24,225,000 due to the expiration of the Rights (2014: increased by approximately RMB115,000).

(B) FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included one director and four senior managers (2014: one director, one supervisor and three senior managers), details of whose remuneration are set out in note 10(a) above.

(C) During the year ended 31 December 2015, no emoluments were paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

11 FINANCE COSTS

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

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

12 INCOME TAX EXPENSE

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

Notes:

(a) PRC corporate income tax ("CIT")

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

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

(b) Hong Kong profits tax

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

12 INCOME TAX EXPENSE *(continued)*

Notes: (continued)

(c) The taxation on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the taxation rate applicable to the Company as follows:

	2015	2014
	RMB'000	RMB'000
(Loss)/profit before income tax from continuing operations	**(2,897,163)**	1,577,524
Tax calculated at an income tax rate of 25% (2014: 25%)	**(724,291)**	394,381
Tax losses for which no deferred income tax asset was recognised	**500,962**	17,511
Impairment of fixed assets for which no deferred income tax asset was recognised	**229,680**	–
Derecognition of tax losses previously recognised	**–**	316,850
Profit and losses attributable to joint ventures and associates	**(49,256)**	(21,031)
Loss/(income) not subject to tax	**66,368**	(189,402)
Effect of different tax rate or tax base of subsidiaries and others	**18,509**	29,221
	41,972	547,530

13 DISCONTINUED OPERATION

On 11 October 2013, the Company announced the decision of its board of directors to dispose of China Shipping Terminal Company Limited ("CSTD"). CSTD engages in operating container terminals. The disposal was completed on 20 June 2014.

13 DISCONTINUED OPERATION *(continued)*

The results of CSTD for the year ended 31 December 2014 are presented below:

	Year ended 31 December 2014 RMB'000
Revenue	132,876
Costs of services	(79,620)
Selling, administrative and general expenses	(25,745)
Other income	22,945
Other losses, net	(7,023)
Finance costs	(21,786)
Share of profits and losses of:	
Associates	1,289
Joint ventures	25,617
Profit of the discontinued operation	48,553
Loss recognised on the remeasurement to fair value	–
Profit before tax from the discontinued operation	48,553
Income tax:	
Related to pre-tax profit	(9,797)
Profit for the year from the discontinued operation	38,756

13 DISCONTINUED OPERATION *(continued)*

The net cash flows incurred by CSTD for year ended 31 December 2014 are presented below:

	Year ended 31 December 2014 RMB'000
Operating activities	19,112
Investing activities	(483,783)
Financing activities	313,926
Exchange gain/(loss) on cash and cash equivalents	2,901
Net cash inflow	(147,844)
Earnings per share:	
Basic, from the discontinued operation	RMB0.31cents
Diluted, from the discontinued operation	RMB0.31cents

The calculation of basic earnings per share from the discontinued operation is based on:

	2014 RMB
Profit attributable to ordinary equity holders of the parent from the discontinued operation	36,046,000
Weighted average number of ordinary shares in issue during the year *(note 15)*	11,683,125,000

The diluted earnings per share amount is the same as the basic earnings per share amount.

14 DIVIDENDS

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

15 EARNINGS/(LOSS) PER SHARE

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

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

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

16 PROPERTY, PLANT AND EQUIPMENT

	The Group							
	Container vessels RMB'000	Vessels under construction RMB'000	Improvements under operating leases RMB'000	Buildings RMB'000	Construction in progress RMB'000	Containers RMB'000	Motor vehicles, computer, office equipment and furniture RMB'000	Total RMB'000
At 1 January 2014								
Year ended 31 December 2014								
Opening net book amount	27,488,053	2,343,830	5,121	223,666	18,543	2,065,730	145,351	32,290,294
Exchange difference	46,924	5,677	7	–	–	8,413	112	61,133
Additions	56,179	4,981,236	26,246	–	46,298	838,928	21,957	5,970,844
Transfers	6,539,672	(6,539,672)	56,983	–	(57,358)	–	375	–
Disposals	(129,531)	–	–	(176)	–	(10,332)	(1,473)	(141,512)
Disposal of subsidiaries	–	–	–	(175,906)	–	(12)	(78,447)	(254,365)
Depreciation *(note 6)*	(1,370,025)	–	(11,112)	(1,331)	–	(134,347)	(39,771)	(1,556,586)
Closing net book amount	32,631,272	791,071	77,245	46,253	7,483	2,768,380	48,104	36,369,808
At 31 December 2014								
Cost	41,365,275	791,071	178,890	52,978	7,483	3,891,517	358,808	46,646,022
Accumulated depreciation and impairment losses	(8,734,003)	–	(101,645)	(6,725)	–	(1,123,137)	(310,704)	(10,276,214)
Net book amount	32,631,272	791,071	77,245	46,253	7,483	2,768,380	48,104	36,369,808
Year ended 31 December 2015								
Opening net book amount	32,631,272	791,071	77,245	46,253	7,483	2,768,380	48,104	36,369,808
Exchange difference	1,041,680	41,848	–	–	–	181,296	2,714	1,267,538
Additions	45,059	2,441,206	3,301	8,003	710,589	569,170	12,228	3,789,556
Transfers	2,661,232	(2,661,232)	–	–	(717,862)	717,862	–	–
Disposals	(379,939)	–	–	(1,320)	–	(62,299)	(1,293)	(444,851)
Impairment of fixed assets	(729,849)	(12,770)	–	–	–	(79,363)	–	(821,982)
Depreciation *(note 6)*	(1,565,926)	–	(20,374)	(1,609)	–	(218,276)	(17,721)	(1,823,906)
Closing net book amount	33,703,529	600,123	60,172	51,327	210	3,876,770	44,032	38,336,163
At 31 December 2015								
Cost	44,354,412	612,893	182,191	57,370	210	5,283,537	260,320	50,750,933
Accumulated depreciation and impairment losses	(10,650,883)	(12,770)	(122,019)	(6,043)	–	(1,406,767)	(216,288)	(12,414,770)
Net book amount	33,703,529	600,123	60,172	51,327	210	3,876,770	44,032	38,336,163

16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) As at 31 December 2015, the net book value of the Group's containers and motor vehicles held under finance leases amounted to approximately RMB35,772,000 (2014: RMB240,991,000).

(b) As at 31 December 2015, the net book value of container vessels and containers of the Group pledged as security for the bank borrowings amounted to approximately RMB11,497,768,000 (2014: RMB8,344,784,000) (note 29).

(c) As at 31 December 2015, the net book value of the assets leased out under operating leases, where the Group are the lessors, comprised vessels under chartering arrangements amounting to RMB5,811,706,000 (2014: RMB3,206,648,000).

(d) During the year ended 31 December 2015, the capitalised borrowing costs of the Group and included in vessels under construction and construction in progress amounting to approximately RMB10,230,000 (2014: RMB43,781,000).

