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Excellence through Specialisation

COSCO Pacific Limited

Annual Report 2015

Excellence
through Specialisation

It takes a strong focus and a spirit of dedication to achieve the exquisite craftsmanship of a work of art or a profound business strategy. Thanks to specialisation and professionalism at every level of the Group, COSCO Pacific has enjoyed a long track record of exceptional performance in the different aspects of its operations and occupies a world-leading position in its industry. After years of evolving as a business, COSCO Pacific has now become a pure terminal operator and will henceforth focus on global development, so as to scale new heights as a Group.

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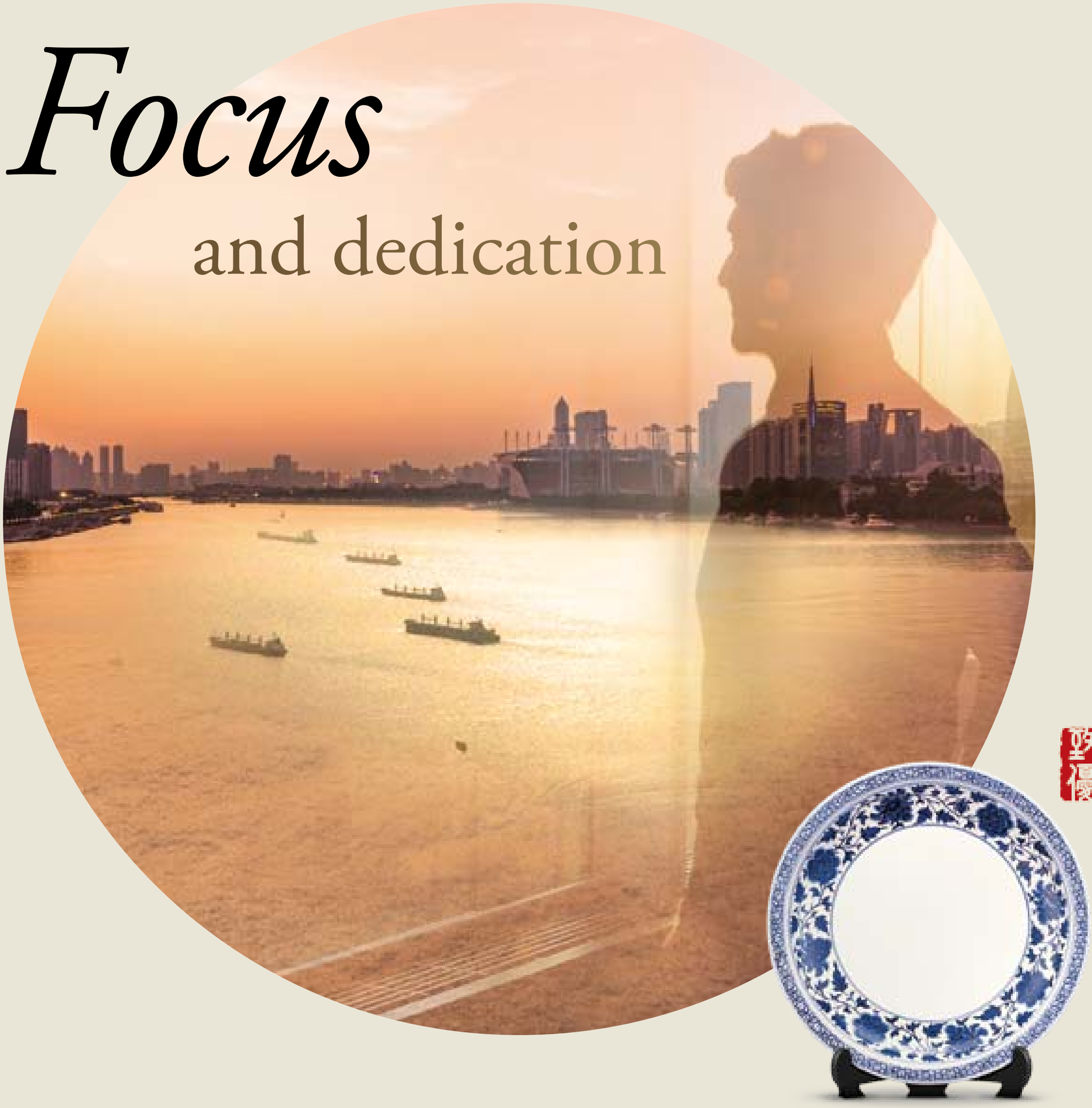
Focus and dedication



Following the reorganisation, the Group will concentrate its resources on the terminals business and seize opportunities to develop global hubs. By leveraging the enlarged container shipping fleet of its parent company, COSCO Pacific will increase its level of specialisation and become an even more competitive terminal operator.

Company Profile

COSCO Pacific's largest shareholder is China COSCO (Stock Code: 1919.HK), whose parent company, COSCO, is one of the largest integrated shipping enterprises in the world. COSCO Pacific enjoys competitive advantages brought by the synergies among COSCO companies and the long-term support from large-scale shipping companies in China and overseas.

In its terminal investment strategy, COSCO Pacific emphasises maintaining a balanced geographical distribution. The Group's terminal portfolio covers four main port regions in Mainland China, Hong Kong and Taiwan, as well as overseas hub ports. As of 31 December 2015, we operated and managed 128 berths at 22 ports worldwide, 17 of them in Mainland China, Hong Kong and Taiwan, and 5 overseas. Among the 128 berths, 113 were for containers, with a combined annual handling capacity of 68.37 million TEU. The Group's total throughput represents a global market share of approximately 9.9%, making it the world's fourth largest container terminal operator.

For the container leasing, management and sale businesses, our fleet size had reached 1,944,654 TEU as of 31 December 2015. COSCO Pacific is one of the world's four largest container leasing companies, with a global market share of approximately 10.5%. The Group has adhered to its prudent investment strategy and operational model in business development. We have sought the balanced development of our fleets

of owned containers, sale-and-leaseback containers and managed containers with a view to minimising the operational risks, so as to ensure a stable business. To minimise market cycle risks, most lease contracts have been long-term and revenue from long-term leasing accounted for 96.7% of total container leasing revenue in 2015. Our key customers included the world's top ten shipping lines, with revenue from these lines accounting for 80.2% of total container leasing revenue.

At the Special General Meeting of COSCO Pacific held on 1 February 2016, the Independent Shareholders passed a reorganisation proposal by way of poll involving – (1) Acquisition of CSPD and (2) Disposal of Florens. The Acquisition and the Disposal were completed on 18 March 2016 and 24 March 2016, respectively. Following the acquisition and the disposal, the Group has been transformed into a pure terminal operator with an enlarged terminal portfolio and greater market share. The Group's total throughput market share has increased to approximately 11.6%.

Set for *Global Expansion*

Based in China and facing to the world, COSCO Pacific's network of terminals extends to 31 ports worldwide following the reorganisation, covering the main five port clusters along the Chinese coast, Southeast Asia, Europe, the Mediterranean, the Black Sea etc. We will continue to invest in and develop international hubs based on our existing network. We will also capitalise on opportunities arising from China's "One Belt, One Road" policy and strive to expand the global footprint of our terminals. In this way we aim to bring together global trade routes so as to develop the world's leading global terminal network.

An Expanded Platform for New Opportunities

COSCO Pacific's market position and its competitive advantages are greatly strengthened by the reorganisation. In terms of total throughput, the Group's global market share has increased from 9.9% to 11.6%, making it the world's second largest terminal operator. In terms of equity throughput, market share increased from 2.8% to 3.6%, the sixth largest globally. The Group's position in the Greater China region is also stronger, with its market share increasing from 27.0% to 32.2%. In addition, its terminal network in China extends to the Southwestern Coast, so that it covers the top five port clusters along the Chinese coast.

Following the reorganisation of COSCO and China Shipping Group, the container shipping fleet capacity of our parent company has increased to 1.6 million TEU, representing 8% of the world's total container shipping fleet capacity and ranking fourth in the world. COSCO Pacific, as the listed terminal flagship of the parent company, will thus receive even greater support from a top-tier global container shipping fleet. Benefiting from the synergies with its parent company, the Group's global competitiveness will come to the fore.

The reorganisation has presented the Group with a golden opportunity. By acquiring a portfolio of terminals assets, the Group has expanded its terminal network and market share, thus advancing its leading position in Greater China and the global container terminals industry. The Group will focus its resources on developing its terminals business and will continue to enhance its competitive edge. Capitalising on the national 'One Belt, One Road' policy, the Group will seize the opportunity to develop its terminal hubs and expand its global container terminal network, enabling sustainable development and growth of the terminals business, as well as value creation over the long-term.

Global market share in terms of total throughput increases to

11.6%

The second largest in the world

Global market share in terms of equity throughput increases from 2.8% to

3.6%

The sixth largest in the world

Terminal network covers

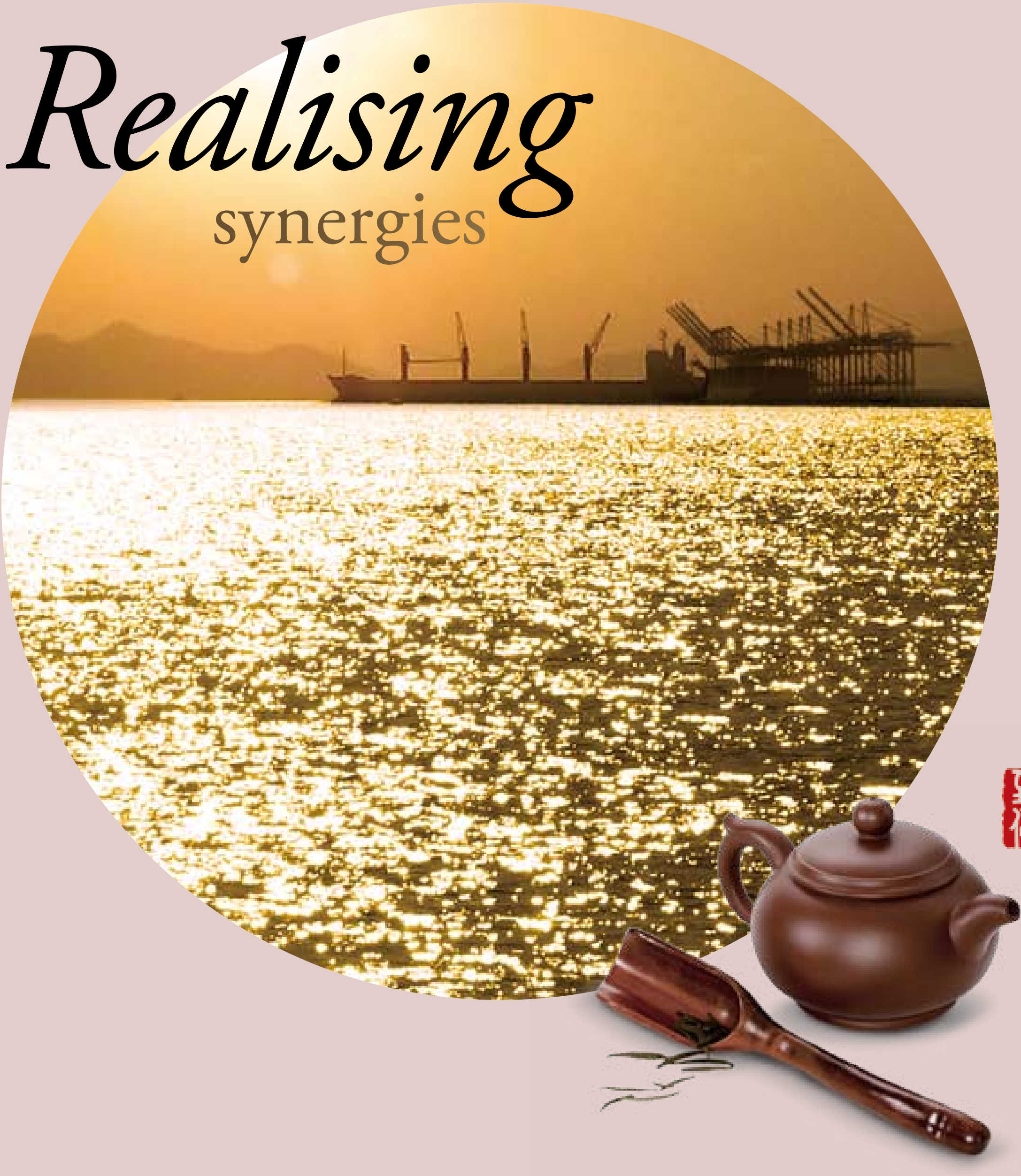
5

Main port clusters along the coastal region in China

Greater China market share in terms of total throughput increases from 27.0% to

32.2%

Realising synergies



COSCO Pacific will integrate its expertise in foreign trade terminals and overseas investments with CSPD's experience in domestic sea-borne container transportation, to maximise synergies, so as to enhance its competitive advantage in terminal asset investments and its operational efficiency.

Our Four Areas of Strategic Focus

Value Creation Through Management Efficiency

1 Focus on seizing development opportunities in hub ports in line with the trend towards mega-vessels

Mega-vessels have become mainstream in the shipping industry, and accordingly we will develop our global hub network based on the main international shipping routes, as well as our parent company's hub strategy.

2 Focus on enhancing COSCO Pacific's brand value by optimising the operational model of the terminal subsidiaries

The Group will continue to roll out enhancements to marketing and services, cost optimisation, business model innovation and management excellence to raise the productivity and sustainability of the terminals it controls.

3 Focus on strengthening the profitability of the terminals business through innovative approaches to equity investments in terminal projects

In addition to increasing steadily our investment in terminals with controlling stakes, we will target innovative ways of diversifying our terminal investment geographically, to make equity investments in terminal projects that increase revenue and mitigate risks, in order to strengthen the profitability of the terminals business.

4 Focus on driving the development of a global terminal portfolio by capitalising on the opportunities from the "One Belt, One Road" and the Yangtze River Economic Belt initiatives

The Group will leverage the synergy between its terminals and the shipping business of its parent company to capture the strategic opportunities arising along the Yangtze River Economic Belt and Maritime Silk Road. The strategic positioning of our parent company's fleets and the long-standing shipping route callings at global container hubs are fundamental to the development of the Group's terminals business. COSCO Pacific is thus aligning the direction and strategy of its terminals business with the global development strategies of its parent company's fleet and shipping route network.

Major Events

January

- Mr. WAN Min, a Non-executive Director of the Company, was appointed as the Chairman of the Board of Directors, and Mr. QIU Jinguang was appointed as the Vice Chairman and Managing Director of the Company
- Launched the construction of the Western Part of Pier 3 at Piraeus Terminal. Mr. Antonio Samaras, Prime Minister of Greece, Mr. ZOU Xiaoli, China's Ambassador to Greece and Mr. SUN Jiakang, Deputy General Manager of the COSCO, attended the inauguration ceremony
- Held the first meeting of the Board of Directors of COSCO Pacific in 2015

March

- Held the second meeting of the Board of Directors of COSCO Pacific in 2015
- Announced the 2014 final results and held a press conference and analysts' panel discussion

April

- Held the third meeting of the Board of Directors of COSCO Pacific in 2015
- Announced the 2015 first quarter results on a voluntary basis
- Awarded "Best Investor Relations Company" for the fourth consecutive year, and Mr. QIU Jinguang, Vice Chairman of the Board and Managing Director, was named "Best CEO (Investor Relations)" by Corporate Governance Asia magazine

May

- Held the Annual General Meeting and a press conference
- Piraeus Terminal won several "2015 Transport and Logistics Awards", jointly organised by the Supply Chain Institute of Southeastern & Central Europe Ltd ("SCISCE") and Boussias Communications, which aim to promote excellence and innovation in Greece's Logistics and Transportation market

June

- Received the "Outstanding China Enterprise Award" from Capital magazine for the fourth consecutive year

August

- Held the fourth meeting of the Board of Directors of COSCO Pacific in 2015
- Announced the 2015 interim results and held a press conference and analysts' panel discussion
- Mr. ZHANG Wei was appointed as a Non-executive Director of the Company and Mr. LAM Yiu Kin as an Independent Non-executive Director of the Company
- The 2014 Annual Report was awarded a "Bronze in the Interior Design" in the marine transportation category at the 2015 ARC Awards

September

- Announced the acquisition of a 26% effective equity interest in Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş. ("Kumport Terminal") in Istanbul, Turkey
- Given the "Shipping In-House Team of the Year Award" by Asian Legal Business, a renowned magazine for the legal profession

October

- Held the fifth meeting of the Board of Directors of COSCO Pacific in 2015
- Announced the 2015 third quarter results on a voluntary basis
- Mr. DENG Huangjun was appointed as Executive Director, and Deputy Managing Director of the Company

November

- Awarded a "Special Mention in the H-share Companies and Other Mainland Enterprises Category" in the 2015 Best Corporate Governance Disclosure Awards by the Hong Kong Institute of Certified Public Accountants for a second consecutive year
- Named among the "Best Corporate Governance Listed Companies" in the 5th China Securities Golden Bauhinia Awards for the first time

December

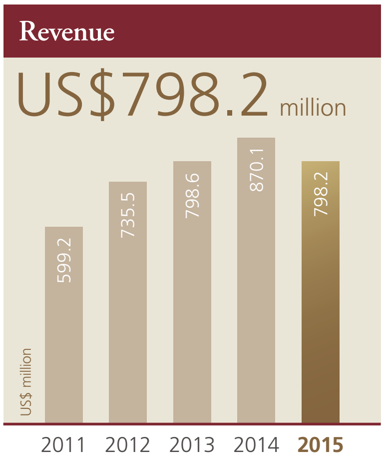
- Announced the proposed acquisition of all the issued shares of CSPD at a consideration of approximately RMB7.63 billion and the proposed disposal of Florens at a consideration of approximately RMB7.78 billion, to focus on the development of the terminals business
- Declaration of conditional special cash dividend
- Completed the acquisition of a 26% effective equity interest in Kumport Terminal
- Won the "Gold Award in Financial Performance, Corporate Governance, Environmental Responsibility and Investor Relations" given by The Asset magazine for a second consecutive year
- Ms. HUNG Man, Michelle, the General Counsel and Company Secretary, was named among the top 15 general counsels of the 2015 China's Top General Counsel Rankings by Asian Legal Business magazine

Financial and Operational Highlights

Revenue

The Group's revenue fell by 8.3% to US$798,151,000 (2014: US$870,091,000).

- Revenue from the terminals business fell by 5.8% to US$486,772,000 (2014: US$516,993,000), mainly due to the depreciation of the Euro and Renminbi against the US dollar. Piraeus Container Terminal recorded a stable operational performance. Its revenue in Euros increased by 4.2%, but the US$156,126,000 equivalent represented a decrease of 12.5% (2014: US$178,466,000).
- Revenue from the container leasing, management and sale businesses fell by 11.6% to US$315,675,000 (2014: US$357,075,000). Due to the significant 55.3% decrease in the number of disposed returned containers and the 15.2% fall in the average resale prices of returned containers compared with last year, revenue from the sale of returned containers decreased substantially, by 62.1%. In addition, lease rates continued to be affected by the sluggish container leasing market, and revenue from container leasing dropped by 3.5%.



Gross Profit

The Group's gross profit declined by 7.3% to US$300,104,000 (2014: US$323,857,000). Gross profit margin rose by 0.4 percentage points to 37.6% (2014: 37.2%).

- Despite revenue from the terminals business having decreased by 5.8%, the operational performance of Piraeus Terminal and Xiamen Ocean Gate Terminal improved. Gross profit from the terminals business declined only slightly, by 0.1%.
- Gross profit from the container leasing, management and sale businesses recorded a 15.7% decrease compared with last year. As competition in the container leasing market remained fierce, market lease rates fell. This, combined with the decrease of 0.3 percentage points in the average utilisation rate of the Group to 95.0% (2014: 95.3%), caused the gross profit for container leasing to decline. As a result of the decrease in revenue from the sale of returned containers, gross profit from the sale of returned containers also decreased.