(e) As at 31 December 2015, the accumulated impairment losses of the container vessels, vessels under construction and containers of the Group included under "accumulated depreciation and impairment losses" amounted to RMB838,000,000 (2014: RMB17,886,000).

(f) As described in Note 3, management concluded there are impairment indicators for container vessels, vessels under construction and containers as at 31 December 2015. Therefore, an impairment assessment is performed and an aggregate amount of RMB821,982,000 is recognized for the year ended 31 December 2015. The recoverable amounts of container vessels, vessels under construction and containers are RMB33,703,529,000, RMB600,123,000 and RMB3,876,770,000, respectively, which are based the value in use estimated as at 31 December 2015. The discount rate used to determine the recoverable amount is 7.7%

(g) Depreciation expense of RMB1,784,202,000 has been charged to consolidated statement of profit or loss within costs of services and RMB39,704,000 has been charged to consolidated statement of profit or loss within selling, administrative and general expenses (note 6)(2014: RMB1,531,369,000 has been charged to consolidated statement of profit or loss within costs of services; RMB25,217,000 has been charged to consolidated statement of profit or loss within selling, administrative and general expenses).

17 INTANGIBLE ASSETS

	Computer software RMB'000
Year ended 31 December 2014	
Opening net book value	20,406
Exchange difference	9
Additions	4,886
Disposal of subsidiaries	(191)
Amortisation charge for the year *(note 6)*	(6,194)
Closing net book amount	18,916
At 31 December 2014	
Cost	47,455
Accumulated amortisation	(28,539)
Net book amount	18,916
Year ended 31 December 2015	
Opening net book value	**18,916**
Exchange difference	**(7)**
Additions	**4,393**
Disposal	**(61)**
Amortisation charge for the year *(note 6)*	**(7,669)**
Closing net book amount	**15,572**
At 31 December 2015	
Cost	**51,780**
Accumulated amortisation	**(36,208)**
Net book amount	**15,572**

The amortisation of intangible assets of RMB7,669,000 (2014: RMB6,194,000) has been charged to "selling, administrative and general expenses".

18 INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Share of net assets	**3,913,403**	3,713,077
Goodwill on acquisition	**41,303**	41,303
	3,954,706	3,754,380

The Group's transactions and balances with the associates are disclosed in note 39 to the consolidated financial statements.

Particulars of the material associate are as follows:

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
China Shipping Ports Development Co., Ltd.	30 July 2001	Limited liability company	Hong Kong	HKD8,620,135,795	49%	Operation of ports

China Shipping Ports Development Co., Ltd which is considered a material associate of the Group, is a strategic partner of the Group engaged in the operation of ports and is accounted for using the equity method.

18 INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarized financial information in respect of China Shipping Ports Development Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2015	2014
	RMB'000	RMB'000
Revenue	**401,661**	372,517
Net profit	**282,628**	136,282
Other comprehensive income/(loss)	**84,895**	(108,019)
Total comprehensive income for the year	**367,523**	28,263
Dividend received	**–**	–
Current assets	**404,746**	740,686
Non-current assets, excluding goodwill	**7,940,687**	7,752,241
Current liabilities	**(361,419)**	(816,497)
Non-current liabilities	**(256,049)**	(341,963)
Non-controlling interests	**(441,665)**	(416,064)
Net assets, excluding goodwill and non-controlling interests	**7,286,300**	6,918,403
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate, excluding goodwill	**3,570,287**	3,390,017
Goodwill on acquisition (less cumulative impairment)	**25,452**	25,452
Carrying amount of the investment	**3,595,739**	3,415,469

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2015	2014
	RMB'000	RMB'000
Share of the associates' profit for the year	**54,697**	56,374
Share of the associates' other comprehensive income	**(1,758)**	4,613
Share of the associates' total comprehensive income	**52,939**	60,987
Aggregate carrying amount of the Group's investments in the associates	**358,967**	338,911

19 INVESTMENTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Share of net assets	**56,243**	52,402

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2015 RMB'000	2014 RMB'000
Share of the joint ventures' profit for the year	**3,841**	6,209
Share of the joint ventures' total comprehensive income	**3,841**	6,209
Aggregate carrying amount of the Group's investments in the joint ventures	**56,243**	52,402

20 DERIVATIVE FINANCIAL INSTRUMENTS

	2015 Assets RMB'000	2014 Assets RMB'000
Interest rate swaps	**–**	4,723
Portion classified as non-current:		
Interest rate swaps	**–**	4,026
Current portion	**–**	697

	2015 Liabilities RMB'000	2014 Liabilities RMB'000
Interest rate swaps	**838**	–
Portion classified as non-current:		
Interest rate swaps	**691**	–
Current portion	**147**	–

20 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

CASH FLOW HEDGES

At 31 December 2015, the Group had interest rate swap agreements in place with a total notional amount of US$380,755,200 whereby they receive interests at variable rates equal to the 3-month London Interbank Offered Rate ("LIBOR") on the notional amounts and pay interests at fixed rates of 1.37% to 1.58%. The swaps are used to hedge the exposure to changes in the cash flow of its secured loans with variable rates. The secured loans and the interest rate swap agreements have the same critical terms. The hedge of the interest rate swaps was assessed to be effective.

21 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2015	2014
	RMB'000	RMB'000
Financial assets:		
Loans and receivables		
– Trade and notes receivables *(note 25)*	**1,930,882**	2,384,511
– Financial assets included in prepayments and other receivables	**405,789**	245,418
– Restrict cash *(note 26)*	**1,410**	500
– Cash and cash equivalents *(note 26)*	**11,001,051**	9,355,888
	13,339,132	11,986,317
Financial liabilities:		
Financial liabilities at amortised cost		
– Trade payables *(note 33)*	**3,532,484**	3,825,897
– Financial liabilities included in other payables and accruals	**835,359**	503,860
– Interest-bearing bank and other borrowings *(note 29)*	**28,365,235**	22,153,905
– Domestic corporate bonds *(note 30)*	**1,796,432**	1,793,981
– Finance lease obligations *(note 31)*	**15,826**	187,259
	34,545,336	28,464,902
Derivative financial instruments (liabilities)/assets *(note 20)*	**(838)**	4,723

22 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Derivative financial instruments	**–**	4,723	**–**	4,723
Financial liabilities				
Long term borrowings	**17,807,972**	13,463,254	**17,628,806**	13,451,171
Domestic corporate bonds	**1,796,432**	1,793,981	**1,794,540**	1,784,964
Derivative financial instruments	**838**	–	**838**	–
Finance lease obligations	**7,276**	150,281	**7,276**	150,281
	19,612,518	15,407,516	**19,431,460**	15,386,416

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and notes receivables, trade payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, finance lease obligation-current potion, and short term borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of long term borrowing, domestic corporate bonds, and finance lease obligations have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease obligations, and interest-bearing bank loans as at 31 December 2015 was assessed to be insignificant.

22 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including interest rate swaps, are measured using valuation techniques similar to swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counter parties and interest rate curves. The carrying amounts of interest rate swaps are the same as their fair values.

As at 31 December 2015, the marked to market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

FAIR VALUE HIERARCHY

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	Quoted market prices that are unadjusted in active markets for identical assets or liabilities
Level 2	–	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	–	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

22 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

FAIR VALUE HIERARCHY *(continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2015

	Fair value measurement using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Liabilities measured at fair value:			
Derivative financial instruments	**(838)**	**–**	**(838)**
Liabilities for which fair values are disclosed:			
Long term borrowing	**–**	**17,628,806**	**17,628,806**
Domestic corporate bonds	**–**	**1,794,540**	**1,794,540**
Finance lease obligations	**–**	**7,276**	**7,276**
	–	**19,430,622**	**19,430,622**

As at 31 December 2014

Assets measured at fair value:			
Derivative financial instruments	4,723	–	4,723
Liabilities for which fair values are disclosed:			
Long term borrowings	–	13,451,171	13,451,171
Domestic corporate bonds	–	1,784,964	1,784,964
Finance lease obligations	–	150,281	150,281
	–	15,386,416	15,386,416

23 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

(A) TRADE AND NOTES RECEIVABLES

As at 31 December 2015, the Group's trade and notes receivables of RMB1,816,116,000 (2014: RMB2,344,821,000) were due within three months. Trade and notes receivables that were due within three months mainly represent those due from customers with good credit history and a low default rate. Trade and notes receivables that were either past due or impaired are disclosed in note 25.

None of the financial assets that are fully performing has been renegotiated in the last year.

(B) CASH AND CASH EQUIVALENTS

The Group categorises its cash in banks into the following:

- Group 1 – Major international banks (Citibank, ABN AMRO Bank, etc.)
- Group 2 – Top four banks in the PRC (China Construction Bank, Bank of China, Agricultural Bank of China and Industrial, Commercial Bank of China) and China Merchants Bank
- Group 3 – Other reputable PRC banks

Management considered the credit risk in respect of cash and bank deposits with financial institutions is relatively small as each counterparty either bears a high credit rating or is a large PRC bank. Management believes the state is able to support the PRC banks in the event of a crisis.

	2015 **RMB'000**	2014 RMB'000
Group 1*	**1,559,315**	945,942
Group 2	**4,343,744**	3,435,441
Group 3	**5,097,992**	4,974,505
	11,001,051	9,355,888

* Included cash on hand held by companies of the Group

24 INVENTORIES

	2015 RMB'000	2014 RMB'000
Bunkers	**550,247**	899,160
Others	**348,708**	286,338
	898,955	1,185,498

25 TRADE AND NOTES RECEIVABLES

The aging analysis of the trade and notes receivables, based on the invoice date is as follows:

The carrying amounts of trade and notes receivables approximated their fair values as at the end of reporting periods.

	2015 RMB'000	2014 RMB'000
Trade receivables		
– Fellow subsidiaries *(note 39(c))*	**247,526**	333,418
– Third parties	**1,481,062**	1,858,108
	1,728,588	2,191,526
Notes receivable	**202,294**	192,985
	1,930,882	2,384,511

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

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

25 TRADE AND NOTES RECEIVABLES *(continued)*

The carrying amounts of the trade and notes receivables are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	**1,120,284**	1,396,135
USD	**676,060**	887,172
HKD	**14,049**	46,155
Other currencies	**120,489**	55,049
	1,930,882	2,384,511

The maximum exposure to credit risk at the reporting date is the total carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

CREDIT POLICY

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

As at 31 December 2015, based on the invoice date, trade receivables of the Group that were aged over three months amounted to RMB168,297,000 (2014: RMB107,539,000). They are regarded as over-due and partially impaired, and the related amounts of provisions, estimated by management based on historic experiences of credit losses amounted to RMB53,531,000 (2014: RMB67,848,000).

The movements in the provision for impairment of trade and notes receivables are as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**67,848**	68,355
Disposal of subsidiaries	**–**	(297)
Reversal for impairment of trade receivables *(note 6)*	**(14,317)**	(210)
At 31 December	**53,531**	67,848

26 CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at banks and in hand	**6,026,996**	4,358,371
Short-term bank deposits	**4,975,465**	4,998,017
	11,002,461	9,356,388
Less: Restricted cash	**(1,410)**	(500)
	11,001,051	9,355,888

Cash and cash equivalents are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	**4,770,204**	4,476,370
HKD	**68,980**	56,153
USD	**5,841,954**	4,607,985
Other currencies	**319,913**	215,380
	11,001,051	9,355,888

As at 31 December 2015, certain of the Group's current time deposits of RMB1,410,000 (2014: RMB500,000) were pledged to the Customs guarantees for import.

27 SHARE CAPITAL

	Number of shares '000	A Shares '000	H Shares '000	Total '000
Issued and fully paid:				
At 1 January 2014, 31 December 2014 and 2015	11,683,125	7,932,125	3,751,000	11,683,125

As at 31 December 2015, all issued shares are registered, fully paid and divided into 11,683,125,000 shares (2014: 11,683,125,000 shares) of RMB1.00 each, comprising 7,932,125,000 A Shares and 3,751,000,000 H Shares (2014: 7,932,125,000 A Shares and 3,751,000,000 H Shares).

28 OTHER RESERVES AND RETAINED EARNINGS

(A) SPECIAL RESERVE

According to "Circular on Printing and Distributing the Administrative Measures for the Withdrawal and Use of Expenses for Safety Production of Enterprises" issued by the Ministry of Finance and the Safety Production General Bureau on 14 February 2012, the Group is required to accrue a "Safety Fund" to improve the production safety. The Group should accrue the Safety Fund from 1 January 2012. The accrual standard rate is 1% of the revenue from transportation services of the PRC entities of the Group. The fund is accrued monthly according to revenue and in a progressive way.

(B) OTHER RESERVES

	The Group			
	Capital surplus	Statutory surplus reserve	Translation	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	17,025,432	1,355,763	(1,485,879)	16,895,316
Share of other comprehensive loss of associates	(32,334)	–	–	(32,334)
Cash flow hedges, net of tax	4,715	–	–	4,715
Capital injection from non-controlling interests	594	–	–	594
Disposal of subsidiaries	(6,395)	–	–	(6,395)
Currency translation difference	–	–	11,034	11,034
Others	674	–	–	674
Balance at 31 December 2014	16,992,686	1,355,763	(1,474,845)	16,873,604
Balance at 1 January 2015	**16,992,686**	**1,355,763**	**(1,474,845)**	**16,873,604**
Share of other comprehensive income of associates	**39,841**	**–**	**–**	**39,841**
Cash flow hedges, net of tax	**(5,682)**	**–**	**–**	**(5,682)**
Currency translation difference	**–**	**–**	**297,556**	**297,556**
Others	**922**	**–**	**–**	**922**
Balance at 31 December 2015	**17,027,767**	**1,355,763**	**(1,177,289)**	**17,206,241**

Capital surplus mainly represents share premium and reserves arising from business combinations under common control.