* Including the write back of provision on the disposal of CIMC in 2013

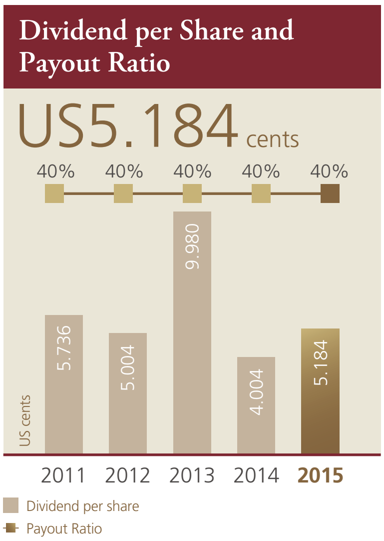
**Including the Group's share of profit from CIMC in 2013 of US$23,059,000

Profit

Including the write back of provision on the disposal of the 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC") in 2013, profit attributable to equity holders of the Company increased by 30.4% to US$381,644,000 (2014: US$292,759,000).

Excluding the write back of provision on the disposal of the 21.8% equity interest in CIMC in 2013, profit attributable to equity holders of the Company increased by 3.3% to US$302,492,000 (2014: US$292,759,000).

- The terminals business experienced slow growth in container throughput and profit due to a slowdown in global economic growth and negative growth of imports and exports in the PRC. Total throughput increased by 2.0% to 68,670,714 TEU (2014: 67,326,122 TEU). Equity throughput increased by 1.1% to 19,262,210 TEU (2014: 19,047,214 TEU). Profit rose by 5.7% to US$233,653,000 (2014: US$220,978,000).
- Profit from the container leasing, management and sale businesses dropped by 13.5% to US$82,849,000 (2014: US$95,757,000). The container fleet size increased by 1.9% to 1,944,654 TEU (2014: 1,907,778 TEU).



Dividend

The proposed final dividend is HK22.9 cents per share (2014: HK15.4 cents), and the dividend will be payable in cash and with a scrip dividend alternative. The full-year dividend amounted to HK40.2 cents (2014: HK31.0 cents), representing a payout ratio of 40.0% (2014: 40.0%).

Results Highlights

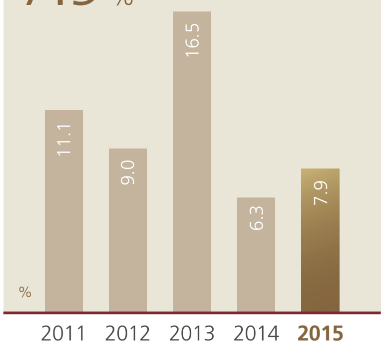
	2015	2014	Change
	US$	US$	%
Revenue[1]	798,151,000	870,091,000	-8.3
Operating profit after finance income and finance costs	183,574,000	180,657,000	+1.6
Share of profits less losses of joint ventures and associates	181,140,000	171,225,000	+5.8
Profit attributable to equity holders of the Company (Including the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	381,644,000	292,759,000	+30.4
Profit attributable to equity holders of the Company (Excluding the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	302,492,000	292,759,000	+3.3
	US cents	US cents	%
Basic earnings per share (Including the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	12.96	10.01	+29.5
Basic earnings per share (Excluding the write back of provision on the disposal of 21.80% equity interest in CIMC in 2013)	10.27	10.01	+2.6
Dividend per share	5.184	4.004	+29.5
– Interim dividend	2.236	2.016	+10.9
– Final dividend	2.948	1.988	+48.3
Payout ratio	40.0%	40.0%	–
	US$	US$	%
Consolidated total assets	7,671,574,000	7,616,710,000	+0.7
Consolidated total liabilities	2,498,714,000	2,558,048,000	-2.3
Consolidated net assets	5,172,860,000	5,058,662,000	+2.3
Capital and reserves attributable to the equity holders of the Company	4,862,864,000	4,742,447,000	+2.5
Consolidated net debts	1,113,076,000	743,714,000	+49.7
	%	%	pp
Return on equity holders of the Company	7.9	6.3	+1.6
Return on total assets	5.0	3.9	+1.1
Net debt-to-total equity ratio	21.5	14.7	+6.8
Interest coverage	7.9 times	5.9 times	+2.0 times
Dividend Yield	4.7	2.8	+1.9

Note:

1. The Group's revenue was generated from Florens, Piraeus Terminal, Guangzhou South China Oceangate Terminal, Quan Zhou Pacific Terminal, Yangzhou Yuanyang Terminal, Zhangjiagang Terminal, Jinjiang Pacific Terminal, Xiamen Ocean Gate Terminal and its subsidiary Xiamen Tongda Terminal and Plangreat and its subsidiaries.

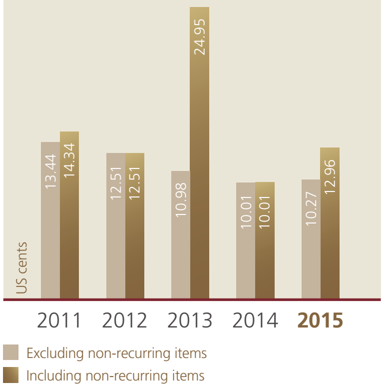
Return on Equity Holders of the Company

7.9 %



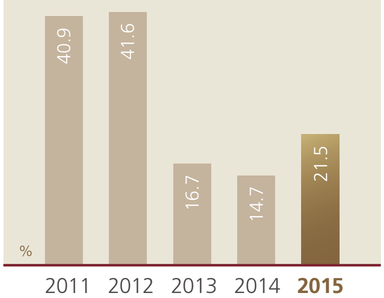
Basic Earnings per Share

US12.96 cents



Net Debt-to-total-Equity Ratio

21.5 %



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors ("Board") of the Company, I am pleased to report to you the Company's final results for 2015.

Excellence through Specialisation

Since listing on the Stock Exchange of Hong Kong in 1994 as a company solely engaged in container leasing, COSCO Pacific has diversified into the operation of terminals, and the profit from this business has grown continuously ever since. To unlock fully the Company's intrinsic value and deliver long-term shareholder returns, COSCO Pacific has now seized the opportunity presented by the reorganisation of its parent, COSCO, to transform itself into a pure terminal operator, through the disposal of Florens and the acquisition of CSPD. The enlarged global terminal portfolio and hub strategy, supported by the expanded shipping fleet of its parent company, have enhanced COSCO Pacific's competitive edge, laying the foundation for a bright future.

Specialising in the Terminals Business and Strengthening our Leading Position in the Industry

Early in December 2015, China's State Council officially approved the reorganisation of COSCO and China Shipping Group. COSCO Pacific, as the parent's listed terminal company, seized this golden opportunity to announce a restructuring plan on 11 December 2015, under which it would focus the Group's resources on the development of its terminals business, in order to unlock the Group's intrinsic value and enhance shareholder returns over the long term. The reorganisation proposal was passed overwhelmingly in a vote of the independent shareholders, reflecting its wide support among all shareholders.

On behalf of the Board and the management, I would therefore like to extend our sincere gratitude to shareholders for their trust and support.

The acquisition of CSPD provides the Group with an opportunity to invest in a portfolio of terminal assets, enlarging its business network and global market share, and thereby strengthening COSCO Pacific's leading position in the global container terminal industry. Benefiting from an enlarged terminals portfolio and the management expertise of CSPD, the Group is now well positioned to expand and optimise its terminals network by "going global" and looking for new investments that will strengthen its competitiveness worldwide. In addition, the Group's terminal coverage in China has been extended to Southwestern coastal areas, so that its presence fully covers China's five port regions.

The reorganisation also creates immense synergies for COSCO Pacific. Over the years, COSCO Pacific has always been supported by the massive fleet of its parent, COSCO. Following the reorganisation of COSCO and China Shipping Group, COSCO's container shipping fleet has grown, with capacity reaching 1.6 million TEU and ranking fourth in the world. This brings clear benefits for COSCO Pacific. In addition, the reorganisation facilitates the integration of the Group's expertise in foreign trade terminals and overseas investment with CSPD's experience in domestic trade terminals. This will allow us to maximise both the operational efficiency of our terminal investments and our overall cost management.

The reorganisation proposal was completed in March 2016 with the support of a large majority of shareholders. As such, the conditions for the conditional HK80 cents per share special cash dividend declared earlier were fulfilled, and accordingly the conditional special cash dividend will be payable to shareholders whose names appear on the register of members of the Company on 15 April 2016, and the payment date will be 4 May 2016. Given the interest rate increase announced by the US Federal Reserve, and in view of the Group's current cash reserves and low gearing, distributing the conditional special cash dividend will effectively increase returns to shareholders.

Seizing the Opportunities from the "One Belt, One Road" Initiative to Increase Corporate Value and Competitiveness

In 2015, China's "One Belt, One Road" policy officially entered the implementation stage, centring on foreign trade. The establishment of the Asia Infrastructure Investment Bank ("AIIB") has laid a solid foundation for the implementation of "One Belt, One Road" by providing a source of funds. According to a forecast by the International Monetary Fund ("IMF"), the total trade of the countries (excluding China) lying on the routes of "One Belt, One Road" is expected to grow by 5.3% and 5.8% respectively year-on-year in 2016 and 2017, higher than the growth rate of total global trade. The opportunities for trading and terminal businesses in China and in countries along "One Belt, One Road" are therefore expected to increase markedly.

To seize the opportunities arising from "One Belt, One Road", COSCO Pacific is proactively seeking investment opportunities in countries lying along the routes. In 2015, the Group successfully completed an investment in Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş. ("Kumport Terminal") in Istanbul, Turkey, expanding the global presence of its terminal network. Furthermore, Kumport Terminal, whose location complements the Group's Piraeus Terminal in Greece, strengthens the Group's competitive advantage in the Mediterranean region.

The Group is committed to exploiting the opportunities arising from "One Belt, One Road" and the Yangtze River Economic Belt through investing in ports along the Maritime Silk Road, in ASEAN and Eurasia. It will also continue to invest in hub ports in response to the global trend toward mega-vessels, which requires the creation of a global hub network, and leverage its parent's hub strategy and the expanded terminal network to create new prospects. The Group will continue to enhance its leading position in the industry and its corporate value in pursuit of higher levels of competitiveness.

Profit Growth through Effective Management amidst Downward Macro-economic Pressure

According to the latest estimate made on 19 January 2016 by the IMF in its World Economic Outlook, the world economy grew by 3.1% in 2015. Economic growth in emerging markets and developing economies declined for the fifth consecutive year, while China's economic growth moderated. Against the backdrop of a healthy recovery, the United States has gradually tightened monetary policy. The foreign exchange, commodities and equity markets have become more volatile as a consequence of the strong US dollar, subdued demand and the uncertain political and economic outlook around the world. This has affected shipping and port-related businesses.

Global trade growth slowed down in 2015, while China's foreign trade recorded a year-on-year decline, decelerating at a faster pace than market forecasts. According to China Customs statistics, China's foreign trade fell by 7.0% year-on-year to RMB24.58 trillion, reflecting the complex and difficult environment for foreign trade, which experienced considerable downward pressure during the year. In addition, according to a forecast by Drewry Shipping Consultants Limited ("Drewry") made in January 2016, global container throughput rose only 1.3% year-on-year in 2015. These macro-economic figures illustrate the severe market conditions in the shipping and port related industries. Affected by these macro-economic factors, the Group's terminals business recorded only moderate growth, while the Group's container leasing business was additionally impacted by a decline in container prices and falling lease rates that were a consequence of oversupply and plunging raw materials prices.

To counter the difficult market conditions, the Group has progressively imposed more stringent controls on operating costs, and is committed to enhancing operational efficiency and shareholder returns. In 2015, the profit attributable to equity holders of the Company rose 30.4% to US$381,644,000 (2014: US$292,759,000) and earnings per share rose 29.5% to US 12.96 cents (2014: US 10.01 cents). Excluding the US$79,152,000 write back of provision from the disposal of the 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC") in 2013, the profit attributable to equity holders of the Company rose 3.3% to US$302,492,000 and the earnings per share rose 2.6% to US 10.27 cents.

Stable Dividend Policy and Positioning for Future Development

The Board is recommending a final dividend of HK 22.9 cents per share (2014: HK 15.4 cents). This is a cash distribution with a scrip dividend alternative. The full-year dividend will be HK 40.2 cents (2014: HK 31.0 cents), with the payout ratio at 40.0% (2014: 40.0%).

The Board regards the stable payout ratio as one of the key commitments it undertakes to shareholders of the Company. Adherence to the dividend policy provides stable and predictable returns for shareholders and enhances investors' confidence over the long term. The Group will maintain its stable dividend policy and properly allocate the Company's cash, so that it remains well positioned for future investments and sustainable development, with a view to creating and enhancing value for shareholders on a continuous basis.

Acknowledging Past Achievements and Preparing for a Bright Future

As a result of the faltering recovery in global trade, the IMF has adjusted down its 2016 forecast for global economic growth by 0.2 percentage points to 3.4%, and for global trade growth by 0.7 percentage points to 3.4%. China's foreign trade therefore continues to face downward pressure and, overall, the macroeconomic conditions for port-related industries in 2016 are not encouraging.

Given slow economic growth and more intense competition in the ports industry, COSCO Pacific will seize opportunities for development, expand its capacity and strengthen its competitiveness during 2016. COSCO Pacific will devote its efforts to completing the reorganisation of the business, in order to leverage the economies of scale from its expanded terminals business and the synergies with its parent company. The Group will also conduct prudent risk management, while exploiting investment opportunities through the continuous implementation of its four areas of strategic focus, emphasising the development of its global port network, and striving to build global container hubs. These sustainable development strategies are expected to enhance continuously COSCO Pacific's profitability, strengthen its competitive edge and create sustainable growth in shareholder value.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the former and current management of Florens, as well as all the staff, for their exceptional contribution and dedication. Since listing on the Stock Exchange of Hong Kong in 1994 with a container fleet of 261,570 TEU, the fleet size has grown continually to reach 1,944,654 TEU at the end of 2015, ranking fourth in the world with a 10.5% market share. Such splendid accomplishments are due to the steadfast endeavour and devotion of all staff members. I wish Florens exceptional growth ahead.

I am honoured to have witnessed the strong operational capacity COSCO Pacific has demonstrated amidst the adverse market conditions, and the dedicated effort of management and staff at every level to the Group's reorganisation, which scaled new peaks for COSCO Pacific. I wholeheartedly thank all of you! Once more, we also give our appreciation to the shareholders for their trust and support. I shall resign on 29 March 2016 and Mr. HUANG Xiaowen has been appointed to take over as Chairman of the Board of COSCO Pacific. Under Mr. HUANG's leadership, COSCO Pacific is expected to integrate quickly the respective strengths of COSCO Pacific and CSPD in terminal operations, and fully capitalise on the synergies between the Group and our parent company. We shall continue to strive to make progress and achieve excellence through specialisation, as we develop COSCO Pacific into a leading global terminal operator, paving the way for a bright future for the Company and greater value for its shareholders and other stakeholders.

万敏

WAN Min
Chairman

29 March 2016

The Group believes that the market advantages gained from the reorganisation, combined with the core competencies it has accumulated over the years, will enhance its competitiveness.

QIU Jinguang
Vice Chairman and Managing Director

Steady Profit Growth Despite a Downtrend in the Economy and the Industry

During the past year, amidst a deceleration of global economic growth, the ports industry encountered numerous challenges and global container throughput growth slowed markedly. The container leasing market remained depressed and the industry continued to face a severe operating environment. The Group nevertheless achieved profit growth despite the tremendous downward pressure, with profit attributable to equity holders increasing by 30.4% to US$381,644,000. Excluding the US$79,152,000 write back of provision on the disposal of the 21.8% equity interest in CIMC in 2013, the profit attributable to equity holders of the Company rose 3.3% to US$302,492,000, US$9,733,000 higher than in 2014. Achieving stable profit growth in 2015 was due to the tireless hard work of all members of management and staff.

In 2015, the Group adhered to its consistently effective operational strategies, which include enhancement of the management, upgrading services, imposing effective cost control measures and establishing long-term strategic cooperation with customers, with a view to ensuring sustainable business development.

Impacted by slowing global economic growth and the decline in China's imports and exports, the growth in the Group's container throughput and in profit from the terminals business moderated. Yet steady progress was maintained during the year. Equity throughput rose marginally, by 1.1% year-on-year, to 19,262,210 TEU and profit from the terminals business rose by 5.7% to US$233,653,000, primarily due to the profit turnaround at Xiamen Ocean Gate Terminal, whose business volume has continued to increase. This terminal contributed a profit of US$137,000, a substantial improvement as compared to the loss of US$6,858,000 recorded in

2014. Meanwhile, those terminals with a larger profit contribution to the Group's terminals business had stable growth in both throughput and profit. Among them, the profits from Yantian Terminals and Qingdao Qianwan Terminal increased by 8.5% to US$53,667,000 and 9.9% to US$42,898,000 respectively.

During the year, the shipping markets in the Far East and in the Mediterranean region turned sluggish. In response to this, Piraeus Terminal strengthened its marketing efforts and customer services, contributing to stable throughput growth of 1.6%, which together with enhanced operational efficiency saw the terminal's profit rise by 18.1% in Euro terms. However, as a result of the depreciation of the Euro against the US dollar, the profit in US dollar terms decreased slightly, by 0.5% to US$28,845,000.

The container leasing business was affected by overcapacity and falling prices for the raw materials used in containers, and new container prices and market lease rates continued to decline. Market conditions were difficult and competition remained fierce. In 2015, the net profit of the Group's container leasing, management and sale businesses decreased 13.5% to US$82,849,000.

The Group's revenue fell 8.3% to US$798,151,000 in 2015. Within this, the revenue from the terminals business declined by 5.8% to US$486,772,000. The decline was mainly due to the depreciation of the Euro and Renminbi against the US Dollar. Revenue from the container leasing, management and sale businesses fell by 11.6% to US$315,675,000.

Healthy Financial Position

The Group has always taken a prudent approach to the optimisation and expansion of its assets and the scale of its operations. In 2015, the Group's capital expenditure amounted to US$689,439,000, of which US$484,465,000 was spent on the terminals business, mainly for the acquisition of Kumport Terminal and the construction work at the Western Part of Pier 3 of Piraeus Terminal. The capital expenditure of the container leasing business amounted to US$204,743,000, of which US$204,020,000 was used to purchase 120,414 TEU of new containers.

The Group has maintained a healthy financial position. As at the end of 2015, the consolidated net bank borrowings and the cash balance amounted to US$1,113,076,000 and US$909,287,000 respectively, while the net debt-to-total equity ratio was 21.5%. In addition, banking facilities available but unused amounted to US$927,288,000.

Strengthening our Presence in the Mediterranean Region and Capitalising on the Opportunities Arising from "One Belt, One Road"

COSCO Pacific has adhered to its established strategies and made further progress in building its global terminal network. Since taking over Piraeus Terminal, COSCO Pacific has implemented three major strategies, namely to be a major logistics distribution centre, the most important container transshipment centre in the Eastern Mediterranean, and transforming Piraeus Terminal into a gateway port for Southern Europe through the development of sea-rail intermodal transport services connected with the "China-European Sea-rail Express".

Piraeus Terminal has made steady progress in its development. The construction project at the Western Part of Pier 3 was launched in January 2015, and the project to increase the handling capacity of Pier 2 was completed by phases during 2015. With the terminal's facilities and operational capacity thus improved, the annual handling capacity of Piraeus Terminal reached 4.3 million TEU at the end of 2015, enhancing its profitability. The terminal won several "2015 Transport and Logistics Awards" in May, jointly organised by the Supply Chain Institute of Southeastern & Central Europe Ltd ("SCISCE") and Boussias Communications, in recognition of the safety, promptness and quality of its multimodal transport solution.

To strengthen its strategic position in the Mediterranean region, the Group completed the acquisition of a 26% effective equity interest in Kumport Terminal at a consideration of US$386,114,000 at the end of 2015. Located in Istanbul, Kumport Terminal is the third largest container terminal in Turkey and the "Gateway to the Black Sea". It connects to the Bosphorus Strait, which is the only shipping route into the Black Sea. With its privileged location, Kumport Terminal is well placed to become a transshipment port for the Black Sea region and complements Piraeus Terminal's role as the hub for the Mediterranean region, thus enhancing the Group's competitive advantage in the area.

COSCO Pacific is committed to capitalising on the opportunities arising from the "One Belt, One Road" and Yangtze River Economic Belt initiatives to extend its presence in the Mediterranean. Greece and Turkey lie on the 21st century Maritime Silk Road strategic route, and therefore Piraeus Terminal and Kumport Terminal will benefit from the "One Belt, One Road" strategy put forward by the Chinese government. With increasing economic integration between Asia and Europe, these two terminals can leverage their positions as a transshipment hub and feeder ports for Europe and the Mediterranean, to facilitate trade and economic exchange between the two continents.

Enhancing Competitiveness through the Significant Opportunities Presented by SOE Reform

The Group capitalised on the opportunities arising from the reorganisation of its parent company COSCO and China Shipping Group to announce a strategic acquisition and disposal on 11 December 2015. The Group proposed to acquire CSPD at a consideration of approximately RMB7.63 billion and disposal of Florens at a consideration of approximately RMB7.78 billion. I wish to thank the shareholders for their trust and support, with the reorganisation proposal overwhelmingly passed by independent shareholders at the Special General Meeting held on 1 February 2016.

Backed by its parent company's powerful shipping fleet, COSCO Pacific is committed to focusing on the development of its terminals business, which is the key driver of the Group's profit. It is pursuing opportunities to expand through investment in overseas terminals, in order to optimise its container terminal network. The Group has therefore been increasing the scale of its terminals business over the years, and ranks fourth in the world by total container throughput, and sixth in the world based on equity throughput. In 2015, 73.8% of the Group's core profit was attributable to the terminals business.

The reorganisation presented the Group with a golden opportunity to advance its terminals business. By acquiring a portfolio of terminal assets, the Group is gearing up to increase its global network and market share, strengthening its dominant position in the Greater China region and its leading position in the global container terminals industry. The synergy between the Group's container leasing business and its terminal operations is very limited, hence our main strategy is to focus on the terminals business. The disposal of the container leasing, management and sale businesses allows the Group to concentrate resources on the development of its terminals business to enhance its competitiveness and performance. It also aligns with the Group's strategy for the "One Belt, One Road" policy to seize the opportunities to invest in hub ports and expand its global container terminal network. The reorganisation is thus in line with the Group's strategy and is favorable to the sustainable development and growth of the terminals business, as well as value creation over the long term.

Based on the total throughput of the world's container terminals market in 2014, following the acquisition, the Group's total global market share increased from 9.9% to 11.6% in terms of total throughput, making it the second largest operator in the world, while its global market share in terms of equity throughput increased from 2.8% to 3.6%, making it the sixth largest globally, thereby advancing the Group's position in the global market. In addition, the Group's position in the Greater China area has been strengthened, with its market share increasing from 27.0% to 32.2%. Furthermore, its terminal network in China has been extended to the Southwestern coastal region, so that it covers China's five main coastal port clusters.

The reorganisation proposal was completed in March 2016, marking an important milestone in the Group's development. COSCO Pacific has transformed into a pure terminal operator and will bring together its success in developing globally with CSPD's expertise in domestic container terminal, maximising multimodal synergies so as to optimise terminal utilisation rates, generate operational efficiencies and improve cost control.

COSCO Pacific has enjoyed a privileged position among its peers thanks to the long-standing support of the container shipping fleet of its parent company. Following the reorganisation of COSCO and China Shipping Group, according to the figures provided by China COSCO, the capacity of the enlarged container shipping fleet reaching 1.6 million TEU, representing approximately 8% of the world's total container shipping fleet capacity. COSCO Pacific, being the listed terminal flagship of the parent company, will therefore receive even greater support from one of the world's top tier container shipping fleets. Benefiting from synergies with its parent company, the Group's global competitiveness will become more pronounced.

COSCO Pacific will strive to develop a comprehensive global terminal network through continual adherence to its four strategic areas of focus: (1) seizing development opportunities in hub ports in line with the trend towards mega-vessels; (2) enhancing COSCO Pacific's brand value by optimising the operational models of the terminal subsidiaries; (3) strengthening the profitability of the terminals business through innovative approaches to equity investments in terminal projects; and (4) driving the development of a global terminal portfolio by capitalising on the opportunities from the "One Belt, One Road" and the Yangtze River Economic Belt initiatives.

Management of Social Responsibility

COSCO Pacific strives to incorporate environmental protection technologies into its operations in order to meet emission reduction goals and reduce the costs of its terminal operations. During the year, COSCO Pacific progressively pushed forward energy saving and emission reduction initiatives such as replacing bunker fuel with electricity to power equipment, installing LED lighting systems, developing fully automated terminals, and introducing smart trailer deployment systems, so as to improve energy saving management.

As at the end of 2015, 85% of the gantry cranes at the Group's terminal subsidiaries in Mainland China have completed bunker fuel to electricity retrofitting. This saves at least 6,000 tons of oil and reduces carbon emissions by at least 20,000 tons of standard coal equivalents each year. In addition, energy consumption for lighting is 66% lower at those sites where LED lighting has been installed. As a result, the Group's "green initiative" goals for 2015 were met.

Energy saving and emissions reduction are long-term commitments COSCO Pacific makes to society. The Group will continue to bring social well-being into its decision-making process and integrate these commitments into the daily operations of its subsidiaries to work together towards low-carbon projects.

Use the Benefits of the Reorganisation to Unlock Intrinsic Value

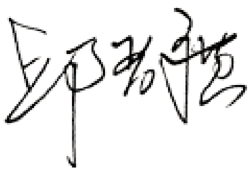
The macro-economic environment is expected to face various challenges in 2016. China's investment and manufacturing will weaken in line with the ongoing rebalancing of its economy, which will cause further downward pressure on the country's foreign trade. The shipping industry still suffers from overcapacity. Market conditions for the ports industry will continue to be affected by sluggish growth in global trade and the prolonged hard times for the shipping industry. Furthermore, competition in the container leasing industry will remain fierce due to oversupply and plunging raw material prices for containers, putting pressure on container lease rates and the resale prices.

Looking at the year ahead, competition within the ports industry will intensify as economic growth slows. COSCO Pacific will complete the post-reorganisation work, so as to bring the economies of scale and synergies with the parent company into full play. It will manage risk while seizing investment opportunities, focusing on the development of its global terminal network and improving its global container hub network based on its four areas of strategic focus, so as to achieve sustainable development and growth in profitability.

The Group believes that the market advantages gained from the reorganisation, combined with the core competencies it has accumulated over the years, will enhance its competitiveness. In the face of challenging market conditions, the Group has a strong operating capacity. In order to enhance our corporate value we will continue to expand the scale of our businesses and strengthen our COSCO Pacific branding.

Acknowledgements

To acknowledge the support of our shareholders and meet their expectations, COSCO Pacific will make every effort to succeed in a market where both challenges and opportunities exist. On behalf of the management, I would like to extend my gratitude to the staff of COSCO Pacific around the world for their devotion to the task, and to the management and staff of Florens for their substantial contribution to COSCO Pacific over the past two decades.



QIU Jinguang
Vice Chairman and Managing Director

29 March 2016

Corporate Structure

China Ocean Shipping (Group) Company

52.85%

China COSCO Holdings Company Limited

Stock Code: 1919

Terminals and Related Businesses

Bohai Rim

30%	Dalian Automobile Terminal
20%	Dalian Port Terminal
25%	Dongjiakou Ore Terminal
20%	Qingdao Qianwan Terminal
16%	Qingdao New Qianwan Terminal
11.2%	Qingdao Qianwan Intelligent Terminal
8%	Qingdao Qianwan United Terminal
5.6%	Qingdao Qianwan United Advance Terminal
30%	Tianjin Euroasia Terminal
14%	Tianjin Five Continents Terminal
50%	Yingkou Terminal

Yangtze River Delta

20%	Ningbo Yuan Dong Terminal
16.14%	Nanjing Longtan Terminal
30%	Shanghai Pudong Terminal
10%	Shanghai Terminal
39.04%	Taicang Terminal
55.59%	Yangzhou Yuanyang Terminal
51%	Zhangjiagang Terminal

Southeast Coast and Others

80%	Jinjiang Pacific Terminal
10%	Kao Ming Terminal
82.35%	Quan Zhou Pacific Terminal
70%	Xiamen Ocean Gate Terminal
70%	Xiamen Tongda Terminal

55.17% Independent Shareholders

COSCO Pacific Limited

Stock Code: 1199

44.83%

Container Terminals Business

World's No. 4

Container Leasing, Management and Sale Businesses

World's Top 4

Container Leasing, Management and Sale Businesses

Pearl River Delta

40%	Asia Container Terminal
50%	COSCO-HIT Terminal
39%	Guangzhou South China Oceangate Terminal
14.59%	Yantian Terminal Phase I & II
13.36%	Yantian Terminal Phase III

Overseas

20%	Antwerp Terminal
49%	COSCO-PSA Terminal
26%	Kumport Terminal
100%	Piraeus Terminal
20%	Suez Canal Terminal

Terminal Related Businesses

50%	Piraeus Consolidation and Distribution Centre S.A.
100%	Plangreat

Business Network

100% Florens

Asia Pacific
- Hong Kong • Macau
- Shanghai • Shenzhen
- Tianjin • Singapore
- Sydney

America
- New York
- Sao Paulo

Europe
- Hamburg
- Genoa

As at 31 December 2015

Worldwide Container Terminal Network

Bohai Rim

- Percentage of total annual handling capacity 28.4%
- Container berths 34
- Annual handling capacity 19,400,000 TEU

Yangtze River Delta

- Percentage of total annual handling capacity 11.8%
- Container berths 18
- Annual handling capacity 8,070,000 TEU

Southeast Coast and Others

- Percentage of total annual handling capacity 8.3%
- Container berths 10
- Annual handling capacity 5,700,000 TEU

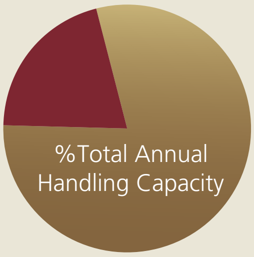
Overseas

- Terminal Coverage
  5 Ports
- Terminal Companies in Operation
  5
- Annual Handling Capacity
  14,100,000 TEU

Mainland China, Hong Kong and Taiwan

- Terminal Coverage
  17 Ports
- Terminal Companies in Operation
  22
- Annual Handling Capacity
  54,270,000 TEU

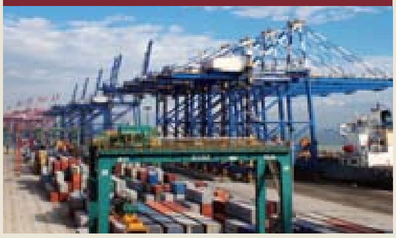
Overseas
20.6%



Mainland China, Hong Kong and Taiwan
79.4%

Total Annual Handling Capacity
68,370,000 TEU

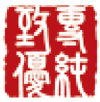
Pearl River Delta



- Percentage of total annual handling capacity 30.9%
- Container berths 25
- Annual handling capacity 21,100,000 TEU

Overseas

- Percentage of total annual handling capacity 20.6%
- Container berths 26
- Annual handling capacity 14,100,000 TEU



COSCO Pacific will devote its efforts to completing the reorganisation of the business, in order to leverage the economies of scale arising from its expanded terminals business and the synergies with its parent company as economic growth slows.

The economic growth rates of emerging markets and developing economies slowed further in 2015, while the recovery of the developed economies was sluggish. The IMF estimates that the global economy grew by 3.1% in 2015, 0.3 percentage points less than in 2014. The growth of global trade slowed by 0.8 percentage points to 2.6% in 2015 as compared to 3.4% in 2014. Under the impact of the slowdown in global economic growth, growth in global port container throughput also slowed. According to the forecast made by Drewry in December 2015, the growth in global port container handling in 2015 decreased by 4.1 percentage points to 1.3%, from 5.4% in 2014.

A change in its structure, together with downward pressure from domestic and foreign trade, saw China's economic growth moderate to 6.9%. China's import and export trade decreased by 7.0% (2014: +4.9%), creating a challenging operating environment for the ports industry.

The growth of container throughput at major ports in China generally showed a declining trend compared with 2014, although among them, Port of Shanghai throughput rose by 3.5% (2014: +5.0%) and throughput at Port of Shenzhen rose by 0.7% (2014: +3.3%).

Container Throughput of Top 10 Global Ports

Rank	Port	Throughput (TEU)	Year-on-year change
1	Shanghai	36,537,000	+3.5%
2	Singapore	30,922,000	-8.7%
3	Shenzhen	24,205,000	+0.7%
4	Ningbo	20,627,000	+6.1%
5	Hong Kong	20,073,000	-9.7%
6	Busan	19,467,000	+4.2%
7	Guangzhou	17,590,000	+7.3%
8	Qingdao	17,436,000	+5.2%
9	Dubai	15,592,000	+2.2%
10	Tianjin	14,111,000	+0.4%

Source: Hong Kong Port Development Council, March 2016

Sustaining Profit Growth through Stable Performance at our Major Terminals

In 2015, the container throughput and profit growth of the Group's terminals business slowed down. Equity throughput rose by 1.1% to 19,262,210 TEU (2014: 19,047,214 TEU). Profit from the terminals business rose by 5.7% to US$233,653,000 (2014: US$220,978,000), primarily due to Xiamen Ocean Gate Terminal achieving a turnaround, with robust growth in throughput and higher average revenue per TEU leading to a profit contribution of US$137,000 (2014: a loss of US$6,858,000). In addition, those terminals that account for relatively high proportions of the Group's terminals business profit had stable growth in both throughput and profit. Among them, the share of profit from Yantian Terminal increased by 8.5% to US$53,667,000 (2014: US$49,449,000). The profit from Qingdao Qianwan Terminal increased by 9.9% to US$42,898,000 (2014: US$39,034,000). Thanks to the increase in its average revenue per TEU and throughput. The profit from Shanghai Pudong Terminal increased by 4.0% to US$21,511,000 (2014: US$20,689,000).

Piraeus Terminal maintained profit growth momentum, with its profit in Euro-terms rising by 18.1% following optimisation of its terminal operations. Due to the depreciation of the Euro against the US dollar compared with last year, its profit contribution in US dollar terms decreased slightly by 0.5% to US$28,845,000 (2014: US$ 28,980,000). Profit at COSCO-HIT Terminal declined 0.7% to US$16,376,000 (2014: US$16,487,000). Profit at Guangzhou South China Oceangate Terminal declined 5.0% to US$8,503,000 (2014: US$8,948,000). Profit at Suez Canal Terminal decreased by 21.1% to US$8,743,000 (2014: US$11,082,000), due to a 13.1% decline in throughput.

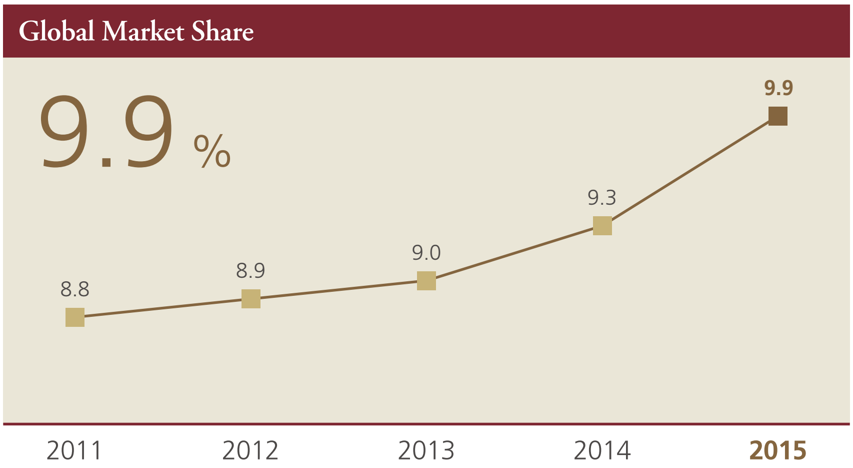
Container Terminals Business

World's No. 4

On 13 March 2014, the Group acquired a 40% effective equity interest in Asia Container Terminal, whose profit and throughput have been included in the Group's accounts since 14 March 2014. The acquired company contributed a profit of US$2,254,000 (2014: US$1,599,000) and generated US$3,229,000 (2014: US$2,916,000) of shareholder's loan interest income to the Group during the year.

The revenue from the Group's terminals business is primarily generated by seven terminal subsidiaries. In 2015, the combined revenue of these terminal subsidiaries amounted to US$486,772,000 (2014: US$516,993,000), down 5.8%. The revenue from the terminals business accounted for 61.0% (2014: 59.4%) of total Group revenue. The decline in terminals business revenue was mainly due to Piraeus Terminal being affected by the depreciation of the Euro against the US Dollar compared with last year. Piraeus Terminal delivered stable operational performance, with its revenue in Euro rising by 4.2%. However, its revenue in US dollar terms decreased 12.5% to US$156,126,000 (2014: US$178,466,000). The business volume of Xiamen Ocean Gate Terminal saw a continued increase. Combined with the revenue from its subsidiary, Xiamen Tongda Terminal, this terminal reported an aggregate revenue of US$48,833,000 (2014: US$39,199,000), a 24.6% increase. Revenue from Guangzhou South China Oceangate Terminal rose 0.5% to US$144,796,000 (2014: US$144,138,000).

Achieving Higher Market Share through Ongoing Volume Growth



On the basis of total throughput in the world's container terminal market in 2014 as shown in Drewry's Global Terminal Operator Report 2015, the total container throughput of COSCO Pacific's terminals accounted for approximately 9.9% of the world total, representing an increase in market share. COSCO Pacific's rank as number four among the world's container terminal operators has therefore been strengthened.

Affected by the slowdown in global economic growth and the drop in China's imports and exports, the total throughput of the Group increased by only 2.0% to 68,670,714 TEU (2014: 67,326,122 TEU). The equity throughput of the Group increased only modestly, by 1.1% to 19,262,210 TEU (2014: 19,047,214 TEU).

The Group's terminal companies in Mainland China (excluding Hong Kong and Taiwan) handled 54,786,540 TEU (2014: 53,787,323 TEU) in total, an increase of 1.9%, accounting for 79.8% of the Group's total throughput.

The throughput of the Bohai Rim region reached 25,653,747 TEU (2014: 25,130,274 TEU), an increase of 2.1% and accounting for 37.3% of the Group's total throughput. Thanks to the increased foreign trade cargo volume, the throughput at Qingdao Qianwan Terminal reached 16,995,934 TEU (2014: 16,108,145 TEU), up 5.5%. Affected by adjustments to shipping routes, throughput at Dalian Port Terminal and Yingkou Terminal decreased by 8.7% to 2,495,053 TEU (2014: 2,732,136 TEU) and by 9.1% to 1,560,138 TEU (2014: 1,716,128 TEU) respectively.

The throughput of the Yangtze River Delta region declined 0.3% to 9,876,808 TEU (2014: 9,902,712 TEU), accounting for 14.4% of the Group's total throughput. Thanks to the increases in shipping routes, the throughput of Shanghai Pudong Terminal rose 5.7% to 2,508,121 TEU (2014: 2,373,620 TEU). From the beginning of July 2015, the number of terminal berths in operation at Ningbo Yuan Dong Terminal decreased from five to three. With decreased operating capacity, the terminal's throughput dropped by 5.4% to 3,040,762 TEU (2014: 3,214,703 TEU). The throughput of Zhangjiagang Terminal decreased 15.8% to 672,295 TEU (2014: 798,773 TEU) as a result of a decline in the volume of transshipment and foreign trade import cargo.

The combined throughput of the Southeast Coast and others reached 4,129,030 TEU (2014: 3,767,499 TEU), representing an increase of 9.6% and accounting for 6.0% of the Group's total throughput. With enhanced customer service and marketing efforts, throughput at Xiamen Ocean Gate Terminal surged 28.4% to 1,034,753 TEU (2014: 806,183 TEU). Thanks to the introduction of new shipping routes and increased domestic transshipment cargoes, throughput at Quan Zhou Pacific Terminal rose 5.3% to 1,221,692 TEU (2014: 1,160,480 TEU). However, because certain shipping companies shut down their operations due to the difficult operating environment for domestic trade, throughput at Jinjiang Pacific Terminal decreased by 25.7% to 347,226 TEU (2014: 467,610 TEU).