28 OTHER RESERVES AND RETAINED EARNINGS *(continued)*

(C) ACCUMULATED LOSSES

In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, each of the companies of the Group registered in the PRC is required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of the reserve reaches 50% of the company's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, the statutory surplus reserve fund must be maintained at a minimum of 25% of the entity's share capital after this issuance.

29 INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015	2014
	RMB'000	RMB'000
Non-current		
Long-term bank borrowings	**16,558,612**	12,251,354
Borrowing from parent and ultimate holding company *(note 39(c))*	**1,249,360**	1,211,900
	17,807,972	13,463,254
Current		
Short-term bank borrowings	**2,697,433**	1,407,370
Commercial paper notes	**4,870,200**	2,447,600
Long-term bank borrowings		
– current portion	**2,989,630**	4,835,681
	10,557,263	8,690,651
	28,365,235	22,153,905
Representing:		
Borrowing from a related party		
– unsecured	**1,249,360**	1,211,900
Bank borrowings		
– unsecured	**18,317,115**	13,281,412
– secured	**8,798,760**	7,660,593
	28,365,235	22,153,905

29 INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

The maturity periods of the borrowings are as follows:

	2015	2014
	RMB'000	RMB'000
Within one year	**10,557,263**	8,690,651
In the second year	**6,278,509**	2,734,020
In the third to fifth year	**7,345,871**	7,371,352
After fifth year	**4,183,592**	3,357,882
	28,365,235	22,153,905

As at 31 December 2015, the secured long-term bank borrowings of the Group were secured by the following collateral:

(i) Legal mortgage over certain container vessels and containers of the Group with a net book value of approximately RMB11,497,768,000 (2014: RMB8,344,784,000) (note 16(b)), and

(ii) Charges over shares of certain vessels-owning subsidiaries of the Group.

An analysis of the carrying amounts of the Group's borrowings by type and currency is as follows:

	2015	2014
	RMB'000	RMB'000
RMB		
– at fixed rates	**1,200,000**	600,000
USD		
– at fixed rates	**254,246**	613,980
– at floating rates	**26,910,989**	20,939,925
	28,365,235	22,153,905

29 INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

The weighted average effective interest rates at the end the of reporting period are as follows:

	2015	2014
	RMB'000	RMB'000
Bank borrowings		
– RMB	**3.48%**	–
– USD	**2.48%**	2.16%
Borrowing from a related party		
– RMB	**2.85%**	3.60%
– USD	**3.35%**	2.86%

The carrying amounts of the current bank borrowings approximated to their fair values as at the end of the reporting period as the impact of discounting is not significant.

The carrying amounts and the fair values of the non-current borrowings, which are based on cash flows discounted using a rate of 4.75% (2014: 6.00%), are as follows:

	2015	2014
	RMB'000	RMB'000
Carrying amounts	**17,807,972**	13,463,254
Fair values	**17,628,806**	13,451,171

The Group had the following undrawn borrowing facilities as at 31 December 2015:

	2015	2014
	RMB'000	RMB'000
Floating rate:		
– Expiring within one year	**25,615,110**	305,950
– Expiring beyond one year	**1,018,658**	1,755,168
	26,633,768	2,061,118

30 DOMESTIC CORPORATE BONDS

	2015	2014
	RMB'000	RMB'000
Non-current domestic corporate bonds	**1,796,432**	1,793,981

On 12 June 2007, the Company issued domestic corporate bonds in the PRC with a face value of RMB1,800,000,000, pursuant to the approval obtained from the National Development and Reform Commission of the PRC. The bonds are denominated in RMB and for a ten-year period fully repayable by 12 June 2017, and bear interest at a fixed rate of 4.51% per annum. The bonds are guaranteed by the Bank of China, Shanghai branch, and have been listed on the interbank bond market in the PRC.

The bonds were initially recognised at their fair value of RMB1,800,000,000, after deducting the transaction costs that are directly attributable to the bonds amounting to approximately RMB24,512,000. As at 31 December 2015, the estimated fair value of the bonds was approximately RMB1,794,540,341 (2014: RMB1,784,964,000). The fair value is calculated based on the discounted cash flows using applicable discount rates from the prevailing market interest rates offered to the Group for debts with substantially the same characteristics and maturity dates. The discount rate used was approximately 4.75% (2014: 6.00%) per annum.

31 FINANCE LEASE OBLIGATIONS

	2015			2014		
	Minimum lease payment	**Finance charges**	**Net present value of minimum lease payment**	Minimum lease payment	Finance charges	Net present value of minimum lease payment
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
Finance lease obligations						
Within one year	**9,306**	**756**	**8,550**	47,128	10,150	36,978
In the second year	**7,284**	**228**	**7,056**	47,147	7,939	39,208
In the third to fifth year	**224**	**4**	**220**	121,585	10,512	111,073
	16,814	**988**	**15,826**	215,860	28,601	187,259
Less: Within one year (current portion)	**(9,306)**	**(756)**	**(8,550)**	(47,128)	(10,150)	(36,978)
	7,508	**232**	**7,276**	168,732	18,451	150,281

31 FINANCE LEASE OBLIGATIONS *(continued)*

The average effective interest rate of finance lease obligations of the Group is 5.75% (2014: 5.78%) per annum.

The carrying amounts of finance lease obligations approximated to their fair value as at the end of the reporting period. The fair values were determined based on discounted cash flows using a rate of approximately 4.75% (2014: 6.00%) per annum.

All finance lease obligations are denominated in USD.

32 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2015	2014
	RMB'000	RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be settled after more than 12 months	**4,358**	10,479
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(94)**	(75)
	4,264	10,404

The movements in the deferred income tax assets/(liabilities) are as follows:

	2015	2014
	RMB'000	RMB'000
Beginning of year	**10,404**	496,507
Charged to consolidated statement of profit or loss *(note 12)*	**(6,140)**	(486,103)
End of year	**4,264**	10,404

32 DEFERRED INCOME TAX *(continued)*

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	485,639	10,895	496,534
Charged to consolidated statement of profit or loss	(485,639)	(416)	(486,055)
At 31 December 2014	–	10,479	10,479
Charged to consolidated statement of profit or loss	–	(6,121)	(6,121)
At 31 December 2015	**–**	**4,358**	**4,358**

Deferred income tax liabilities:

	Others RMB'000
At 1 January 2014	(27)
Charged to consolidated statement of profit or loss	(48)
At 31 December 2014	(75)
Charged to consolidated statement of profit or loss	(19)
At 31 December 2015	**(94)**

No deferred tax assets have been recognised by the Group on cumulative tax losses amounting to approximately RMB5,264,378,000(2014: RMB3,260,530,000), because it is uncertain that the temporary differences can be reversed in the foreseeable future. Tax losses amounting to approximately RMB5,049,905,000 (2014: RMB3,478,916,000) of the Group will expire within five years from 1 January 2016. Tax losses amounting to approximately RMB5,049,905,000 and RMB214,473,000 respectively (2014: RMB141,614,000) of the Group are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