The throughput of the Pearl River Delta region reached 19,480,987 TEU (2014: 19,099,473 TEU), representing an increase of 2.0% and accounting for 28.4% of the Group's total throughput. With increases in cargo volumes brought about by transshipments and exports to the United States, as well as a rise in the volume of empty containers, the throughput of Yantian Terminals rose 4.2% to 12,165,687 TEU (2014: 11,672,798 TEU). Guangzhou South China Oceangate Terminal began handling foreign cargoes only in 2015, following completion of a transition period for the diversification of its cargo handling to include both domestic and foreign trade. Its throughput declined 3.5% to 4,486,627 TEU (2014: 4,647,266 TEU). COSCO-HIT Terminal was impacted by shipping route adjustments and its throughput declined 3.9% to 1,575,858 TEU (2014: 1,639,995 TEU). The profit and throughput of Asia Container Terminal have been included in the Group's accounts since 14 March 2014. The throughput of the terminal was 1,252,815 TEU (2014: 1,139,414 TEU) in 2015.

The throughput of overseas terminals reached 9,530,142 TEU (2014: 9,426,164 TEU), representing an increase of 1.1% and accounting for 13.9% of the Group's total throughput. Although the Far East – Mediterranean shipping market saw a downturn, the throughput of Piraeus Terminal recorded steady growth of 1.6% to 3,034,428 TEU (2014: 2,986,904 TEU) during the year, on the back of its enhanced efforts to introduce new routes from shipping alliances and to offer network services as a Mediterranean hub port. Antwerp Terminal in Belgium continued to deliver consistent services, thereby attracting greater support from its clients. As a result, the operations of a number of shipping routes have been optimised, leading throughput to rise by 16.7% to 2,015,306 TEU (2014: 1,727,116 TEU). With COSCO-PSA Terminal in Singapore effectively optimising its service, its customers also increased their shipping routes at the terminal, leading to a 16.4% surge in throughput to 1,526,328 TEU (2014: 1,311,747 TEU). The throughput of Suez Canal Terminal in Egypt fell by 13.1% to 2,954,080 TEU (2014: 3,400,397 TEU), as a result of shipping route adjustments.

Total Throughput by Region

	Throughput (TEU)	Year-on-year change(%)	Percentage of total (%)
Bohai Rim	25,653,747	+2.1	37.3
Yangtze River Delta	9,876,808	-0.3	14.4
Southeast Coast and others	4,129,030	+9.6	6.0
Pearl River Delta	19,480,987	+2.0	28.4
Overseas	9,530,142	+1.1	13.9
Total	**68,670,714**	**+2.0**	**100.0**

Equity Throughput by Region

	Throughput (TEU)	Year-on-year change (%)	Percentage of total (%)
Bohai Rim	4,811,336	-0.5	25.0
Yangtze River Delta	2,700,147	-1.4	14.0
Southeast Coast and others	2,160,707	+6.6	11.2
Pearl River Delta	4,813,814	+0.5	25.0
Overseas	4,776,206	+2.6	24.8
Total	**19,262,210**	**+1.1**	**100.0**

Throughput of Terminals

Total Container Throughput

2015 (TEU)	2014 (TEU)	Change
68,670,714	67,326,122	↑2.0%

Total Container Throughput in China (including Hong Kong & Taiwan)

2015 (TEU)	2014 (TEU)	Change
59,140,572	57,899,958	↑2.1%

Bohai Rim

	2015 (TEU)	2014 (TEU)	
Bohai Rim	25,653,747	25,130,274	↑2.1%
Qingdao Qianwan Terminal[1]	16,995,934	16,108,145	↑5.5%
Tianjin Five Continents Terminal	2,570,233	2,569,695	↑0.0%
Tianjin Euroasia Terminal	2,032,389	2,004,170	↑1.4%
Dalian Port Terminal	2,495,053	2,732,136	↓8.7%
Ying Terminal	1,560,138	1,716,128	↓9.1%

Pearl River Delta

	2015 (TEU)	2014 (TEU)	
Pearl River Delta	19,480,987	19,099,473	↑2.0%
Yantian Terminal	12,165,687	11,672,798	↑4.2%
COSCO-HIT Terminal	1,575,858	1,639,995	↓3.9%
Asia Container Terminal[2]	1,252,815	1,139,414	↑10.0%
Guangzhou South China Oceangate Terminal	4,486,627	4,647,266	↓3.5%

Southeast Coast and others

	2015 (TEU)	2014 (TEU)	
Southeast Coast and others	4,129,030	3,767,499	↑9.6%
Quan Zhou Pacific Terminal	1,221,692	1,160,480	↑5.3%
Jinjiang Pacific Terminal	347,226	467,610	↓25.7%
Xiamen Ocean Gate Terminal	1,034,753	806,183	↑28.4%
Kao Ming Terminal	1,525,359	1,333,226	↑14.4%

Overseas

	2015 (TEU)	2014 (TEU)	
Overseas	9,530,142	9,426,164	↑1.1%
Piraeus Terminal	3,034,428	2,986,904	↑1.6%
Suez Canal Terminal	2,954,080	3,400,397	↓13.1%
COSCO-PSA Terminal	1,526,328	1,311,747	↑16.4%
Antwerp Terminal	2,015,306	1,727,116	↑16.7%

Yangtze River Delta

	2015 (TEU)	2014 (TEU)	
Yangtze River Delta	9,876,808	9,902,712	↓0.3%
Shanghai Pudong Terminal	2,508,121	2,373,620	↑5.7%
Ningbo Yuan Dong Terminal	3,040,762	3,214,703	↓5.4%
Zhangjiagang Terminal	672,295	798,773	↓15.8%
Yangzhou Yuanyang Terminal	482,106	481,704	↑0.1%
Taicang Terminal	539,771	538,304	↑0.3%
Nanjing Longtan Terminal	2,633,753	2,495,608	↑5.5%

Notes:

1. Throughput at Qingdao Qianwan Terminal included the throughput at Qingdao Qianwan United Terminal and Qingdao Qianwan United Advance Terminal and these two terminals are joint ventures of Qingdao Qianwan Terminal. The throughput of the two terminals was 5,123,715 TEU (2014: 4,497,490 TEU) and 1,539,128 TEU (2014: 1,482,543 TEU) respectively.
2. Throughput at Asia Container Terminal is included since 14 March 2014.

2015 (TEU) 2014 (TEU)

Strengthening the Mediterranean Terminal Network

As of 31 December 2015, there were 113 berths (2014: 108 berths) under the Group's operating container terminals and the total annual handling capacity was 68,370,000 TEU (2014: 65,750,000 TEU). There were 13 bulk berths (2014: 13 berths) in operation, with a total annual handling capacity of 46,050,000 tons (2014: 46,050,000 tons). Newly-added berths during the year included the six berths of Kumport Terminal (2,100,000 TEU) and one berth at Piraeus Terminal.

During the year, the Group capitalised on the strategic opportunities from the "One Belt, One Road" and the Yangtze River Economic Belt initiatives to expand its terminal network around the globe. On 17 September 2015, the Group acquired a 26% effective equity interest at Kumport Terminal in Turkey at a total consideration of US$386,114,000. Kumport Terminal is in the Ambarli Port Complex, on the European shore of Istanbul. It has always been an important strategic location at the crossroads of Europe and Asia, and lies just 35 km away from the portal to the Black Sea, the Strait of Bosporus, which is the only passage to the Black Sea for shipping. Local goods are mainly supplied by the European side of Istanbul, which contains its main commercial and industrial areas. Most transshipments are shipped to the Black Sea. The current annual handling capacity of Kumport Terminal is 2.1 million TEU. The annual handling capacity can be increased to 3.5 million TEU through the transformation of the existing berths (including by extending berths) and a container depot, as well as the enhancement and upgrading of equipment. This acquisition was completed on 9 December 2015, and the terminal's throughput and profit will be included in the Group's accounts from 1 January 2016.

In addition, the expansion project at Piraeus Terminal includes enhancing the operational capacity of Pier 2 and building the Western Part of Pier 3, bringing an additional 2.5 million TEU annual handling capacity to the terminal, thereby raising total annual handling capacity to 6.2 million TEU. Piraeus Terminal held the inauguration ceremony for the construction of the Western Part of Pier 3 in late January 2015 and the operating capacity enhancement of Pier 2 was gradually completed during 2015. The annual handling capacity of Piraeus Terminal thus increased to 4.3 million TEU at the end of 2015. The construction and instalment of mechanical equipment at the Western Part of Pier 3 is scheduled to be completed by 2021. Once complete, the expansion project will enhance the facilities and operating capacity of the container terminals in Piraeus Port, strengthen the port's position as an international transshipment hub and improve the revenue generating capacity of Piraeus Terminal.

Geographical Distribution of Terminals

Berths in operation	Number of berths	Annual handling capacity (TEU)	Percentage of total
Bohai Rim			
Container	34	19,400,000	28.4%
Bulk	2	29,000,000 tons	63.0%
Automobile	2	600,000 vehicles	100%
Yangtze River Delta			
Container	18	8,070,000	11.8%
Bulk	7	10,550,000 tons	22.9%
Southeast Coast and others			
Container	10	5,700,000	8.3%
Bulk	4	6,500,000 tons	14.1%
Pearl River Delta			
Container	25	21,100,000	30.9%
Overseas			
Container	26	14,100,000	20.6%
Total number of terminal berths in operation	**128**		
Total number of container berths/annual handling capacity	**113**	**68,370,000**	
Total number of bulk berths/annual handling capacity	**13**	**46,050,000 tons**	
Total number of automobile berths/annual handling capacity	**2**	**600,000 vehicles**	

Enhancing Our Competitive Advantage, Seizing Opportunities for Development

In the year ahead, competition in the ports industry will intensify as economic growth slows. According to a forecast by Drewry made in December 2015, global container throughput volume growth in 2016 will remain low at 2.5%. The Group will adhere to its proven operational strategies, namely continued enhancement of management, improving cost control, the proactive upgrading of service standards and establishing long-term strategic partnerships with customers.

Following the acquisition of CSPD, COSCO Pacific's annual handling capacity in operation has further increased. The terminal network and the Group's market share have also expanded, strengthening its leading position in the industry. COSCO Pacific will devote its efforts to completing the reorganisation of the business, in order to leverage the economies of scale arising from its expanded terminals business and the synergies with its parent company. It will conduct risk management while seizing investment opportunities, focusing on the development of its global terminal network and improving its global container hub network through adherence to its four areas of strategic focus, with a view towards sustainable development and growth in profitability.

Terminal Portfolio[1] (as of 31 December 2015)

Terminal company	Share holdings	No. of berths	Design annual handling capacity (TEU)	Depth (m)
Bohai Rim		**41**	**23,850,000**	
		3	**780,000 vehicles**	
		2	**29,000,000 tons**	
Qingdao Qianwan Terminal	20%	11	6,500,000	17.5
Qingdao New Qianwan Terminal	16%	4	2,280,000	15.0 – 20.0
Qingdao Qianwan United Terminal	8%	7	3,950,000	15.0 – 20.0
Qingdao Qianwan United Advance Terminal	5.6%	2	1,300,000	15.0 – 20.0
Qingdao Qianwan Intelligent Container Terminal	11.2%	2	1,320,000	15.0 – 20.0
Dongjiakou Ore Terminal	25%	2	29,000,000 tons	19.2 – 24.5
Dalian Port Terminal	20%	6	4,200,000	13.5 – 17.8
Dalian Automobile Terminal	30%	3	780,000 vehicles	11.0
Tianjin Five Continents Terminal	14%	4	1,500,000	16.5
Tianjin Euroasia Terminal	30%	3	1,800,000	16.5
Yingkou Terminal	50%	2	1,000,000	14.0
Yangtze River Delta		**23**	**10,350,000**	
		10	**14,950,000 tons**	
Shanghai Pudong Terminal	30%	3	2,300,000	12.0
Ningbo Yuan Dong Terminal	20%	3	1,800,000	17.0 – 22.0
Zhangjiagang Terminal	51%	3	1,000,000	10.0 – 11.0
Yangzhou Yuanyang Terminal	55.59%	2	700,000	12.0
		8	10,950,000 tons	8.0 – 12.0
Taicang Terminal	39.04%	2	550,000	12.5
		2	4,000,000 tons	12.5
Nanjing Longtan Terminal	16.14%	10	4,000,000	12.5 – 14.5
Southeast Coast and others		**13**	**7,600,000**	
		5	**9,200,000 tons**	
Quan Zhou Pacific Terminal	82.35%	3	1,200,000	7.0 – 15.1
		2	1,000,000 tons	5.1 – 9.6
Jinjiang Pacific Terminal	80%	2	800,000	9.5 – 14.8
		2	4,200,000 tons	7.3 – 9.1
Xiamen Ocean Gate Terminal	70%	4	2,800,000	17.0
Xiamen Tongda Terminal	70%	1	4,000,000 tons	16.5
Kao Ming Terminal	10%	4	2,800,000	16.5
Pearl River Delta		**25**	**21,100,000**	
COSCO-HIT Terminal	50%	2	1,800,000	15.5
Asia Container Terminal	40%	2	1,600,000	15.5
Yantian Terminals Phases I & II	14.59%	5	4,500,000	14.0 – 15.5
Yantian Terminals Phase III	13.36%	10	9,000,000	16.0 – 16.5
Guangzhou South China Oceangate Terminal	39%	6	4,200,000	15.5
Overseas		**30**	**19,300,000**	
Piraeus Terminal	100%	8	6,200,000	14.5 – 18.5
Suez Canal Terminal	20%	8	5,100,000	16.0
COSCO-PSA Terminal	49%	2	1,000,000	15.0
Antwerp Terminal	20%	6	3,500,000	14.5 – 16.5
Kumport Terminal	26%	6	3,500,000	15.0 – 16.5
Total		**152**		
Total number of container berths/ annual handling capacity		**132**	**82,200,000**	
Total number of bulk berths/ annual handling capacity		**17**	**53,150,000 tons of bulk cargo**	
Total number of automobile berths/ annual handling capacity		**3**	**780,000 vehicles**	

Notes:

1. The terminal portfolio includes operating and non-operating terminal companies, berths and annual handling capacity.
2. The Group has a 10% effective interest in Shanghai Terminal with ten container berths of 3,700,000 TEU annual handling capacity. Hutchison Ports Shanghai Limited, in which the Group owns an interest, jointly operates Shanghai Terminal with Shanghai International Port (Group) Co., Ltd. ("Shanghai Port Group"). Starting from January 2011, Shanghai Terminal made a strategic change in its business model and ceased handling containers. Hutchison Ports Shanghai is leading the discussions on the issue with Shanghai Port Group, which are still in progress.

Worldwide Container Depot Network

North America

- Atlanta
- Baltimore
- Calgary
- Charleston
- Chicago
- Cincinnati
- Cleveland
- Columbus
- Dallas
- Detroit
- Houston
- Illinois City
- Jacksonville
- Kansas City
- Kelowna
- Los Angeles
- Louisville
- Memphis
- Miami
- Minneapolis
- Montreal
- Nashville
- New Orleans
- New York
- Norfolk
- Pittsburgh
- Portland
- San Francisco
- Savannah
- Seattle
- St. Louis
- Tacoma
- Toronto
- Vancouver
- Winston Salem

Central America

- Puerto Limon

South America

- Buenos Aires
- Guayaquil
- Itajai
- Manaus
- Navegantes
- Paranagua
- Rio Grande
- Salvador
- San Antonio
- Santiago
- Santos
- Suape
- Valparaiso

South Africa

- Cape Town
- Durban
- Johannesburg

Container Fleet Capacity

1,944,654 TEU

Total Container Depots

242

Europe & Mediterranean

Aarhus
Antwerp
Basel
Bilbao
Birmingham
Bremen
Copenhagen
Dubai
Duisburg
Felixstowe
Fos
Genoa
Gothenburg
Hamburg
Helsinki
La Spezia
Leeds
Leghorn
Le Havre
Lisbon
Liverpool
London
Lyon
Manchester
Mannheim
Marseille
Milan
Naples
Padua
Rotterdam
Rubiera
Valencia
Vienna

Asia Pacific

Adelaide
Auckland
Bangkok
Brisbane
Busan
Calcutta
Chongqing
Cochin
Colombo
Dalian
Da Nang
Delhi
Fremantle
Fuzhou
Haiphong
Hanoi
Ho Chi Minh City
Hong Kong
Huangpu
Incheon
Jakarta
Kaohsiung
Karachi
Keelung
Kobe
Laem Chabang
Lianyungang
Lyttelton
Madras
Manila
Melbourne
Nagoya
Nansha
Nhava Sheva
Ningbo
Pasir Gudang
Penang
Port Kelang
Qingdao
Quanzhou
Seoul
Shanghai
Shekou
Singapore
Surabaya
Sydney
Taicang
Taichung
Tauranga
Tianjin
Tuticorin
Wellington
Xiamen
Yantian
Yingkou
Yokohama

Floren's container fleet has increased in size over the years to reach 1.9m TEU, ranking as the world's fourth largest container leasing company, enabling it to strengthen its position among the world's leading container leasing companies.

In 2015, the container leasing market suffered from the weak global economy and worse-than-expected overcapacity in the shipping industry. According to Drewry's estimate, the TEU capacity of global container ships increased by 8.5% year-on-year in 2015, 1.3 percentage points higher than the original prediction of 7.2%. However, container demand grew by only 0.9% year-on-year, significantly lower than the 5.3% originally predicted. The gross margin of the container leasing industry was therefore pressured by intense competition resulting from oversupply, lower new container prices and lease rates, declining resale prices, as well as the expiry of certain container leases at higher rates.

During the year, the number of the Group's leased containers increased, while overall lease rates declined year-on-year, resulting in a slight decline in revenue from the container leasing business. In addition, the number of disposed returned containers declined, while there was continued pressure on resale prices. These factors negatively affected the profit of the container leasing, management and sale businesses, which decreased by 13.5% to US$82,849,000 (2014: US$95,757,000).

Long-term leases accounted for 96.7% (2014: 96.2%) of the Group's total revenue from the container leasing business in 2015, while revenue from master leases accounted for 3.3% (2014: 3.8%). With a strategic focus on long-term leasing, the overall average utilisation rate of the Group's containers remained stable during the year, at 95.0% (2014: 95.3%), higher than the industry average of approximately 93.0% (2014: approximately 94.0%).

Utilisation Rate Remained Steady

In 2015, revenue from the Group's container leasing, management and sale businesses reached US$315,675,000 (2014: US$357,075,000), representing a decrease of 11.6%. The decline was mainly attributable to the decrease in revenue from the disposal of returned containers. Revenue from the container leasing business was US$285,511,000 (2014: US$295,774,000), a decrease of 3.5%, and accounted for 90.4% (2014: 82.8%) of the total revenue of the container leasing, management and sale businesses. The fleet size of owned containers and sale-and-leaseback containers grew 7.7% to 1,476,507 TEU (2014: 1,370,324 TEU).

Revenue Breakdown of Container Leasing, Management and Sale Businesses

	2015 US$	Year-on-year change	Percentage of total
Container Leasing	**285,511,000**	-3.5%	90.4%
Disposal of returned containers	**18,116,000**	-62.1%	5.7%
Container management	**4,612,000**	-27.7%	1.5%
Others	**7,436,000**	+4.0%	2.4%
Total	**315,675,000**	**-11.6%**	**100.0%**

The Group's overall utilisation rate remained steady and was higher than the industry average, however, the market lease rates were relatively low, which dragged down the Group's revenue growth.

Resale prices declined and the number of disposed returned containers dropped by 55.3% to 22,747 TEU (2014: 50,860 TEU). As a result, revenue from the disposal of returned containers decreased by 62.1% to US$18,116,000 (2014: US$47,773,000), accounting for 5.7% (2014: 13.4%) of the total revenue of the container leasing, management and sale businesses. In addition, the number of containers returned from COSCON was 4,456 TEU (2014: 43,382 TEU).

During the year, the fleet size of managed containers dropped 12.9% to 468,147 TEU (2014: 537,454 TEU). As a result, revenue from managed containers deceased by 27.7% to US$4,612,000 (2014: US$6,377,000), accounting for 1.5% (2014: 1.8%) of the total revenue of container leasing, management and sale businesses.

The Group has a prudent and comprehensive customer risk management framework to evaluate the credit risk attaching to individual customers. Core customers of the Group are reliable container shipping lines. In 2015, 80.2% (2014: 79.5%) of the Group's container leasing revenue was contributed by the world's top ten container shipping lines.

As of 31 December 2015, the Group's container fleet had reached 1,944,654 TEU (2014: 1,907,778 TEU), up 1.9%. COSCO Pacific was one of the world's four largest container leasing companies, with a market share of approximately 10.5% (2014 approximately 11.0%). The average age of containers in the fleet was 6.9 years (2014: 6.5 years).

Fleet Capacity Movement

	2015 (TEU)	2014 (TEU)	Change (%)
Fleet capacity at 1 January	**1,907,778**	1,888,200	+1.0
New containers purchased	**120,414**	161,106	-25.3
Total number of returned containers disposed of and pending for disposal	**(11,510)**	(52,710)	-78.2
Managed containers (disposed of or declared lost and compensated for by customers)	**(69,307)**	(78,593)	-11.8
Others Note	**(2,721)**	(10,225)	-73.4
Fleet capacity at 31 December	**1,944,654**	1,907,778	+1.9

Note: Others include ownership transferred to customers upon expiry of finance leases, defective containers written off, owned containers declared lost and compensated for by customers.

Balancing the Development of the Container Fleet to Reduce Operational Risk

During the year, the Group purchased 120,414 TEU (2014: 161,106 TEU) of new containers. Among these, 87,032 TEU (2014: 137,830 TEU) were purchased for COSCON, accounting for 72.3% (2014: 85.6%) of total new containers. A further 33,382 TEU (2014: 23,276 TEU) were purchased for international customers, accounting for 27.7% (2014: 14.4%) of total new containers. The capital expenditure on new containers amounted to US$204,020,000 (2014: US$305,803,000).

Breakdown of Owned, Sale-and-leaseback and Managed Containers

As of 31 December	Leasing customers	2015 (TEU)	2014 (TEU)	Change (%)
Owned containers	COSCON	**579,709**	519,492	+11.6
Owned containers	International customers	**610,230**	564,264	+8.1
Sale-and-leaseback containers	COSCON	**286,568**	286,568	–
Managed containers	International customers	**468,147**	537,454	-12.9
Total		**1,944,654**	**1,907,778**	**+1.9**

As of 31 December	Leasing customers	2015 Percentage of total	2014 Percentage of total	Change (pp)
Owned containers	COSCON	**29.8**	27.2	+2.6
Owned containers	International customers	**31.4**	29.6	+1.8
Sale-and-leaseback containers	COSCON	**14.7**	15.0	-0.3
Managed containers	International customers	**24.1**	28.2	-4.1
Total		**100.0**	**100.0**	–

The Group's investment strategy has been to expand its container fleet, while balancing fleet development between owned containers, sale-and-leaseback containers and managed containers to minimise operational risk and achieve overall business stability. The Group's owned container fleet was 1,189,939 TEU (2014:1,083,756 TEU), representing 61.2% (2014: 56.8%) of the total container fleet, as at 31 December 2015. The fleet size of sale-and-leaseback containers and managed containers was 754,715 TEU (2014: 824,022 TEU), representing 38.8% (2014: 43.2%) of the total fleet size.

The Group's customers are global container shipping lines and COSCON is a major customer. COSCON leased 866,277 TEU (2014: 806,060 TEU), while international customers took up 1,078,377 TEU (2014: 1,101,718 TEU), which represented 44.5% (2014: 42.2%) and 55.5% (2014: 57.8%) of the total fleet size respectively.

Overcoming Industry Challenges through Solid Fundamentals

Looking ahead to 2016, the oversupply in the shipping industry has yet to be absorbed. According to Drewry's forecast, global shipping capacity will increase by 4.9% year-on-year. This is higher than the estimated 2.5% growth in demand and hence the surplus of global capacity in the shipping industry will continue. Furthermore, the container leasing industry is expected to remain intensely competitive, with container lease rates and container resale prices facing more downward pressure. The environment for the container leasing business is therefore expected to remain challenging.

The Group's container leasing, management and sale businesses are operated and managed by Florens. Backed by COSCO Pacific's shareholders and by shipping companies, over the years, Florens' container fleet has increased in size. Following COSCO Pacific's listing on the Stock Exchange of Hong Kong in 1994, the container fleet has grown from 261,570 TEU to 1,944,654 TEU at the end of 2015, making it the world's fourth largest container leasing company with a market share of approximately 10.5%. Following the reorganisation of COSCO Group and China Shipping Group, the expanded container shipping fleet will continue to give its support to Florens. Furthermore, the scale, competitiveness and cost structure of Florens' container leasing business has been upgraded, paving the way for it to strengthening its position among the world's leading container leasing companies.

Financial Review

In 2015, the terminals business of COSCO Pacific recorded steady development and stable profit performance. However, in respect of the container leasing business, lease rates and resale prices decreased due to the adverse market environment during the year, affecting the profit performance of the container leasing, management and sale businesses. Profit attributable to equity holders of COSCO Pacific for the year 2015 was US$381,644,000 (2014: US$292,759,000), a 30.4% increase compared with last year. Excluding the reversal of provision recognised for the discontinued container manufacturing business for the year of US$79,152,000 (2014: not applicable), profit attributable to equity holders of COSCO Pacific for 2015 amounted to US$302,492,000 (2014: US$292,759,000), a 3.3% increase compared with last year.

Profit from the terminals business for 2015 was US$233,653,000 (2014: US$220,978,000), a 5.7% increase compared with last year. The throughput of container terminals was 68,670,714 TEU (2014: 67,326,122 TEU), a 2.0% increase compared with last year. Equity throughput increased to 19,262,210 TEU (2014: 19,047,214 TEU), a 1.1% increase compared with last year. During the year, the performace of Xiamen Ocean Gate Terminal improved, with an increase in container throughput of 28.4% compared with last year as a result of an increase in the number of shipping routes. In 2015, Xiamen Ocean Gate Terminal was able to return to profitability, recording a profit of US$137,000 (2014: loss of US$6,858,000). Piraeus Terminal in Greece showed stable performance during the year, with an increase of 1.6% in throughput as compared with last year, recording a profit of US$28,845,000 (2014: US$28,980,000), a slight 0.5% decrease compared with last year.

In respect of non-controlled terminals, profits from Yantian Terminal, Qingdao Qianwan Terminal and Antwerp Terminal attributable to COSCO Pacific all increased in 2015, driven by increased throughput. In 2015, the throughput of Yantian Terminal increased by 4.2% compared with last year, and the share of profit of Yantian Terminal was US$53,667,000 (2014: US$49,446,000), an 8.5% increase compared with last year; the throughput of Qingdao Qianwan Terminal increased by 5.5% compared with last year, and the share of profit of Qingdao Qianwan Terminal was US$42,898,000 (2014: US$39,034,000), a 9.9% increase compared with last year; the throughput of Antwerp Terminal increased by 16.7% compared with last year, and the share of profit of Antwerp Terminal was US$5,529,000 (2014: US$4,469,000), a 23.7% increase compared with last year.

The container leasing, management and sale businesses recorded a profit of US$82,849,000 (2014: US$95,757,000) in 2015, a 13.5% decrease compared with last year. As at 31 December 2015, the fleet size of the Group was 1,944,654 TEU (31 December 2014: 1,907,778 TEU), a 1.9% increase compared with last year.

Financial Analysis

Revenues

The Group revenue for 2015 amounted to US$798,151,000 (2014: US$870,091,000), an 8.3% decrease compared with last year. The revenue was primarily derived from the terminals business revenue of US$486,772,000 (2014: US$516,993,000) and the container leasing, management and sale businesses revenue of US$315,675,000 (2014: US$357,075,000).

Total revenue from the terminals business for 2015 decreased by 5.8% compared with last year, a decline mainly attributable to Piraeus Terminal in Greece. The throughput of Piraeus Terminal was 3,034,428 TEU (2014: 2,986,904 TEU) in 2015, contributing a revenue of Euro140,573,000 (2014: Euro134,929,000) to the Group for the year, a 4.2% increase compared with last year. Due to the depreciation of the Euro, however, the revenue from Piraeus Terminal in 2015 was equivalent to US$156,126,000 (2014: US$178,466,000), a 12.5% decrease compared with last year. During the year, Xiamen Ocean Gate Terminal increased average revenue per TEU and the number of shipping routes, recording revenue for the year of US$48,833,000 (2014: US$39,199,000), a 24.6% increase compared with last year.

In respect of the container leasing, management and sale businesses, revenue generated in 2015 was US$315,675,000 (2014: US$357,075,000), an 11.6% decrease compared with last year, and primarily comprised of container leasing income and revenues from the disposal of returned containers. As at 31 December 2015, the fleet capacity of owned containers and sale-and-leaseback containers was 1,189,939 TEU and 286,568 TEU respectively (31 December 2014: 1,083,756 TEU and 286,568 TEU respectively). As a result of a decrease in leasing rates, revenue from container leasing for 2015 was US$285,511,000 (2014: US$295,774,000), a decrease of 3.5% as compared with last year. In respect of the container sale business, the average resale price of returned containers during the year decreased by 15.2% as compared with last year, and the number of returned containers disposed of decreased by 55.3% to 22,747 TEU (2014: 50,860 TEU) compared with last year, as a result of which the revenue from the disposal of returned containers decreased by 62.1% as compared with last year to US$18,116,000 (2014: US$47,773,000).

Cost of sales

Cost of sales mainly comprises the operating expenses of the terminal companies in which the Group has controlling stakes, depreciation charges on owned containers, net carrying amount of returned containers disposed of and rental expenses of sale-and-leaseback containers. Cost of sales in 2015 was US$498,047,000 (2014: US$546,234,000), an 8.8% decrease compared with last year. Of this, the cost of sales of the terminals business was US$307,274,000 (2014: US$337,344,000), an 8.9% decrease compared with last year. The decrease was mainly attributable to Piraeus Terminal. In 2015, the cost of sales of Piraeus Terminal was US$106,465,000 (2014: US$126,223,000), a 15.7% decrease compared with last year that was mainly due to the depreciation of the Euro. The cost of sales for the container leasing, management and sale businesses was US$190,798,000 (2014: US$208,940,000), an 8.7% decrease compared with last year. During the year, sales of returned containers decreased by 55.3% compared with last year, causing the net carrying amount of returned containers to decrease to US$16,001,000 (2014: US$40,848,000), a 60.8% decrease compared with last year. In 2015, the depreciation charge for containers was US$122,723,000 (2014: US$124,329,000), a 1.3% decrease compared with last year.

Administrative expenses

Administrative expenses in 2015 were US$77,028,000 (2014: US$93,201,000), a 17.4% decrease compared with last year. The decrease was mainly attributable to strict cost control by the Group during the year.

Net other operating income/(expenses)

Net other operating income for the year was US$3,624,000 (2014: net other operating expenses of US$3,231,000), which included a net exchange loss of US$14,177,000 (2014: US$7,600,000) for 2015.

Finance costs

The Group's finance costs in 2015 were US$64,253,000 (2014: US$72,506,000), an 11.4% decrease compared with last year. The finance costs decreased mainly because the average balance of bank loans was reduced to US$1,812,699,000 (2014: US$1,984,945,000) for the year, an 8.7% decrease compared with last year. Taking into account capitalised interest, the average cost of bank borrowings in 2015, including the amortisation of transaction costs over bank loans and notes, was 3.52% (2014: 3.63%).

Share of profit of joint ventures and associates

The profit contribution from joint ventures and associates for 2015 amounted to US$181,140,000 (2014: US$171,225,000), representing an increase of 5.8% compared with last year. In 2015, the throughput of Yantian Terminal increased by 4.2% compared with last year, and share of profit of Yantian Terminal was US$53,667,000 (2014: US$49,446,000), a 8.5% increase compared with last year; the throughput of Qingdao Qianwan Terminal increased by 5.5% compared with last year, and share of profit of Qingdao Qianwan Terminal was US$42,898,000 (2014: US$39,034,000), a 9.9% increase compared with last year; the throughput of Antwerp Terminal increased by 16.7% compared with last year, and share of profit of Antwerp Terminal was US$5,529,000 (2014: US$4,469,000), a 23.7% increase compared with last year.

Income tax expenses

During the year, income tax expenses amounted to US$41,153,000 (2014: US$38,995,000), representing an increase of 5.5% compared with last year. This included a provision of approximately US$13,456,000 (2014: US$13,525,000) for withholding income tax in respect of the profit distribution made by certain of the Group's domestic investments.

Financial Position

Cash flow

Cash inflow of the Group remained steady in 2015. During the year, net cash generated from operating activities amounted to US$391,350,000 (2014: US$464,952,000). In 2015, the Group borrowed bank loans of US$861,292,000 (2014: US$266,050,000) and repaid loans of US$653,629,000 (2014: US$419,114,000).

During the year, an amount of US$365,309,000 (2014: US$376,759,000) was paid in cash by the Group for the expansion of berths and the purchase of property, plant and equipment, of which US$263,031,000 (2014: US$280,348,000) was for the purchase of new containers. In addition, COSCO Pacific's cash outflows for investments amounted to US$376,056,000 in 2015, representing the cash investment in Kumport Terminal in Turkey. The total cash outflow for capital investment by COSCO Pacific amounted to US$279,919,000 in 2014, comprising US$212,335,000 for the investment in Asia Container Terminal, net equity investment of US$57,330,000 for Dongjiakou Ore Terminal and US$10,254,000 used for a capital injection into Ningbo Yuan Dong Terminal.

Financing and credit facilities

As at 31 December 2015, the Group's total outstanding borrowings and cash balance amounted to US$2,022,363,000 (31 December 2014: US$1,860,193,000) and US$909,287,000 (31 December 2014: US$1,116,479,000) respectively. Banking facilities available but unused amounted to US$927,288,000 (31 December 2014: US$475,694,000).

Assets and liabilities

As at 31 December 2015, the Group's total assets and total liabilities were US$7,671,574,000 (31 December 2014: US$7,616,710,000) and US$2,498,714,000 (31 December 2014: US$2,558,048,000) respectively. Net assets were US$5,172,860,000, representing an increase of 2.3% as compared with US$5,058,662,000 as at 31 December of 2014. Net current assets at 31 December 2015 amounted to US$548,336,000 (31 December 2014: US$426,433,000). As at 31 December 2015, the net asset value per share of the Company was US$1.74 (31 December 2014: US$1.72).

As at 31 December 2015, the net debt-to-total-equity ratio was 21.5% (31 December 2014: 14.7%), and interest coverage was 7.9 times (2014: 5.9 times). As at 31 December 2015, certain other property, plant and equipment of the Group with an aggregate net book value of US$47,327,000 (31 December 2014: US$55,119,000) and the Company's interest in a subsidiary were pledged as securities against bank borrowings of US$249,766,000 (31 December 2014: US$241,967,000) granted to the subsidiary.

Debt analysis

	As at 31 December 2015		As at 31 December 2014	
By repayment term	**US$**	**(%)**	**US$**	**(%)**
Within the first year	**260,981,000**	**12.9**	429,762,000	23.1
Within the second year	**304,259,000**	**15.0**	142,804,000	7.7
Within the third year	**237,596,000**	**11.7**	371,953,000	20.0
Within the fourth year	**170,546,000**	**8.4**	159,648,000	8.6
Within the fifth year and after	**1,048,981,000**	**52.0**	756,026,000	40.6
	2,022,363,000*	**100.0**	1,860,193,000*	100.0
By category				
Secured borrowings	**249,766,000**	**12.4**	241,967,000	13.0
Unsecured borrowings	**1,772,597,000**	**87.6**	1,618,226,000	87.0
	2,022,363,000*	**100.0**	1,860,193,000*	100.0
By denominated currency				
US dollar borrowings	**1,388,455,000**	**68.6**	1,266,764,000	68.1
RMB borrowings	**384,142,000**	**19.0**	351,462,000	18.9
Euro borrowings	**249,766,000**	**12.4**	241,967,000	13.0
	2,022,363,000*	**100.0**	1,860,193,000*	100.0

* Net of unamortised discount on notes and transaction costs on borrowings and notes.

Financial guarantee contracts

As at 31 December 2015, no external guarantee was provided by the Group. As at 31 December 2014, the Group provided guarantees on a loan facility granted to an associate of US$13,613,000.

Contingent liabilities

A statement of claim was issued on 19 October 2009 by ADK against the Company and Piraeus Terminal, a wholly-owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff had claimed approximately Euro 5,800,000 (equivalent to approximately US$6,300,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 November 2010.

The Court of First Instance of Athens has issued and pronounced judgment on the case and has dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and has awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$33,000) against the plaintiff (ADK). The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law.

The Athens Court of Appeals has issued and pronounced judgment on ADK's appeal and has dismissed the aforementioned appeal in its entirety and has upheld fully the judgment of the Court of First Instance. In addition, the Court of Appeals has awarded to the Company and Piraeus Terminal part of the legal expenses with respect to the appellate proceedings in the amount of Euro 600 (equivalent to approximately US$700) against the appellant (ADK). The aforesaid Court of Appeal's judgment was final and was subject only to an appeal before the Supreme Court, which had to be exclusively based on legal grounds. The time limit for the filing of such an appeal before the Supreme Court by the losing party (ADK) was 30 days from the date that an official copy of the aforesaid decision, legalised by the Court itself, was served on the ADK by a bailiff of the Court. Such a copy of the judgement was served on ADK on 31 August 2015 and hence, the deadline for ADK to file an appeal was 30 September 2015. After confirming with its Greek legal counsel, the Group understands that ADK did not file an appeal during the aforementioned period. Therefore, the Court of Appeal's judgment was final and irrevocable. The Company and Piraeus Terminal have won the case and the ADK lawsuit is officially closed.

Treasury policy

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as far as possible. The functional currency of the terminals business is either the Euro or Renminbi, which are the same currencies as its borrowings, revenue and expenses, so as to provide a natural hedge against the foreign exchange volatility. Borrowings for the container leasing business are mainly denominated in US dollars, which is the same currency as the majority of its revenue and expenses, so as to minimise potential foreign exchange exposure.

The financing activities of joint ventures and associates were denominated in their respective functional currencies so as to minimise foreign exchange exposure in investments.

As at 31 December 2015, 14.8% (31 December 2014: 16.1%) of the Group's total borrowings were at fixed rates. In light of market conditions, the Group continues to monitor and regulate its fixed and floating rate debt portfolio from time to time, with a view to minimising its potential interest rate exposure.

Event after the balance sheet date

On 18 March 2016, the Company completed its acquisition of all the shares in CSPD. The acquisition was for a total consideration of approximately US$1,163,770,000 (subject to completion accounts adjustments). The Company acquired 51% and 49% of the shares in CSPD from CSHK and CSCL, respectively. CSPD therefore became a wholly owned subsidiary of the Company subsequent to the end of the financial year ended 31 December 2015.

On 24 March 2016, the Company completed the disposal of Florens to CSCLHK for a total consideration of approximately US$1,223,725,000 (subject to completion accounts adjustments). The results arising from the disposal depending on the net asset value and the exchange reserves to be released, with the references to the completion accounts. The completion audit was not finished at the report date. The Florens's shareholder's loans in the aggregate sum of US$285,000,000 were transferred on the same day to CSCLHK at the consideration of US$285,000,000. Upon completion of the disposal, Florens ceased to be the subsidiaries of the Company.

Upon completion of the above transactions, a special cash dividend of HK80 cents per share is committed to be distributed.

Corporate Sustainable Development

Employees are regarded as COSCO Pacific's most valuable asset and our vision is to build a team of dedicated staff members who pursue excellence. By building corporate culture and promoting COSCO Pacific's core values, we create greater cohesion and spread a positive spirit.

Environmental Protection

COSCO Pacific has implemented measures and policies to protect and improve the environment. While developing our business, we have kept to this commitment and striven to minimise the environmental impact of our business operations. The Group supports and leads its subsidiaries in actively promoting technological renovation and innovation with the aim of protecting the environment, achieving a low carbon footprint, saving energy and reducing emissions, as well as cutting costs and enhancing efficiency.