33 TRADE PAYABLES

	2015 **RMB'000**	2014 RMB'000
Trade payables		
– Fellow subsidiaries *(note 39(c))*	**772,974**	873,069
– Third parties	**2,759,510**	2,952,828
	3,532,484	3,825,897

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

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

The carrying amounts of the trade payables are denominated in the following currencies:

	2015 **RMB'000**	2014 RMB'000
RMB	**1,985,913**	1,910,611
HKD	**52,830**	71,067
USD	**1,266,061**	1,734,502
Other currencies	**227,680**	109,717
	3,532,484	3,825,897

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

34 PROVISION

	Legal claims RMB'000
The Group and the Company	
At 1 January 2014,31 December 2014 and 2015	25,000

The provision for legal claims of RMB25,000,000 is related to a legal claim brought against the Company by customers of the Company. In the opinion of the Company's directors, after taking into account legal advice, the outcome of this legal claim will not give rise to any significant loss beyond the amounts provided as at 31 December 2015.

35 DISPOSAL OF SUBSIDIARIES

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

35 DISPOSAL OF SUBSIDIARIES *(continued)*

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

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

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

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

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

36 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOW

(A) Reconciliation of the profit/(loss) before income tax to net cash generated from/(used in) operations:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Loss/(profit) before income tax:		
From continuing operations	**(2,897,163)**	1,577,524
From a discontinued operation	**–**	48,553
Impairment of fixed assets *(note 16)*	**821,982**	–
Exchange loss	**51,606**	–
Depreciation *(note 16)*	**1,823,906**	1,596,318
Amortisation *(notes 17)*	**7,669**	6,718
Dividend income from available-for-sale financial assets	**–**	(19,201)
Share of results of associates	**(193,185)**	(79,204)
Share of results of joint ventures	**(3,841)**	(31,826)
Interest expense	**598,138**	477,755
Finance charge of finance lease obligations *(note 11)*	**7,608**	12,230
Interest income	**(173,547)**	(201,610)
Change in fair value of share-based compensation liability *(note 9)*	**–**	737
Change in fair value of share-based compensation Liability due to expiry of the compensation program	**24,225**	–
Provision for impairment of trade receivables and other receivables	**(9,466)**	(566)
Losses on disposal of items of property, plant and equipment	**253,337**	28,403
Gain on disposal of subsidiaries *(note 35)*	**–**	(947,456)
Operating profit before working capital changes	**311,269**	2,468,375
Decrease in inventories	**286,543**	360,689
Decrease in trade and notes receivables	**576,012**	81,793
Increase in prepayments and other receivables	**(342,213)**	(13,157)
(Increase)/decrease in restricted cash	**(910)**	1,600
Decrease in trade payables	**(293,413)**	(52,640)
Increase/(decrease) in accruals and other payables	**184,248**	(27,173)
Net cash generated from operations	**721,536**	2,819,487

36 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOW
(continued)

(B) Proceeds from disposal of items of property, plant and equipment and intangible assets comprise:

	2015	2014
	RMB'000	RMB'000
Net book amount	**444,912**	141,512
Loss on disposal of items of property, plant and equipment and intangible assets	**(253,337)**	(18,399)
Proceeds from disposal of items of property, plant and equipment and intangible assets from discontinued operations	**–**	3,493
Proceeds from disposal of items of property, plant and equipment and intangible assets	**191,575**	126,606

37 COMMITMENTS

(A) CAPITAL COMMITMENTS

As at 31 December 2015 and 2014, the Group had the following significant capital commitments which were not provided for in the statement of financial position:

	2015	2014
	RMB'000	RMB'000
Contracted but not provided for:		
– Vessel under construction	**5,460,858**	1,755,168

37 COMMITMENTS *(continued)*

(B) LEASE COMMITMENTS – THE GROUP ARE THE LESSEES

As at 31 December 2015 and 2014, the Group had future aggregate minimum lease payments under non-cancelable operating leases as follows:

	2015	2014
	RMB'000	RMB'000
Land and buildings:		
– Within one year	**131,479**	82,526
– In the second to fifth year	**190,439**	177,947
– After fifth year	**80,145**	44,971
	402,063	305,444
Vessels chartered in and containers under operating leases:		
– Within one year	**3,332,396**	2,724,802
– In the second to fifth year	**4,195,901**	5,091,447
– After fifth year	**506,129**	1,039,428
	8,034,426	8,855,677
	8,436,489	9,161,121

37 COMMITMENTS *(continued)*

(C) FUTURE OPERATING LEASE ARRANGEMENTS – THE GROUP ARE THE LESSORS

As at 31 December 2015 and 2014, the Group had future aggregate minimum lease receivables under non-cancellable operating leases as follows:

	2015	2014
	RMB'000	RMB'000
Vessels chartered-out under operating leases:		
– Within one year	**1,019,888**	488,492
– In the second to fifth year	**171,841**	429,016
– After fifth year	**–**	3,300
	1,191,729	920,808

38 CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no significant contingent liabilities.

39 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is part of a larger group of companies under the China Shipping Group and has extensive transactions and relationships with members of the China Shipping Group incorporated in the PRC. The China Shipping Group itself is a state-owned enterprise and is controlled by the PRC government. Neither of them produces financial statements for public use.

As the Group is controlled by China Shipping Group, it is considered to be indirectly controlled by the PRC government, which controls a substantial number of entities in the PRC. As the Group has early adopted the revised standard of HKAS 24 *Related Party Disclosures* since 1 January 2010, the Group and the Company are not required to disclose details of transactions with the government and other government-related entities.

39 SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(A) FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014, THE DIRECTORS ARE OF THE VIEW THAT THE FOLLOWING COMPANIES ARE SIGNIFICANT RELATED PARTIES THAT HAD TRANSACTIONS WITH THE GROUP:

Name	Relationship with the Group
China Shipping (Group) Company	Parent and ultimate holding company
China Shipping (Turkey) Agency Co., Ltd.	Fellow subsidiary
China Shipping (Group) Africa Rep. Office	Fellow subsidiary
China Shipping Development Co., Ltd.	Fellow subsidiary
China Shipping Logistics Co., Ltd.	Fellow subsidiary
China Shipping Agency Co., Ltd.	Fellow subsidiary
China Shipping Air Cargo Co., Ltd.	Fellow subsidiary
China Shipping Industry Co., Ltd.	Fellow subsidiary
China Shipping Investment Co., Ltd.	Fellow subsidiary
China Shipping International Trading Co., Ltd.	Fellow subsidiary
China Shipping Telecommunications Co., Ltd.	Fellow subsidiary
Dong Fang International Investment Co., Ltd.	Fellow subsidiary
China Shipping Agency (Australia) Holdings Pte Ltd.	Fellow subsidiary
China Shipping Japan Co., Ltd.	Fellow subsidiary
China Shipping Agency (Korea) Co., Ltd.	Fellow subsidiary
China Shipping (Europe) Holding GmbH	Fellow subsidiary
China Shipping (Hong Kong) Holdings Co., Ltd.	Fellow subsidiary
China Shipping (North America) Holding Co., Ltd.	Fellow subsidiary
China Shipping (Western Asia) Holdings Co., Ltd.	Fellow subsidiary
China Shipping (South Eastern Asia) Holding Co., Ltd.	Fellow subsidiary
Shanghai Universal Logistics Equipment Co., Ltd.	Fellow subsidiary
China Shipping International Ship Management Co., Ltd.	Fellow subsidiary
China Shipping & Sinopec Suppliers Co., Ltd.	Fellow subsidiary
Shanghai Ship and Shipping research institute	Fellow subsidiary
China Shipping Finance Co., Ltd.	Fellow subsidiary and associate
Dalian Vanguard International Logistics Co., Ltd.	Joint venture
Jinzhou Port Container-Railway Logistic Co., Ltd.	Joint venture
China International Ship Management Co., Ltd.	Joint venture

In addition to the related party information shown elsewhere in these consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the years of 2015 and 2014 and balances arising from the related party transactions for the years ended 31 December 2015 and 2014.

39 SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(B) SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

	2015 RMB'000	2014 RMB'000
Transactions with parent and ultimate holding company		
Non-current borrowing	**600,000**	611,900
Interest expense from non-current borrowing	**40,016**	46,754
Transactions with fellow subsidiaries		
Revenue:		
Liner services	**156,736**	113,616
Fuel supply	**1,321,407**	2,325,178
Port services	**–**	23,108
Agency services	**793**	92,467
Information technology services	**25,268**	13,970
Expenditure:		
Lease of containers	**154,981**	154,107
Lease of vessels	**–**	3,300
Lease of chassis	**9,296**	17,912
Lease of properties	**81,392**	82,658
Cargo and liner agency services	**612,240**	574,328
Container management services	**186,771**	178,912
Ship repair services	**46,325**	47,432
Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	**1,160,813**	1,462,340
Depot services	**26,067**	14,573
Information technology services	**48,723**	29,955
Provision of crew members	**677,901**	506,001
Loading and unloading services	**1,431,690**	1,211,294
Purchase of containers	**1,038,759**	682,779
Container ground transport costs	**5,810**	2,939
Transactions with China Shipping Finance Co., Ltd. ("CS Finance", a fellow subsidiary and associate)		
Borrowings	**–**	500,000
Interest expense from borrowings	**83**	6,899
Interest income from deposits	**65,515**	46,020

39 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(C) BALANCES WITH RELATED PARTIES

	2015	2014
	RMB'000	RMB'000
Balances with parent and ultimate holding company		
Borrowings	**1,249,360**	1,211,900
Interest payables	**1,081**	1,132

	2015	2014
	RMB'000	RMB'000
Balances with fellow subsidiaries		
Trade receivables	**272,666**	343,746
Provisions	**(8,180)**	(10,328)
	264,486	333,418
Trade payables	**772,974**	873,069

	2015	2014
	RMB'000	RMB'000
Balances with CS Finance		
Interest receivables	**25,724**	5,421
Deposits	**3,873,318**	2,964,893

The balances are unsecured and interest-free.

39 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(D) TRANSACTIONS WITH OTHER STATE-OWNED ENTERPRISES

The Group has transactions with other state-controlled entities including but not limited to the following:

- Purchases of services, bunker and spare parts
- Purchases of assets
- Bank deposits and borrowings
- Interest income and expense

These transactions are conducted in the ordinary course of business of the Group.

(E) KEY MANAGEMENT COMPENSATION

	2015	2014
	RMB'000	RMB'000
Basic salaries and allowances	**14,664**	4,882
Pension and other welfare	**1,902**	670
Expiration of the Rights	**(37)**	–
Fair value of the Rights	**–**	37
	16,529	5,589

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(A) SUBSIDIARIES

As at 31 December 2015, the Company had direct and indirect interests in the following subsidiaries:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
Established and operating in the PRC						
China Shipping Container Lines Dalian Co., Ltd.	5 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Guangzhou Co., Ltd.	26 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Hainan Company Limited	14 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Qingdao Company Limited	13 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Shanghai Co., Ltd.	13 January 2003	Limited liability company	RMB71,140,000	100%	–	Cargo and liner agency
China Shipping Container Lines Shenzhen Co., Ltd.	15 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Tianjin Company Limited	3 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Xiamen Co., Ltd.	6 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
Shanghai Puhai Shipping Lines Co., Ltd.	19 November 1992	Limited liability company	RMB682,911,111	98.2%	1.8%	International container shipping
China Shipping Container Lines (Fuzhou) Co., Ltd.	20 May 2003	Limited liability company	RMB5,000,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Haikou) Co., Ltd.	5 November 2003	Limited liability company	RMB3,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines (Jiangsu) Co., Ltd.	19 September 2003	Limited liability company	RMB6,500,000	45%	55%	Transportation
China Shipping Container Lines Lianyungang Co., Ltd.	12 March 2003	Limited liability company	RMB5,000,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Qinhuangdao) Co., Ltd.	6 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
Established and operating in the PRC *(continued)*						
China Shipping Container Lines (Rizhao) Co., Ltd.	18 July 2003	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
Nanning China Shipping Container Lines Co., Ltd.	18 September 2008	Limited liability company	RMB1,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines (Dalian) Information Processing Co., Ltd.	17 April 2009	Limited liability company	RMB2,000,000	100%	–	Provision of information processing services
China Shipping Container Lines (Zhejiang) Co., Ltd.	18 June 2003	Limited liability company	RMB7,000,000	45%	55%	Cargo and liner agency
Dandong China Shipping Container Lines Co., Ltd.	18 April 2003	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
Dongguan China Shipping Container Lines Co., Ltd.	14 May 2004	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Fangchenggang China Shipping Container Lines Co., Ltd.	6 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Jiangmen China Shipping Container Lines Co., Ltd.	21 August 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines Jinzhou Co., Ltd.	18 March 2003	Limited liability company	RMB1,500,000	–	100%	Cargo and liner agency
Quanzhou China Shipping Container Lines Co., Ltd.	2 September 2003	Limited liability company	RMB1,550,000	10%	90%	Cargo and liner agency
Shantou China Shipping Container Lines Co., Ltd.	18 April 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines Yingkou Co., Ltd.	9 January 2003	Limited liability company	RMB1,000,000	10%	90%	Cargo and liner agency
Zhanjiang China Shipping Container Lines Co., Ltd.	23 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Zhongshan China Shipping Container Lines Co., Ltd.	15 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Weihai China Shipping Container Lines Co., Ltd.	8 September 2004	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Yantai China Shipping Container Lines Co., Ltd.	21 December 2006	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
Established and operating in the PRC *(continued)*						
Longkou China Shipping Container Lines Co., Ltd.	23 February 2006	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines Chongqing Co., Ltd.	25 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines Hunan Co., Ltd.	13 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines Qinzhou Co., Ltd.	26 March 2010	Limited liability company	RMB 1,500,000	–	100%	Cargo and liner agency
Zhangzhou China Shipping Container Lines Co., Ltd.	11 June 2010	Limited liability company	RMB 1,550,000	–	100%	Cargo and liner agency
Tangshan China Shipping Container Lines Co., Ltd.	27 August 2010	Limited liability company	RMB 500,000	–	100%	Cargo and liner agency
China Shipping Container Lines Anhui Co., Ltd.	29 March 2005	Limited liability company	RMB1,500,000	–	100%	Cargo and liner agency
Nantong China Shipping Container Lines Co., Ltd.	21 June 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines Hubei Co., Ltd.	26 May 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Jiangxi China Shipping Container Lines Co., Ltd.	27 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Zhangjiagang China Shipping Container Lines Co., Ltd.	15 March 2005	Limited liability company	RMB5,500,000	–	100%	Cargo and liner agency
China Shipping (Yangpu) Refrigeration Storage & Transportation Co., Ltd.	13 December 2001	Limited liability company	RMB6,000,000	100%	–	Transportation, storage and other services
Shanghai Inchon International Ferry Co., Ltd.	4 July 1998	Limited liability company	USD2,000,000	–	75.5%	Transportation
China Shipping Container Lines (Shenzhen) Agency Co., Ltd.	15 June 2006	Limited liability company	RMB8,000,000	–	100%	Cargo and liner agency
Universal Logistic (Shenzhen) Co., Ltd.	25 July 2006	Limited liability company	RMB5,000,000	–	100%	Provision of shipping services