The Group has continued to push forward energy saving and emissions reduction. Since 2014, it has been replacing high-voltage sodium lamps with LED at the terminals it controls. As at the end of 2015, a total of 1,455 sets of lamps had been replaced, resulting in an annual power consumption saving of 1,100,000 kWh and an annual reduction in carbon emissions of 139 tons of standard coal equivalent. The fully-intelligent automated terminals at Xiamen Ocean Gate Terminal have entered the final stage of system optimisation and improvement. Once they are in use, it is expected that 2,035 tons of standard coal equivalent can be saved annually when compared to traditional terminal operations, representing an energy saving ratio of 84%. With the upgrading of rubber tired gantries by substituting bunker fuel-powered equipment with electrical-powered equipment at the terminals in recent years, an annual reduction in oil consumption of more than 6,000 tons and in carbon emissions of over 20,000 tons of standard coal equivalent has been achieved. Furthermore, the Group is advancing its research and development of air hybrid power drop deck semi-trailers, which are expected to reduce energy use by 20% and carbon emissions by 30%. Excluding variable factors such as changes in throughput, it is estimated that the terminals in which the Group has controlling stakes achieved a reduction in carbon emissions of approximately 10% during 2015. Florens completed trial production of eco-friendly and lightweight containers in 2015. Being made of environmentally-friendly materials, eco-friendly containers can drastically reduce the emission of harmful substances. Lightweight containers are 10% lighter than ordinary ones, contributing to a reduction in fuel consumption in the course of transportation and an expected reduction in carbon emissions of 800kg/TEU per annum.

Caring for the Community

The Group embraces its corporate citizenship by promoting trustworthiness and actively participating in charities and community services, exerting a positive influence on the local communities in which it operates. In 2015, Piraeus Terminal made donations in kind through the Greek government to refugees arriving in Europe and provided aid to poor local families and primary schools in Greece. Staff from Quan Zhou Pacific Terminal visited local elderly people and conveyed greetings to them. The Group's other terminals also supported community affairs in various ways, thereby contributing to building harmonious and prosperous communities.

Employee-oriented Philosophy

As at 31 December 2015, COSCO Pacific had a total of 2,916 employees.

Employees are regarded as COSCO Pacific's most valuable asset and our vision is to build a team of dedicated staff members who pursue excellence. The expansion of the Group's businesses has provided valuable and sustainable career development opportunities for employees. During the year, the Group arranged a wide range of training programmes to enhance the management skills and professionalism of its staff. The Group also focused on improving its incentive mechanism, optimising the staff assessment system and implementing an internal job rotation system, with the aim of strengthening talent training and helping employees fully to realise their potential.

The Group is dedicated to providing a safe and healthy working environment for its staff. Adhering to the safety philosophy that "development should not be promoted at the expense of human life", the Group strives to optimise its safety management system, upgrade equipment to reduce the labour intensity of terminal workers, increase resource inputs to enhance safety management, and raise awareness of occupational health and safety among its employees through various kinds of safety education and drills, in order to provide its staff with comprehensive health and safety protection.

As part of our commitment to foster a corporate culture that encourages harmony, mutual understanding and the pursuit of excellence, the Group promotes cultural integration across regions. Through various activities aimed at facilitating better communication and understanding among employees in different positions and from different cultural backgrounds, we enhanced the sense of belonging among our employees, which translates into a driving force for corporate sustainable development. Introduced in 2015, the "Piraeus Cup" is an event highlighting adherence to core values and five-star practices. It was launched to select and recognise those outstanding teams or staff members who have made the most remarkable contributions to the Group's production, operations and corporate culture, thus guiding subsidiaries in building corporate culture and promoting the core values of the Group, which in turn results in greater cohesion and the spread of a positive spirit.

Commitment to Better Sustainable Development

In March 2015, COSCO Pacific published its first Corporate Sustainability Report, with the aim of enhancing the Group's information disclosure on environmental, social and corporate governance and demonstrating the Group's commitment to environmental protection and social responsibility.

The essence of sustainable development lies in the appropriate incorporation of environmental, social and administrative considerations into the overall business strategy and operations. As part of our commitment, we need to enhance our operational efficiency, brand value and reputation, as well as the trust of our shareholders, customers, clients and the communities in which we operate, with a view to maintaining economic efficiency, securing competitive advantages for our business and creating value for shareholders.

Investor Relations

COSCO Pacific has always regarded investor relations as an important aspect of corporate governance. As such, our investor relations team aims to provide an efficient two-way communication channel between senior management and investors. We release accurate information in a timely manner, according to standards higher than those of the disclosure regulations governing the Company's listing. To increase corporate transparency, in addition to announcing our business results voluntarily on a quarterly basis, we compile a corporate sustainability report, giving stakeholders a more comprehensive understanding of the Group's operations, and further improving the Company's governance.

Building a Close Relationship with Investors

We respond promptly to investors' enquiries and organise regular communications such as investor meetings, panel discussions and press conferences. During 2015, we held various events including press conferences, analyst discussions, telephone conferences, a luncheon and a series of roadshows. These presented a comprehensive picture of COSCO Pacific's financial results, performance, operational strategies and development prospects to different audiences. These activities help to ensure that COSCO Pacific's strengths and competitive advantages, as well as our ability to manage changes in the business environment, are fully understood and reflected in the Company's market valuation. During the year, the team analysed and discussed the reorganisation plan and engaged with the public on relevant topics, to ensure that investors fully understood the arrangement for the reorganisation as well as the opportunities and prospects it presents for the Group.

During the year, we met investors and related parties 244 person times, among which fund managers accounted for 58%, analysts for 24%, investment banks for 1% and media for 17% of meetings. We also conducted three roadshows, participated in three investor forums, and arranged one terminal visit for investors.

Continuously Enhancing Corporate Transparency

Since 1997, over and above regulatory requirements, we have posted the monthly throughput figures for our terminals on our website, as a valuable reference for investors and the media. Furthermore, we have released business results quarterly since the third quarter of 2007, providing timely updates on the latest development affecting our operations and financial performance.

To understand COSCO Pacific better, the Company's annual report is the essential reference for shareholders and investors. Every year, COSCO Pacific spares no effort in preparing this report. In recent years, the Company has striven to present the theme effectively, and incorporate human elements into the design, with a view to enhancing the reading experience for shareholders.

Promoting Business Decisions that are Market Oriented

The investor relations team informs senior management regularly of the latest market movements and market perceptions of the Company, issues of concern to investors and changes to regulations or compliance requirements, as well as international best practice in investor relations.

The Company regularly conducts analysis of the shareholder structure, a process which includes reviewing the register of institutional and retail investors to keep track of changes in shareholdings by type of investor. This helps us establish sound relationships with existing and potential shareholders.

Awards and Recognition

Adding to its wider engagement with the capital markets, COSCO Pacific's continuous efforts in investor relations have gained extensive recognition. During 2015, the Group was honoured with a "Gold Award for Financial Performance, Corporate Governance, Environmental Responsibility and Investor Relations" from The Asset magazine as well as the "Best Corporate Governance Listed Companies" in the 5th China Securities Golden Bauhinia Awards. In early 2015, the Group was named "Best Investor Relations Company", Mr. QIU Jinguang, the Vice Chairman and Managing Director of the Company, won "Best CEO (Investor Relations)", and Miss Charlotte So, Investor Relations Department Senior Manager, won "Best Investor Relations Professional" by Corporate Governance Asia magazine. These awards represent stakeholder recognition for the efforts of the investor relations team. Together with the senior management, COSCO Pacific's investor relations team will continue to enhance communications between the capital markets and the Company, heighten the level of information disclosure and strive for COSCO Pacific to be regarded by investors as one of the most trusted listed companies in the capital markets.

Investor Relations Activities

January

- Participated in "Conglomerates & Gaming Corporate Day 2015" held by Goldman Sachs (Asia) L.L.C.
- Participated in the "dbAccess China Conference 2015" held by Deutsche Bank AG

March

- Issued 2014 annual results announcement, and held press conference and analyst panel discussion
- Results roadshow in Hong Kong

April

- 2015 first quarter results announcement on a voluntary basis

May

- Participated in "dbAccess Asia Conference 2015" held by Deutsche Bank AG

August

- Issued 2015 interim results announcement, and held a press conference and analyst panel discussion
- Results roadshow in Hong Kong

October

- 2015 third quarter results announcement on a voluntary basis

December

- Announced the acquisition of all the Issued Shares of China Shipping Ports Development Co., Limited and disposal of all the Issued Shares of Florens Container Holdings Limited, and held an analyst panel discussion and roadshow in Hong Kong.

One-On-One Meetings in 2015

	People	Percentage of total
Fund managers	142	58%
Securities houses (including analysts and brokers)	59	24%
Investment banks	2	1%
Media	41	17%
Total	**244**	**100%**

Market Capitalisation

As at 31 December	2011	2012	2013	2014	2015
Closing price (HK$)	9.07	11.04	10.64	11.02	**8.54**
Market capitalisation (in HK$ million)	24,596	30,758	30,987	32,404	**25,334**

Share Price Performance

(HK$)	2015	2014
Highest	**12.41**	11.75
Lowest	**8.04**	9.13
Average	**10.34**	10.45
Closing price on 31 December	**8.54**	11.02
Monthly average trading volume (shares)	**110,644,283**	100,960,380
Monthly average trading value	**1,186,687,054**	1,066,905,266
Total number of shares issued (shares)	**2,966,559,439**	2,940,437,862
Market capitalisation on 31 December	**25,334,417,609**	32,403,625,239

Source: Bloomberg

Note: Trading in the shares of COSCO Pacific Limited was suspended from 10 August 2015 to 12 November 2015

Analyst Coverage

Company Name	Analyst	E-mail	Telephone
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China International Capital Corporation Limited	Ruo Mu LI	ruomu.li@cicc.com.cn	+8610 6505 1166
Citigroup Global Markets Asia Limited	Vivian TAO	vivian.tao@citi.com	+852 2501 2470
CLSA Research Limited	Daniel MENG	daniel.meng@clsa.com	+852 2600 8888
Daiwa Capital Markets Hong Kong Limited	Kelvin LAU	kelvin.lau@hk.daiwacm.com	+852 2525 0121
DBS Bank	Paul YONG	paulyong@dbsvickers.com	+65 6327 2288
Deutsche Bank AG	Sky HONG	sky.hong@db.com	+852 2203 8888
Goldman Sachs (Asia) L.L.C.	Simon CHEUNG	simon.cheung@gs.com	+852 2978 1000
J.P. Morgan Securities (Asia Pacific) Limited	Karen LI	karen.yy.li@jpmorgan.com	+852 2800 1000
Merrill Lynch (Asia Pacific) Ltd	Karl CHOI	karl.choi@baml.com	+852 3508 3108
Jefferies Hong Kong Limited	Esme PAU	epau@jefferies.com	+852 3743 8000
Morgan Stanley Asia Limited	Edward XU	edward.xu@morganstanley.com	+852 2848 5200
The Hongkong and Shanghai Banking Corporation Limited	Parash JAIN	parashjain@hsbc.com.hk	+852 2996 6633
UBS Securities Co. Limited	Robin XU	bin.xu@ubssecurities.com	+8621 3866 8872

Abbreviations

Abbreviations

Company Name	Abbreviation
COSCO Pacific Limited	COSCO Pacific or the Company
COSCO Pacific Limited and its subsidiaries	the Group
COSCO Container Lines Company Limited	COSCON
China COSCO Holdings Company Limited	China COSCO
China Ocean Shipping (Group) Company	COSCO
China Ocean Shipping (Group) Company and its subsidiaries	COSCO Group
China Shipping Container Lines Company Limited	CSCL
China Shipping Container Lines (Hong Kong) Co., Limited	CSCLHK
China Shipping (Group) Company	China Shipping Group
China Shipping (Hong Kong) Holdings Co., Limited	CSHK
China Shipping Ports Development Co., Limited	CSPD
Terminal company	
Antwerp Gateway NV	Antwerp Terminal
Asia Container Terminals Limited	Asia Container Terminal
COSCO-HIT Terminals (Hong Kong) Limited	COSCO-HIT Terminal
COSCO-PSA Terminal Private Limited	COSCO-PSA Terminal
Dalian Automobile Terminal Co., Ltd.	Dalian Automobile Terminal
Dalian Port Container Terminal Co., Ltd.	Dalian Port Terminal
Guangzhou South China Oceangate Container Terminal Company Limited	Guangzhou South China Oceangate Terminal
Jinjiang Pacific Ports Development Co., Ltd.	Jinjiang Pacific Terminal
Kao Ming Container Terminal Corp.	Kao Ming Terminal
Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş.	Kumport Terminal
Nanjing Port Longtan Container Co., Ltd.	Nanjing Longtan Terminal
Ningbo Yuan Dong Terminals Limited	Ningbo Yuan Dong Terminal
Piraeus Container Terminal S.A.	Piraeus Terminal
Plangreat Limited	Plangreat
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	Dongjiakou Ore Terminal
Qingdao New Qianwan Container Terminal Co., Ltd.	Qingdao New Qianwan Terminal
Qingdao Qianwan Container Terminal Co., Ltd.	Qingdao Qianwan Terminal
Qingdao Qianwan Intelligent Container Terminal Co., Ltd.	Qingdao Qianwan Intelligent Terminal
Qingdao Qianwan United Advance Container Terminal Co., Ltd.	Qingdao Qianwan United Advance Terminal
Qingdao Qianwan United Container Terminal Co., Ltd.	Qingdao Qianwan United Terminal
Quan Zhou Pacific Container Terminal Co., Ltd.	Quan Zhou Pacific Terminal
Shanghai Container Terminals Limited	Shanghai Terminal
Shanghai Pudong International Container Terminals Limited	Shanghai Pudong Terminal
Suez Canal Container Terminal S.A.E.	Suez Canal Terminal
Taicang International Container Terminal Co., Ltd.	Taicang Terminal
Tianjin Five Continents International Container Terminal Co., Ltd.	Tianjin Five Continents Terminal
Tianjin Port Euroasia International Container Terminal Co., Ltd.	Tianjin Euroasia Terminal
Xiamen Ocean Gate Container Terminal Co., Ltd.	Xiamen Ocean Gate Terminal
Xiamen Haitou Tongda Terminal Co., Ltd.	Xiamen Tongda Terminal
Yangzhou Yuanyang International Ports Co., Ltd.	Yangzhou Yuanyang Terminal
Yantian International Container Terminals (Phase III) Limited	Yantian Terminal Phase III
Yantian International Container Terminals Co., Ltd.	Yantian Terminal Phases I & II
Yingkou Container Terminals Company Limited	Yingkou Terminal
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	Zhangjiagang Terminal
Container leasing, management and sale company	
Florens Container Holdings Limited and its subsidiaries	Florens
Others	
twenty-foot equivalent unit	TEU

Corporate Governance Report

The corporate governance framework of COSCO Pacific Limited (the "Company") aims to ensure that the highest standards of corporate conduct are in place within the Company and places great importance on corporate governance processes and systems so as to achieve its corporate objectives, ensure greater transparency and protect shareholders' interests. The Board of Directors of the Company (the "Board") keeps abreast of the Company's practices and policies in a timely, transparent, informative and accountable manner. The Board strongly believes that good corporate governance forms the core of a well-managed organisation.

The Company has made continuous efforts to promote high standards of corporate governance and excellence in investor relations practices, earning market recognition from different stakeholders for its high levels of transparency and corporate governance. The Company is included as a constituent of the Hang Seng Corporate Sustainability Benchmark Index. In 2015, the Company was awarded "Shipping In-House Team of the Year" by *Asian Legal Business*, a well-recognised professional magazine. Other noted awards received during the year include a "Special Mention in the H-share Companies and Other Mainland Enterprises Category" from the *Hong Kong Institute of Certified Public Accountants*, "Gold Awards for Financial Performance, Corporate Governance, Environmental Responsibility and Investor Relations" from *The Asset* magazine, "Best Investor Relations Company" from *Corporate Governance Asia* magazine, the "Outstanding China Enterprise Award" for the fourth consecutive year from *Capital* magazine, and a "Best Managed Listed Companies" award at the 5th China Securities Golden Bauhinia Awards. Furthermore, Mr. QIU Jinguang, Vice Chairman & Managing Director, was awarded "Best CEO (Investor Relations)" by *Corporate Governance Asia* magazine and Ms. HUNG Man, Michelle, General Counsel and Company Secretary, was named among the top 15 general counsels of the 2015 China's Top General Counsel Rankings by *Asian Legal Business* magazine.

Corporate Governance Practices

The Company adopted the code provisions set out in the then Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices in January 2005. From 2002, long before the implementation of the said code, the Company had already taken the initiative to disclose its corporate governance practices in its annual reports.

The Company's corporate governance practices are in compliance with the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "Corporate Governance Code"). The Company also refers to the Organisation for Economic Co-operation and

Development (OECD) principles for a set of ethics to maintain high corporate accountability and transparency.

The Company believes that commitment to good corporate governance is essential to the sustainability of the Company's businesses and performances. The Company is pleased to confirm that for the year ended 31 December 2015, it has fully complied with the code provisions of the Corporate Governance Code.

To reinforce and enhance our commitment to the highest level of corporate governance practices and integrity, the Company adopted the following code provisions in the Corporate Governance Code prior to their coming into effect on 1 April 2012:

Code Provision A.1.8

The code provision A.1.8 of the Corporate Governance Code provides that a listed company should arrange appropriate insurance coverage for directors. The Company has made appropriate arrangements for liability insurance to indemnify its directors for their liabilities arising out of corporate activities. The insurance coverage has been reviewed by the Company on an annual basis.

Code Provisions A.5.1 to A.5.4

The code provisions A.5.1 to A.5.4 of the Corporate Governance Code provides that a listed company should establish a nomination committee with its terms of reference. The Company established its Nomination Committee in 2005, long before the implementation of the relevant code provisions. Details of the composition and terms of reference of the Nomination Committee are set out under the section titled "Nomination Committee" below.

In order to promote transparency, the Company will periodically conduct a review of the extent to which the Company complies with the recommended best practices in the Corporate Governance Code. The following is a major recommended best practice in the Corporate Governance Code with which the Company continued to comply during the year ended 31 December 2015:

Recommended Best Practice C.1.6

The recommended best practice C.1.6 of the Corporate Governance Code states that a listed company should announce and publish quarterly financial results. The Company had, on 27 April 2015 and 26 October 2015, published announcements of its first and third quarterly results respectively on a voluntary basis. The Company considers the publication of the quarterly results a regular compliance practice.

Outlined below are the policies, processes and practices adopted by the Company in compliance with the principles and spirit of the Corporate Governance Code.

Board of Directors

Board Functions and Responsibilities of Directors

The Board is responsible for the leadership and control of the Company and its subsidiaries (together "the Group") and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. Every Board member is required to keep abreast of his/her duties and responsibilities in the Company in the conduct, business and development of the Company and should act in good faith, exercise due diligence and act in the best interest of the Group and its shareholders. The Board should ensure that the Company complies with all applicable laws and regulations.

The Board delegates day-to-day operations of the Group to the management. Both the Board and the management have clearly defined authorities and responsibilities under various internal control and check-and-balance mechanisms. Matters to be decided by the Board include:

- establishing the strategic direction of the Group
- setting objectives and business development plans
- monitoring the performance of the senior management
- implementing the corporate governance policy, including but not limited to establishing a shareholder communication policy and reviewing it on a regular basis to ensure its effectiveness

The Board reviews and approves the Company's annual budget and business plans, which serve as important benchmarks in assessing and monitoring the performance of the management. Directors have access to the management and are welcome to request explanations, briefings or discussions on the Company's operations or business issues.

The Company has in place a clear corporate governance process to ensure that all directors fully appreciate their roles and responsibilities.

All newly appointed directors undergo a comprehensive programme which includes management presentations on the Group's businesses, strategic plans and objectives. They also receive a comprehensive orientation package upon appointment which includes policies on disclosure of interest in securities, prohibitions on dealing in the Company's securities and restrictions on disclosure of inside information and disclosure obligations of a listed company under the Listing Rules. The programme and package are updated periodically whenever there are changes in relevant laws and regulations.

Board Composition

As at 29 March 2016 (the date on which the Board approved this report), the Board consisted of 14 members. Among them, five are executive directors, four are non-executive directors and five are independent non-executive directors, including Mr. WAN Min[2] (Chairman)[(Note)], Mr. QIU Jinguang[1] (Vice Chairman and Managing Director), Mr. DENG Huangjun[1], Mr. TANG Runjiang[1], Mr. FENG Bo[1], Mr. WANG Wei[2], Mr. WANG Haimin[2], Mr. ZHANG Wei[2], Dr. WONG Tin Yau, Kelvin[1], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3], Mr. IP Sing Chi[3], Mr. FAN Ergang[3] and Mr. LAM Yiu Kin[3].

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

Note: Mr. HUANG Xiaowen was appointed as Chairman of the Board in place of Mr. WAN Min on 29 March 2016 after approval of this report.

There are no relationships (including financial, business, family or other material/relevant relationship(s)) between Board members and in particular, between the Chairman and the Managing Director. Biographical details of the directors are set out in the section "Directors and Senior Management Profiles" in this annual report and on the Company's website at www.coscopac.com.hk. A list containing the names of the directors and their respective roles and functions is also published on the said website.

Procedures to Enable Directors to Seek Independent Professional Advice

To assist the directors in fulfilling their duties to the Company, the Board has established written procedures to enable them, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances. No request was made by any director for such independent professional advice in 2015.

Separation of Chairman and Managing Director

To ensure independence, accountability and responsibility in Board functions, the posts of Chairman and Managing Director are separated and each plays a distinctive role. The Chairman, Mr. WAN Min, who is a non-executive director, is responsible for setting the Group's strategy and business directions, managing the Board and ensuring that the Board is functioning properly with good corporate governance practices and procedures. The Vice Chairman and Managing Director, Mr. QIU Jinguang, who is an executive director, supported by other Board members and the senior management, is responsible for managing the Group's business, including implementation of major strategies set by the Board, making day-to-day decisions and co-ordinating overall business operations. In addition, he guides and motivates senior management to achieve the Group's objectives. The division of responsibilities between the Chairman and the Managing Director is clearly established and set out in writing.

Non-executive Directors (including Independent Non-executive Directors)

The Company has four non-executive directors and five independent non-executive directors who are not involved in the day-to-day operation and management of the Group's businesses. The four non-executive directors have contributed innovative views to the Board's decision-making process based on their rich experience in the container shipping business and corporate management. Their expertise helps to facilitate the process of formulating the Group's strategy. The five independent non-executive directors, representing one-third of the Board, have well recognised experience in areas such as accounting, law, banking, terminal operation and management and/or commercial fields. Their insightful advice, diverse skills and extensive business experience are major contributors to the development of the Company, and act as a check-and-balance for the Board. They ensure that matters are fully debated and that no individual or group of individuals dominates the Board's decision-making process. In addition, they ensure the Board maintains a high standard of financial, regulatory and other mandatory reporting and provide an adequate check-and-balance to safeguard the interest of shareholders and the Company as a whole.

Each of the non-executive directors and independent non-executive directors has signed an appointment letter with the Company for a term of around three years. Their terms of appointment are subject to the rotational retirement provision of the Bye-laws of the Company and shall terminate on the earlier of either (i) the date of expiry of the said term of service, or (ii) the date on which the director ceases to be a director for any reasons pursuant to the Bye-laws of the Company or any applicable laws.

The Board has received from each independent non-executive director a written annual confirmation of his/her independence and is satisfied with their independence up to the date of this report in accordance with the Listing Rules.

The Nomination Committee of the Company has conducted an annual review of the independence of all independent non-executive directors of the Company and confirmed that all the independent non-executive directors satisfied the criteria of independence as set out in the Listing Rules.

Board Meetings

Board meetings are scheduled one year in advance to facilitate maximum attendance by directors. The Board held four regular Board meetings during the financial year ended 31 December 2015 at quarterly intervals. Three additional Board meetings were also held as required. The average attendance rate was 94.66%. Amongst these seven meetings, four were held to approve the 2014 final results, 2015 interim results and 2015 first and third quarterly results of the Company, one to consider new investment opportunities and review the strategy and business direction, as well as the financial and operational performance of the Group, one to consider major assets transactions of the Company, and one to consider the declaration of a conditional special cash dividend. As the members of the Board are either in Hong Kong or in mainland China, all of these meetings were conducted by video and/or telephone conference as allowed under the Bye-laws of the Company. The Financial Controller and the General Counsel & Company Secretary also attended the Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and financial aspects.

Before each regular Board meeting, the Board is provided with adequate information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performances of the Group, in addition to the minutes of preceding meetings of the Board and Board committees. At least 14 days' notice of a regular Board meeting is given to all directors to provide them with an opportunity to attend and all directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are usually dispatched to the directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting, save as for the sake of confidentiality, the Board papers relating to the declaration of conditional special cash dividend were sent to the directors on the day preceding the meeting. Directors unable to attend a meeting are advised of the matters to be discussed and are given an opportunity to make their views known to the Chairman prior to the meeting. Senior management members who are responsible for the preparation of the Board papers are invited to present their papers and to take any questions or address queries that Board members may have on the papers. This enables the Board to have pertinent data and insight for a comprehensive and informed evaluation as part of its decision-making process.

The Chairman of the Company conducts the proceedings of the Board at all Board meetings. He ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and equal opportunities are given to the directors to express their views and share their concerns. Minutes of the Board meetings record in sufficient detail the matters considered by the Board and the decisions reached, including any concerns raised by the directors. Draft minutes of each Board meeting are sent to all directors for comments within a reasonable time after the Board meeting is held. All directors have access to the General Counsel & Company Secretary, who is responsible for ensuring that the Board procedures and all applicable laws and regulations are complied with and provides advice to the Board on compliance matters.

Set out below are the details of all directors' attendance at the Board meetings and general meetings during the financial year ended 31 December 2015 which illustrate the attention given by the directors in overseeing the Company's affairs and understanding shareholders' views:

Attendance of individual Board members at Board meetings and general meetings held in 2015				
Name of Directors	**No. of Board meetings attended/held**	**Attendance rate of Board meetings (%)**	**No. of general meetings attended/held**	**Attendance rate of general meetings (%)**
Directors				
Mr. WAN Min[2] (Notes 1 and 2) (Chairman)	7/7	100	1/2	50
Mr. QIU Jinguang[1] (Vice Chairman & Managing Director)	7/7	100	2/2	100
Mr. DENG Huangjun[1] (appointed on 16 October 2015)	3/3	100	1/1	100
Mr. TANG Runjiang[1]	6/7	86	2/2	100
Mr. FENG Bo[1]	7/7	100	2/2	100
Mr. WANG Wei[2]	6/7	86	2/2	100
Mr. WANG Haimin[2]	6/7	86	2/2	100
Mr. ZHANG Wei[2] (appointed on 14 August 2015)	4/4	100	0/1	0
Dr. WONG Tin Yau, Kelvin[1]	7/7	100	2/2	100
Dr. FAN HSU Lai Tai, Rita[3]	7/7	100	2/2	100
Mr. Adrian David LI Man Kiu[3]	7/7	100	2/2	100
Mr. IP Sing Chi[3]	6/7	86	1/2	50
Mr. FAN Ergang[3]	7/7	100	2/2	100
Mr. LAM Yiu Kin[3] (appointed on 14 August 2015)	4/4	100	1/1	100
Ex-directors				
Mr. LI Yunpeng[2] (Note 1) (Chairman) (resigned on 21 January 2015)	1/1	100	N/A	N/A
Mr. FENG Jinhua[1] (resigned on 16 October 2015)	4/4	100	1/1	100
Mr. Timothy George FRESHWATER[3] (retired on 14 May 2015)	2/3	67	1/1	100

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director
Note 1: Mr. WAN Min was appointed as Chairman of the Board in place of Mr. LI Yunpeng on 21 January 2015.
Note 2: Mr. HUANG Xiaowen was appointed as Chairman of the Board in place of Mr. WAN Min on 29 March 2016 after approval of this report.

During the financial year ended 31 December 2015, a meeting of the Chairman and the non-executive directors (including independent non-executive directors) without the presence of the executive directors was held pursuant to code provision A.2.7 of the Corporate Governance Code.

Appointment, Re-election and Removal of Directors

The Company follows a formal, considered and transparent procedure for the appointment of new directors. The Nomination Committee, chaired by an independent non-executive director, and comprising a majority of independent non-executive directors, has formulated a nomination policy and is responsible for identifying and nominating suitable candidates for the Board's consideration as additional directors or to fill in casual vacancies on the Board and for making recommendations to the shareholders regarding directors proposed for re-election at general meetings.

Details of the selection process of new directors and a summary of work performed by the Nomination Committee in 2015 are set out under the "Nomination Committee" section below.

At each annual general meeting, one-third of the serving directors (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation provided that every director shall be subject to retirement at least once every three years.

Directors' Commitment

The Company has received confirmation from all directors that they have given sufficient time and attention to the affairs of the Company during the financial year ended 31 December 2015. Directors have also disclosed to the Company the number and nature of offices held in public companies or organisations and other significant commitments, as well as the identity of the said public companies and an indication of time involved in them.

Directors are reminded to participate in continuous professional development to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the Listing Rules and other applicable laws and regulations. During the financial year ended 31 December 2015, directors participated in various training programmes and seminars at the Company's expense. Set out below are the details of all directors' participation in continuous professional development during the financial year ended 31 December 2015:

Directors' Participation in Continuous Professional Development Programmes in 2015

	Reading regulatory updates	Making visits to management of the Company and/or its subsidiaries	Attending directors' training organised by the Company or other listed companies/professional organisations
Directors			
Mr. WAN Min[2] (Note 1 & 2) (Chairman)	√	√	√
Mr. QIU Jinguang[1] (Vice Chairman & Managing Director)	√	√	√
Mr. DENG Huangjun[1] (appointed on 16 October 2015)	√	√	√
Mr. TANG Runjiang[1]	√	√	√
Mr. FENG Bo[1]	√	√	√
Mr. WANG Wei[2]	√	√	√
Mr. WANG Haimin[2]	√	√	√
Mr. ZHANG Wei[2] (appointed on 14 August 2015)	√	√	√
Dr. WONG Tin Yau, Kelvin[1]	√	√	√
Dr. FAN HSU Lai Tai, Rita[3]	√	√	√
Mr. Adrian David LI Man Kiu[3]	√	√	√
Mr. IP Sing Chi[3]	√	√	√
Mr. FAN Ergang[3]	√	√	√
Mr. LAM Yiu Kin[3] (appointed on 14 August 2015)	√	√	√
Ex-directors			
Mr. LI Yunpeng[2] (Note 1) (Chairman) (resigned on 21 January 2015)	√	√	√
Mr. FENG Jinhua[1] (resigned on 16 October 2015)	√	√	√
Mr. Timothy George FRESHWATER[3] (retired on 14 May 2015)	√	√	√

1 Executive Director

2 Non-executive Director

3 Independent Non-executive Director

Note 1: Mr. WAN Min was appointed as Chairman of the Board in place of Mr. LI Yunpeng on 21 January 2015.

Note 2: Mr. HUANG Xiaowen was appointed as Chairman of the Board in place of Mr. WAN Min on 29 March 2016 after approval of this report.

Directors'/Senior Management's Securities Transactions

All directors are obliged to observe the requirements as stipulated in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"), as the Company has adopted the Model Code as the Company's code of conduct and rules governing dealings by its directors in the securities of the Company. In addition, the Board has also established written guidelines for the senior management and relevant employees of the Company in respect of their dealings in the securities of the Company on no less exacting terms than the Model Code. A committee comprising the Chairman, the Vice Chairman and Managing Director and a Deputy Managing Director was set up to deal with such transactions.

Specific confirmation has been obtained from directors and senior management regarding their compliance with the Model Code and the aforementioned guidelines in 2015. No incidents of non-compliance were noted by the Company in 2015.

General Counsel & Company Secretary

The General Counsel & Company Secretary, who is directly responsible to the Board, is responsible for keeping directors updated on all relevant regulatory changes of which she is aware, including organising appropriate continuing development programmes for directors.

All directors have access to the General Counsel & Company Secretary who is responsible for ensuring good information flow within the Board, and that Board policies and procedures are followed. The General Counsel & Company Secretary is also responsible for providing advice to the Board in relation to directors' obligations as regards disclosure of interest in securities and disclosure requirements in respect of notifiable transactions, connected transactions and inside information. The General Counsel & Company Secretary has to advise the Board on disclosure of information in a true, accurate, complete and timely manner in strict compliance with the requirements of the Listing Rules, applicable laws, regulations and the Bye-laws of the Company.

The General Counsel & Company Secretary is an alternate to one of the authorised representatives of the Company and the primary channel of communication between the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). She assists the Board in implementing and strengthening corporate governance practices with a view to enhancing long-term shareholder value. In addition, the General Counsel & Company Secretary will, on a timely basis, provide the directors with updated information regarding their continuing legal, regulatory and compliance obligations. In relation to connected transactions and disclosure requirements, regular seminars are conducted by the General Counsel & Company Secretary for management and senior executives within the Group to ensure that such transactions are handled in compliance with the Listing Rules. Detailed analyses are performed on all potential connected transactions to ensure full compliance, as well as for directors' consideration.

The General Counsel & Company Secretary has duly complied with the relevant training requirement under Rule 3.29 of the Listing Rules.

Delegation by the Board

Management Functions

The Board delegates day-to-day responsibilities to the management. The respective functions of the Board and the management have been clearly established and set out in writing. The management, under the leadership of the Managing Director (who is also the Vice Chairman), is responsible for the following duties delegated by the Board:

- implementing the strategies and plans established by the Board
- submitting reports on the Company's operations to the Board on a regular basis to ensure effective discharge of the Board's responsibilities, including any monthly updates as requested pursuant to the Listing Rules

Board Committees

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to various Board committees, which in turn will review and make recommendations to the Board on specific areas. The

Board has established a total of seven Board committees, details of which are set out below. Each committee consists of directors, members of senior management and management and has a defined scope of duties and terms of reference, and committee members are empowered to make decisions on matters within the terms of reference of each committee. These committees have the authority to examine particular issues and report to the Board with their recommendations, where appropriate. The ultimate authority for the final decision on all matters, however, lies with the Board.

The terms of reference of the Board committees setting out their roles and the authority delegated to them by the Board have been posted on the Company's website at www.coscopac.com.hk. The terms of reference will be revised when appropriate. It is the Company's policy to ensure that the committees are provided with sufficient resources to discharge their duties. They have regular, scheduled meetings every year and report to the Board on a regular basis. All business transacted at committee meetings is meticulously recorded and well maintained, and minutes of meetings are circulated to the Board for reference.

1. Executive Committee

The Executive Committee consists of all the executive directors of the Company who are frequently in Hong Kong. The purpose of this committee is to facilitate the daily operations of the Company. As most of the directors of the Company are fully engaged in their major responsibilities and/or stationed in different cities such as Beijing, Shanghai and Hong Kong, it may be practically difficult and inconvenient to convene full Board meetings or arrange for all directors to sign written resolutions on a frequent basis. Hence, the Board delegates powers to the Executive Committee to conduct and supervise the business of the Company and its staff.

During the year ended 31 December 2015, the Executive Committee held a total of 35 meetings. All the matters considered and decided by the Executive Committee at the committee meetings have been recorded in detailed minutes. A committee member presents a summary report on the business transacted at the Executive Committee meetings to the Board at Board meetings. All directors of the Company can inspect the minutes of the committee meetings at any time and upon request, and the General Counsel & Company Secretary will provide a copy of the minutes of the committee meetings to the directors.

2. Audit Committee

The Audit Committee, chaired by an independent non-executive director with appropriate professional qualifications, consists of three members, all of whom are independent non-executive directors of the Company. All committee members are professionals in their own working fields, including accounting, legal, banking and/or other commercial areas.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to information relating to the Group, to both the internal and external auditors, and to the management and staff. Its terms of reference are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Corporate Governance Code.

In addition to providing advice and recommendations to the Board, the Audit Committee oversees all matters relating to the external auditors. It therefore plays an important role in monitoring and safeguarding the independence of the external auditors. Both the Financial Controller and the Internal Auditor are directly accountable to the Chairman of the Audit Committee.

Regular meetings of the Audit Committee are normally held four times a year on a quarterly basis, with additional meetings arranged as and when required. During the year ended 31 December 2015, five meetings were held and the average attendance rate was 93.34%.

The key matters deliberated on by the Audit Committee in 2015 included:

- reviewed the accounting principles and practices adopted by the Group and other financial reporting matters;
- reviewed the draft annual, interim and quarterly results announcements and the draft annual report and interim report of the Company and assured the completeness, accuracy and fairness of the financial statements of the Company;
- reviewed the results of the external audit and discussed significant findings and audit issues with the external auditors;
- reviewed the internal audit plan and internal audit reports;
- reviewed the summary of continuing connected transactions of the Company on a quarterly basis;
- discussed the effectiveness of the systems of internal controls throughout the Group, including financial, operational and compliance controls, and risk management policies and systems established by the management;
- reviewed the framework for disclosure of inside information of the Group and the whistleblowing policy of the Company; and
- reviewed the amendments to the Corporate Governance Code regarding (a) risk management and internal control; and (b) internal audit function.

Attendance of individual members at Audit Committee meetings held in 2015

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. Adrian David LI Man Kiu[1] (Chairman)	5/5	100
Dr. FAN HSU Lai Tai, Rita[1]	4/5	80
Mr. LAM Yiu Kin[1] (appointed on 14 August 2015)	2/2	100
Ex-member		
Mr. Timothy George FRESHWATER[1] (retired on 14 May 2015)	3/3	100

1 Independent Non-executive Director

3. Remuneration Committee

The Remuneration Committee, led by its Chairman who is an independent non-executive director, comprises five members, the majority of whom are independent non-executive directors of the Company.

The Company has adopted model (ii) as set out in the code provision B.1.2(c) of the Corporate Governance Code, under which the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive directors and senior management. The Remuneration Committee also makes recommendations to the Board on the policy and structure for all directors' and senior management remuneration. If necessary, the Remuneration Committee can engage professional advisers to assist and/or provide professional advice on relevant issues.

When formulating remuneration packages (which comprise salaries, bonus, benefits in kind, etc.), the Remuneration Committee considers several factors such as salaries paid by comparable companies, time commitment, job responsibilities, the performance of the individual and the performance of the Company. The Remuneration Committee will also review and approve the management's remuneration proposals with reference to the

Board's corporate goals and objectives resolved by the Board from time to time.

The following is a summary of the work of the Remuneration Committee in 2015:

- conducted annual review and made recommendations to the Board on the remuneration packages of all directors and members of senior management
- reviewed and made recommendations to the Board on the remuneration of the newly appointed Chairman of the Board, executive director, non-executive director and independent non-executive director

Attendance of individual members at Remuneration Committee meetings held in 2015

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Dr. FAN HSU Lai Tai, Rita[1] (Chairman)	2/2	100
Mr. Adrian David LI Man Kiu[1]	2/2	100
Mr. IP Sing Chi[1]	2/2	100
Mr. QIU Jinguang[2] (appointed on 21 January 2015)	2/2	100
Mr. LI Yingwei	2/2	100
Ex-member		
Mr. WANG Haimin[3] (resigned on 21 January 2015)	N/A	N/A

1 Independent Non-executive Director

2 Executive Director, Vice Chairman and Managing Director

3 Non-executive Director

In addition to the two physical meetings mentioned above, the Remuneration Committee passed three sets of written resolutions for the review and recommendation of the remuneration package of directors and senior management.

Remuneration policy

The remuneration policy of the Company ensures the competitiveness and effectiveness of the Company's pay levels for attracting, retaining and motivating employees. No director, or any of his/her associates, is involved in determining his/her own remuneration. The remuneration policy for non-executive directors ensures that they are sufficiently yet not excessively compensated for their efforts and time dedicated to the Company. The policy for employees (including executive directors and senior management) assures that remuneration offered is appropriate for the duties involved and in line with market practice. The aggregate amount of directors' fees is subject to approval by shareholders at the annual general meeting.

The key components of the Company's remuneration package include basic salary plus other allowances, discretionary cash bonus and mandatory provident fund. The cash bonus is tied to the performance of the individual employee.

4. Nomination Committee

The Nomination Committee, led by its Chairman who is an independent non-executive director, comprises four members, the majority of whom are independent non-executive directors of the Company.