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
Established and operating in the PRC *(continued)*						
Shenzhen China Shipping Refrigeration Storage & Transportation Co., Ltd.	27 October 2006	Limited liability company	RMB2,000,000	–	100%	Provision of shipping services
SuZhou China Shipping Container Lines Co., Ltd.	15 February 2012	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
JiaXing China Shipping Container Lines Co., Ltd.	28 December 2011	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Duanzhou China Shipping Container Line, Co., Ltd.	13 January 2012	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
Cangzhou China Shipping Container Lines Co., Ltd.	6 April 2012	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
CSCL Wuhan Real Estate Investment Consulting Co., Ltd.	19 September 2012	Limited liability company	RMB11,100,000	–	100%	Real estate management
CSCL (Changsha) Real Estate Investment Consulting Co., Ltd.	11 February 2014	Limited liability company	RMB8,500,000	–	100%	Real estate management
Ningde China Shipping Container Lines Co., Ltd.	25 November 2014	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
E-shipping Global Supply Chain Management Co., Ltd.	21 July 2014	Limited liability company	RMB20,000,000	25%*	–	Logistics
Universal Shipping (Shenzhen) Co., Ltd	6 February 2015	Limited liability company	RMB 10,000,000	100%	–	International Shipping and liner agency

* Though the Group only has 25% equity interest in this subsidiary, it has more than half of the voting rights as agreed by all investors of this subsidiary.

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Incorporated and operating in Hong Kong						
China Shipping Container Lines (Hong Kong) Co., Ltd.	3 July 2002	Limited liability company	HKD1,000,000 and USD1,627,558,800	100%	–	International container shipping and liner agency
China Shipping Container Lines (Hong Kong) Agency Co., Ltd.	11 June 1999	Limited liability company	HKD10,000,000	–	100%	Cargo and liner agency
Universal Shipping (Asia) Co., Ltd.	11 June 1999	Limited liability company	HKD66,000,000	–	100%	Provision of shipping services
Shanghai Puhai Shipping (Hong Kong) Co., Ltd.	4 July 2007	Limited liability company	HKD1,000,000 and USD52,550,000	–	100%	International container shipping and liner agency
CSCL Mercury Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Mars Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Neptune Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Venus Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Star Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Uranus Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Saturn Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Jupiter Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Spring Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Summer Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
Incorporated and operating in Hong Kong *(continued)*						
CSCL Autumn Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Winter Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Bohai Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Yellow Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL East China Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL South China Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Globe Shipping Co., Ltd.	30 May 2014	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Pacific Ocean Shipping Co., Ltd.	30 May 2014	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Arctic Ocean Shipping Co., Ltd.	30 May 2014	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Atlantic Ocean Shipping Co., Ltd.	30 May 2014	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Indian Ocean Shipping Co., Ltd.	30 May 2014	Limited liability company	HKD10,000	–	100%	Ownership of vessel
Incorporated in the British Virgin Islands						
China Shipping Container Lines (Asia) Co., Ltd.	28 October 2002	Limited liability company	USD514,465,000	–	100%	Sales, purchase and lease of vessels and containers
Yangshan A Shipping Company Limited	23 December 2003	Limited liability company	USD50,000	–	100%	Ownership of vessel
Yangshan B Shipping Company Limited	23 December 2003	Limited liability company	USD50,000	–	100%	Ownership of vessel
Yangshan C Shipping Company Limited	23 April 2004	Limited liability company	USD50,000	–	100%	Ownership of vessel
Yangshan D Shipping Company Limited	23 April 2004	Limited liability company	USD50,000	–	100%	Ownership of vessel

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
Incorporated in the Marshall Islands						
Yangshan E Shipping Company Limited	11 September 2007	Limited liability company	USD50,000	–	100%	Ownership of vessel
Incorporated in the Republic of Cyprus						
Arisa Navigation Company Limited	18 June 2002	Limited liability company	CYP1,000	–	100%	Ownership of vessel
Incorporated in South Africa						
China Shipping (Africa) Holdings (PTY) Ltd.	11 September 2012	Private company	USD2,000,000	100%	–	No restriction
China Shipping (South Africa) Agency (PTY) Ltd.	29 October 2013	Private company	ZAR1,700,000	–	100%	No restriction
Incorporated in Brazil						
China Shipping (South America) Holdings Ltda	27 May 2013	Private company	BRL5,852,000	95%	5%	No restriction
Incorporated in Singapore						
Golden Sea Shipping Pte. Ltd.	13 August 2012	Limited liability company	SGD1,000,000 and USD10,000,000	60%	–	Shipping lines
China Shipping (Singapore) Petroleum Pte. Ltd.	29 August 2012	Limited liability company	USD 5,000,000	–	91%	Provision of bunker
Incorporated in Nigeria						
China Shipping (Nigeria) Agency Ltd.	21 May 2009	Private company	NGN50,000,000	–	60%	No restriction

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(continued)

(B) ASSOCIATES

As at 31 December 2015, the Group and the Company had equity interests in the following associates:

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
Established in the PRC						
China Shipping Finance Co., Ltd.	30 December 2009	Limited liability company	PRC	RMB600,000,000	25%	Provision of finance services
Angang Vehicle Transportation Co., Ltd.	12 October 1989	Limited liability company	PRC	RMB136,600,000	20.07%	Provision of vehicle transportation services
Incorporated in Hong Kong						
China Shipping Ports Development Co., Ltd.	30 July 2001	Limited liability company	Hong Kong	HKD8,620,135,795	49%	Operation of ports

(C) JOINT VENTURES

As at 31 December 2015, the Group had direct equity interests in the following joint ventures:

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
Established in the PRC						
Dalian Vanguard International Logistics Co., Ltd.	8 October 2008	Limited liability company	PRC	RMB74,000,000	50%	Logistics
Jinzhou Port Container-Railway Logistic Co., Ltd.	31 October 2011	Limited liability company	PRC	RMB10,000,000	45%	Operation of container terminal
Incorporated in Hong Kong						
China International Ship Management Co., Ltd.	18 January 2006	Limited liability company	Hong Kong	HKD100,000	50%	Provision of monitoring, maintenance and management services for vessels

Dalian Vanguard International Logistics Co., Ltd. and Jinzhou Port Container-Railway Logistic Co., Ltd. are joint ventures directly held by the Company.

The English names of certain subsidiaries, associates and joint ventures referred to in these financial statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

41 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**15,155,948**	16,487,795
Intangible assets	**10,032**	12,011
Deferred tax assets	**–**	6,250
Investments in subsidiaries	**12,104,329**	12,146,838
Investments in associates	**3,644,569**	3,644,569
Investments in joint ventures	**41,500**	41,500
Total non-current assets	**30,956,378**	32,338,963
Current assets		
Inventories	**573,141**	652,209
Trade and notes receivables	**942,689**	1,069,273
Prepayments and other receivables	**255,964**	237,268
Cash and cash equivalents	**5,610,905**	5,394,887
Restricted cash	**100**	–
Total current assets	**7,382,799**	7,353,637
Total assets	**38,339,177**	39,692,600
EQUITY		
Share capital	**11,683,125**	11,683,125
Special reserves *(note)*	**–**	14,902
Other reserves *(note)*	**19,012,889**	19,012,889
Accumulated losses *(note)*	**(3,025,718)**	(1,437,547)
Total equity	**27,670,296**	29,273,369

41 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
LIABILITIES		
Non-current liabilities		
Interest-bearing bank and other borrowings	**600,000**	600,000
Domestic corporate bonds	**1,796,432**	1,793,981
Total non-current liabilities	**2,396,432**	2,393,981
Current liabilities		
Trade payables	**3,574,368**	4,948,341
Other payables and accruals	**4,673,081**	2,054,512
Interest-bearing bank and other borrowings	**–**	997,397
Provision	**25,000**	25,000
Total current liabilities	**8,272,449**	8,025,250
Total liabilities	**10,668,881**	10,419,231
Total equity and liabilities	**38,339,177**	39,692,600
Net current liabilities	**(889,650)**	(671,613)
Total assets less current liabilities	**30,066,728**	31,667,350

41 STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Attributable to owners of parent			
	Special reserves RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2014	34,832	19,012,889	(2,134,094)	16,913,627
Profit and total comprehensive income for the year ended 31 December 2014	–	–	676,617	676,617
Accrued special reserve during the year	160,531	–	(160,531)	–
Used special reserve during the year	(180,461)	–	180,461	–
At 31 December 2014	14,902	19,012,889	(1,437,547)	17,590,244

	Attributable to owners of parent			
	Special reserves RMB'000	**Other reserve RMB'000**	**Accumulated losses RMB'000**	**Total RMB'000**
At 1 January 2015	**14,902**	**19,012,889**	**(1,437,547)**	**17,590,244**
Loss and total comprehensive loss for the year ended 31 December 2015	**–**	**–**	**(1,603,073)**	**(1,603,073)**
Accrued special reserve during the year	**193,520**	**–**	**(193,520)**	**–**
Used special reserve during the year	**(208,422)**	**–**	**208,422**	**–**
At 31 December 2015	**–**	**19,012,889**	**(3,025,718)**	**15,987,171**

42 SUBSEQUENT EVENT

On 1 February 2016, the relevant resolution with respect to the Restructuring as mentioned in note 1 was approved by the shareholders at the first 2016 Extraordinary General Meeting of the Company.

Pursuant to the Notice on Gratuitous Transfer of State-owned Shares in China Shipping Container Lines Company Limited by China Shipping (Group) Company, China Shipping(Group) Company proposed to gratuitously transfer 388,674,125 A shares (representing 3.33% of the Company's total share capital) and 467,325,000 A shares (representing 4.00% of the Company's total share capital) of the Company to State Development & Investment Corporation ("SDIC") and Guoxin Investment Co., Ltd. ("Guoxin"), respectively. The above gratuitous transfer was approved by SASAC on 12 January 2016. The Company has recently received the Confirmation of Transfer Registration issued by China Securities Depository and Clearing Corporation Limited Shanghai Branch, confirming that the share transfer registration formalities for the above gratuitous transfer have been completed. After the above gratuitous transfer, China Shipping will hold 4,458,195,175 A shares and 100,944,000 H shares of the Company, representing 39.02% of the Company's total share capital and will remain as the controlling shareholder of the Company.

43 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2016.

Five Years Financial Summary

CONSOLIDATED RESULTS

	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Revenue	27,908,895	32,997,924	33,917,357	36,077,425	**31,834,165**
Operating (loss)/profit	(2,663,225)	436,096	(2,418,070)	1,961,694	**(2,488,402)**
Finance costs	(140,523)	(506,357)	(457,618)	(468,294)	**(605,787)**
(Loss)/profit before income tax from continuing operations	(2,800,054)	(26,447)	(2,828,387)	1,577,524	**(2,897,163)**
Income tax (expense)/credit	(42,381)	460,547	(36,290)	(547,530)	**(41,972)**
(Loss)/profit for the year from continuing operations	(2,842,435)	434,100	(2,864,677)	1,029,994	**(2,939,135)**
Profit for the year from a discontinued operation	141,962	139,510	280,632	38,756	**–**
Profit for the year attributable to non-controlling interests	(42,996)	(48,689)	(26,053)	(24,714)	**(11,099)**
(Loss)/profit for the year attributable to equity holders of the Company	(2,743,469)	524,921	(2,610,098)	1,044,036	**(2,950,234)**
Dividends	–	–	–	–	**–**

CONSOLIDATED ASSETS AND LIABILITIES

	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Non-current assets	39,094,542	38,281,157	33,233,743	40,212,104	**42,369,079**
Current assets	10,317,948	12,924,106	17,583,145	13,329,047	**14,508,004**
Current liabilities	9,791,948	6,350,317	13,703,549	13,256,077	**15,027,288**
Non-current liabilities	12,719,853	17,381,285	12,895,285	15,407,591	**19,612,465**
Net assets	26,900,689	27,473,661	24,218,054	24,877,483	**22,237,330**