The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of directors, assessing the independence of independent non-executive directors and making recommendations to the Board on appointments and re-elections. In addition, the Nomination Committee is responsible for reviewing the Board Diversity Policy (set out below in summary) to ensure its effectiveness and make recommendations to the Board on requisite amendments.

During 2015, the work performed by the Nomination Committee included the following:

- reviewed the Board Diversity Policy
- made recommendations to the Board on matters relating to the resignation, re-designation, appointment and re-election of directors
- made recommendations to the Board on matters relating to the appointment and change of Board Committees members
- conducted an annual review of the independence of the independent non-executive directors

All new appointments of directors and nominations of retiring directors proposed for re-election at the annual general meeting are first considered by the Nomination Committee and are then recommended by the Nomination Committee to the Board for decision. New directors appointed by the Board are subject to re-election by shareholders at the next following general meeting (in the case of filling a casual vacancy) or annual general meeting (in the case of an addition to the Board) pursuant to the Bye-laws of the Company.

In January 2015, Mr. WAN Min was appointed as the Chairman of the Board of the Company and Mr. QIU Jinguang was appointed as Vice Chairman of the Board and Managing Director of the Company, and Mr. WANG Haimin was re-designated from an executive director and a Deputy Managing Director to a non-executive director of the Company.

In addition, Mr. ZHANG Wei, Mr. DENG Huangjun and Mr. LAM Yiu Kin were appointed as directors of the Company in 2015. In considering the change of duties and responsibilities and appointment of directors, the Nomination Committee assessed the relevant directors and candidates on criteria such as integrity, independent mindedness, experience, skill and ability to commit time and effort to carry out their duties and responsibilities effectively etc., and made recommendation to the Board for approval.

In early 2016, the Nomination Committee nominated and the Board recommended that Mr. QIU Jinguang, Mr. WANG Haimin, Mr. IP Sing Chi and Mr. FAN Ergang, being directors longest in office since their last re-election, retire by rotation at the forthcoming annual general meeting. Mr. HUANG Xiaowen and Mr. ZHANG Wei who were appointed as directors by the Board on 29 March 2016 and 14 August 2015 respectively, retires at the forthcoming annual general meeting. All the retiring directors, being eligible, will offer themselves for re-election by shareholders of the Company.

Attendance of individual members at Nomination Committee meetings held in 2015		
Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. Adrian David LI Man Kiu[1] (Chairman)	2/2	100
Dr. FAN HSU Lai Tai, Rita[1]	2/2	100
Mr. IP Sing Chi[1]	2/2	100
Mr. QIU Jinguang[2] (appointed on 21 January 2015)	2/2	100
Ex-member		
Mr. WANG Haimin[3] (resigned on 21 January 2015)	N/A	N/A

1 Independent Non-executive Director
2 Executive Director, Vice Chairman and Managing Director
3 Non-executive Director

In addition to the two physical meetings mentioned above, the Nomination Committee passed three sets of written resolutions to handle the relevant tasks for nomination of directors and members of board committees.

Board Diversity Policy

The Board adopted a board diversity policy (the "Board Diversity Policy") on 27 August 2013, which aimed at setting out principles and approaches to achieve the diversity of the Board.

The Company regards the diversity of the Board as one of the crucial elements of the Company's sustainable development and in maintaining its competitive advantages. Candidates for Board appointments will be considered based on each objective criterion and with due regard for the benefits of diversity of the Board. Selection of candidates will be based on a number of perspectives, including but not limited to gender, age, skills, cultural background, knowledge and professional experience. The final decision will be based on the merit of the candidate and the contribution the candidate will bring to the Board.

The Board's composition under diversified perspectives was summarised as follows:

Board Diversity			
1. Designation	Executive Director (5)	Non-executive Director (4)	Independent Non-executive Director (5)
2. Gender	Male (13)	Female (1)	
3. Ethnicity	Chinese (14)		
4. Age group	40 – 50 (7)	51 – 60 (3)	61 – 70 (4)
5. Length of service (years)	Over 10 (1)	3 – 10 (9)	Less than 3 (4)
6. Skills, knowledge and professional experience (Note 1)	Terminal operation and management (10)	Accounting and financing (4)	Banking (2)
	Law (2)	Management and commercial (1)	Containers related business (9)
	Finance leasing (1)	Human resources (1)	Capital management and investor relations (1)
7. Academic background	University (14)		

Note 1: Directors may possess multiple skills, knowledge and professional experience.
Note 2: The number in brackets refers to the number of directors under the relevant category.

The Nomination Committee has reviewed the Board's composition under diversified perspectives and monitored the implementation of the Board Diversity Policy and considers that the Board Diversity Policy is effective. It is currently not required to set any measurable objectives for implementing the policy.

5. **Corporate Governance Committee**

The Corporate Governance Committee, led by an executive director, comprises six members (including an executive director, members of senior management and management). It reviews the corporate governance practices and disclosure systems of the Company and introduces relevant principles in this regard so as to enhance the standard of corporate governance of the Company.

In 2015 and early 2016, the Corporate Governance Committee performed the following in relation to the review of the corporate governance framework of the Company:

- reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;
- reviewed the training and continuous professional development of directors and senior management;
- reviewed the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewed the employee manual of the Company;
- reviewed the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report;
- reviewed the Company's disclosure systems; and
- reviewed the Company's corporate sustainable development initiatives.

Attendance of individual members at Corporate Governance Committee meetings held in 2015

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Dr. WONG Tin Yau, Kelvin[1] (Chairman)	5/5	100
Ms. HUNG Man, Michelle	5/5	100
Mr. HUANG Chen	4/5	80
Mr. LI Huadong (appointed on 15 December 2015)	N/A	N/A
Mr. FAN Chih Kang, Ken	5/5	100
Ms. LIU Mei Wan, May	5/5	100
Ex-member		
Mr. DING Weiming (resigned on 15 December 2015)	5/5	100

1 Executive Director

6. Investment and Strategic Planning Committee

The Investment and Strategic Planning Committee, led by an executive director, comprises ten members (including executive directors, members of senior management and management). It considers, evaluates, reviews and recommends to the Board proposed major investments, acquisitions and disposals, conducts post-investment evaluation of investment projects, reviews and considers the overall strategic direction and business development of the Company.

Attendance of individual members at Investment and Strategic Planning Committee meetings held in 2015

Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. QIU Jinguang[1] (Chairman) (appointed on 21 January 2015)	4/4	100
Mr. DENG Huangjun[2] (appointed on 16 October 2015)	0/1	0
Mr. LUI Sai Kit, Eddie (appointed on 15 December 2015)	N/A	N/A
Mr. LI Yingwei (appointed on 15 December 2015)	N/A	N/A
Mr. QIU Jincheng (appointed on 15 December 2015)	N/A	N/A
Mr. HUANG Chen	4/4	100
Mr. LI Jie	4/4	100
Mr. LI Huadong (appointed on 15 December 2015)	N/A	N/A
Mr. SHEN Xuan (appointed on 15 December 2015)	N/A	N/A
Mr. HUNG Chun, Johnny	4/4	100
Ex-members		
Mr. WANG Haimin[3] (Chairman) (resigned on 21 January 2015)	N/A	N/A
Mr. FENG Jinhua[2] (resigned on 16 October 2015)	3/3	100
Mr. DING Weiming (resigned on 15 December 2015)	3/4	75
Mr. CHEN Bin (resigned on 15 December 2015)	1/4	25
Mr. ZHANG Wei (resigned on 15 December 2015)	2/4	50
Mr. FAN Chih Kang, Ken (resigned on 15 December 2015)	3/4	75

1 Executive Director, Vice Chairman and Managing Director
2 Executive Director
3 Non-executive Director

7. Risk Management Committee

The Risk Management Committee, led by an executive director, comprises nine members (including executive directors, members of senior management and management). It provides support to the Board by identifying and minimising the operational risks of the Company, setting the direction for the Group's risk management strategy and strengthening the Group's system of risk management.

Attendance of individual members at Risk Management Committee meetings held in 2015		
Name of Members	No. of meetings attended/held	Attendance rate (%)
Members		
Mr. QIU Jinguang[1] (Chairman)	4/4	100
Mr. DENG Huangjun[2] (appointed on 16 October 2015)	2/2	100
Mr. CHAN Hang, Ken	2/4	50
Ms. HUNG Man, Michelle	4/4	100
Mr. HUANG Chen	4/4	100
Mr. LI Jie	4/4	100
Mr. LI Huadong (appointed on 15 December 2015)	1/1	100
Mr. PEI Feng (appointed on 15 December 2015)	0/1	0
Mr. FAN Chih Kang, Ken	4/4	100
Ex-members		
Mr. FENG Jinhua[2] (resigned on 16 October 2015)	1/2	50
Mr. DING Weiming (resigned on 15 December 2015)	3/3	100
Mr. ZHANG Wei (resigned on 15 December 2015)	1/3	33

1 Executive Director, Vice Chairman and Managing Director

2 Executive Director

Accountability and Audit

Financial Reporting

The following statement, which sets out the responsibilities of the directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 111 which acknowledges the reporting responsibilities of the Group's auditor.

Annual Report and Financial Statements

The directors acknowledge their responsibilities for preparing financial statements for each financial year which give a true and fair view of the results and the state of affairs of the Group.

Accounting Policies

The directors consider that in preparing its financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The directors are responsible for ensuring that the Group keeps accounting records which disclose, with reasonable accuracy, the financial position and results of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Companies Ordinance, Listing Rules and applicable accounting standards.

Safeguarding Assets

The directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Internal Control

The Group has in place an internal control system that has been set up within the areas of the Group's control environment, risk areas, control and monitoring activities, and information and communication. The internal control system makes reference to the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission in the United States and also the Guide on Internal Control and Risk Management issued by the Hong Kong Institute of Certified Public Accountants.

Control Environment

The maintenance of a high standard of control environment has been and remains a top priority of the Group. The Group is therefore dedicated to its continuous enhancement and improvement.

Recognising the importance of various values, including management's integrity, ethics, operating philosophy and commitment to organisational competence (or quality of personnel), the Board has set out a direction for the internal control system in order to ensure the Group's objectives are achieved and to identify discrepancies so that corrective action can be taken in an efficient manner.

The management of the Group is primarily responsible for the design, implementation, and maintenance of the Group's internal control system with a view to providing sound and effective controls to safeguard shareholders' investment, investors' interests and the Company's assets. The internal control system covers all major and material controls, including financial, operational and compliance as well as risk management controls.

The Board is ultimately responsible for the effectiveness of the internal control and risk management system. The Board has delegated to the Risk Management Committee the task of assisting the Board to identify and minimise the operational risks of the Company, to set the direction for the Group's risk management strategy and to strengthen the Group's risk management system. The Risk Management Committee monitors, reviews and discusses the results of internal control and risk management assessment for the year on a regular basis. Moreover, the Audit Committee assists the Board to review the effectiveness of the internal control and risk management system twice a year by reviewing the underlying mechanism and functioning of the Group's internal control system and sharing its opinion with the Board as to the system's effectiveness. The Audit Committee reviewed the internal control assessment report for 2015 and the holistic risk management report for 2016 submitted by the Corporate Management Department, as well as the annual report, interim report, results announcements and internal audit plans and reports. During the year 2015, the directors conducted reviews of the effectiveness of the system of internal control of the Group, covering all material controls, including financial, operational and compliance controls and risk management functions.

As the control environment is the foundation for all of the other components of the internal control system, the Group has defined a Group-wide structure and has set up a procedure manual to regulate business processes and activities. Besides establishing an effective internal control system, the Group requires the account and finance personnel to have high integrity and qualifications. The Board and the Audit Committee of the Company have conducted an annual review on the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function of the Company.

Risk Assessment

In 2015, the Group was engaged in the businesses of managing and operating terminals, container leasing, management and sale, and their related businesses. The activities of the Group are exposed to a variety of risks which are categorised as financial risk, operational risk and compliance risk factors as shown below:

Major financial risk factors

Owing to the uncertainties in the global economy, the Group has maintained a prudent financial policy. In order to cope with the budgeted development and operational needs of our terminal and container leasing businesses, the Group has striven to maintain a certain leverage in order to fund the Group's capital expenditure in accordance with budgeted business plans and market demand. Changes in market interest rates can significantly affect the financial performance of the Group.

The Group's objectives in managing capital are to safeguard the Group's ability to operate efficiently in order to create values and returns for shareholders and to maintain an optimal capital structure which reduces cost of capital.

Following the Group's expansion in global markets, our operating environment is increasingly complex and geographically diversified while the taxation environment is also an area of concern. As the business of the Group is predominantly carried out in mainland China, the United States, Europe and Hong Kong, the Group is subject to risks brought on by changes in the taxation systems of these regions.

The Group conducts business and operations internationally and is thus exposed to foreign exchange risks arising from various currency exposures. For the container leasing business, the primary currency involved is the US dollar while for the terminals business, the primary currencies involved are the Renminbi and the Euro.

Major operational risk factors

The volume, current purchasing price and per diem rates for the container leasing business fluctuate in response to changes in the supply and demand for leased containers. These fluctuations affect the performance of the Group.

The future recoverable amounts for the containers will be affected by economic downturns and market fluctuations. Such unfavourable market factors increase the asset impairment risk related to containers.

In the event of an economic downturn, the accounts receivable position may deteriorate, resulting in another operational risk factor encountered by the Group, namely credit risk on accounts receivable and recoverability risks.

The terminals business and container leasing business involve both manual and machine operations, which may be accompanied by risks involving workplace safety, including physical harm, damage to reputation, legal liabilities and business interruption.

Major compliance risk factors

The Group has been investing in mainland China and overseas. These investments may be exposed to various foreign legal and regulatory regimes which involve different levels of transparency and compliance. Where necessary, the Group has requested independent professional advice on compliance matters from legal firms of relevant foreign jurisdictions in order to further protect its interest. Regulatory changes are normally designed to promote transparency and raise the profile of compliance. Therefore, having to satisfy diverse legal and regulatory requirements in a multitude of jurisdictions inevitably exposes the Group to compliance risk.

The Group is continuously expanding the business partnership network for its terminals business. Therefore, the number of terminal joint venture companies which constitute subsidiaries of the Company under the Listing Rules is constantly increasing. This has resulted in an increase in connected transactions with (1) China COSCO, an intermediate holding company of the Company, (2) COSCO, the ultimate holding company of the Company, (3) the Maersk Group and (4) various port authorities, which are respectively regarded as connected persons of the Group under the Listing Rules.

By the very nature of the Group's business activities, transactions with these connected persons are inevitable. However, since the Company cannot fully ascertain the corporate structure of all companies (especially those companies outside the Group), the identification of connected persons and the updating of an exhaustive list of connected persons is extremely difficult, and the volume of such transactions may expose the Group to compliance risk relating to the identification, authorisation, recording and disclosure of such transactions.

The Group is increasingly involved in new projects of significant size, which often constitute discloseable transactions or are subject to approval by shareholders under the Listing Rules. The need for timely and strict compliance with relevant regulatory requirements exposes the Group to compliance risk.

To identify and analyse the relevant risks in achieving the Company's objectives, the internal control system is designed to provide reasonable, but not absolute, assurance against material misstatements and to manage, rather than completely eliminate, the risk of system failure in this regard. In addition to safeguarding the assets of the Company, the system design also pays attention to the basis for determining control activities (fundamentally including financial, operational and compliance controls) and to ensure a high level of operational efficiency, as well as to ensure the reliability of financial reporting and to ascertain the compliance of laws, regulations and any other defined procedures.

For the purpose of better risk management, the Company assesses the likelihood and potential impact of each particular risk. It emphasises changing operational behaviour and regards the internal control system as an early warning mechanism designed to trigger a quick response. Monitoring and control procedures are derived therefrom.

The Group's risk assessment procedures involve consideration of the entire organisation. Attention is paid to all kinds of major relationships and their correlations, including situations of fraud, going concern and internal and external reporting, and whether accounting tasks were performed in accordance with generally accepted accounting principles, among others. When risks are identified, existing controls are examined to determine if there has been a failure in control, and if so, to determine the reason for such a failure as well as ways to rectify this failure.

Control Activities and Monitoring

A sound system of internal controls requires a defined organisational and policy framework. The framework of the Company's internal control activities includes the following:

1. To allow delegation of authority and proper segregation of duties as well as to increase accountability, a clear organisational structure exists which details lines of authority and controls responsibilities in each business unit of the Group. Certain specific matters are not delegated and are subject to the Board's decision. These include, among others, the approval of annual, interim and quarterly results, annual budgets, distribution of dividends, Board structure, and the Board's composition and succession.

2. To assist the Board in the execution of its duties, the Board is supported by seven Board Committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment and Strategic Planning Committee, the Corporate Governance Committee and the Risk Management Committee. These committees make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the scope of the power delegated by the Board.

3. Systems and procedures, approved by the management, are set up to identify, measure, manage and control risks that include but are not limited to legal, credit, concentration, operational, environmental, behavioural and systematic risk that may have an impact on the Group.

4. A comprehensive management accounting system is in place providing financial and operational performance measurement indications to the management and relevant financial information for reporting and disclosure purposes. Reports on the variance between actual performance and targets are prepared, analysed and explained. Appropriate actions are also taken to rectify the identified deficiencies, if necessary. This helps the management of the Group to monitor business operations closely and enables the Board to formulate and, if necessary, revise strategic plans in a timely and prudent manner.

5. The Group places great importance on internal audit functions. The internal audit's roles include assisting management and the Audit Committee to ensure the Group maintains an effective system of internal control and a high standard of governance by reviewing all aspects of the Group's activities with unrestricted right of access and conducting comprehensive audits of all practices and procedures on a regular basis. The scope of work of internal audit includes:

    - Ascertaining the extent to which the Group's assets are accounted for and safeguarded to avoid any losses;

    - Reviewing and evaluating the soundness, adequacy and effective application of accounting, financial and other controls in the Group;

    - Ascertaining the compliance with established policies, procedures and statutory rules and regulations;

    - Monitoring and evaluating the effectiveness of the risk management system;

    - Monitoring the operational efficiency, as well as the appropriateness and efficiency with which resources are employed;

    - Evaluating the reliability and integrity of financial and operating information reporting systems;

- Ensuring that findings and recommendations arising from the internal audit are communicated to the management and monitoring the implementation of corrective measures; and

- Conducting ad hoc projects and investigative work as required by the management and/or the Audit Committee.

Additional attention is paid to control activities which are considered to be of higher risk, including, amongst others, income, expenditures and other areas of concern as highlighted by the management. The Internal Auditor has free access to the Audit Committee without the requirement to consult the management and his reports go directly to the Vice Chairman and Managing Director of the Company and the Chairman of the Audit Committee. He attends meetings of the Audit Committee quarterly and brings matters identified during the course of the internal audit to the Audit Committee. This reporting structure allows the Internal Auditor to stay independent and effective.

As in previous years, the internal audit function adopted a risk-based auditing approach based on the COSO framework and the requirements laid down by the Hong Kong Institute of Certified Public Accountants, considering factors recognised as risks and focusing on material internal controls and risk management, including financial, operational and compliance controls during the financial year ended 31 December 2015. Internal audits were carried out on all significant business units in the Group, with a total of 25 audit assignments conducted for the year. All internal audit reports are submitted to the Audit Committee for review and approval. The Internal Auditor's summary of findings, recommendations and follow-up reviews of previous internal audit findings are discussed at the Audit Committee meetings. The Audit Committee actively monitors the number and importance of findings raised by the Internal Auditor and also the corrective measures taken by the management.

The yearly internal audit plan, which is reviewed and approved by the Audit Committee, is based on the size and prevailing risks of all business units of the Group so as to establish audit scopes and frequencies. All internal audit work scheduled for the year 2015 has been completed. All areas of concern reported by the Internal Auditor were monitored by management until appropriate corrective measures were taken or implemented.

6. The Board established the Audit Committee in August 1998. The Audit Committee assists the Board by providing independent reviews and supervision of financial reporting, and satisfying itself as to the effectiveness of the Group's internal controls and the adequacy of the external and internal audits.

7. The Financial Controller, General Counsel & Company Secretary, other senior management and the Internal Auditor conduct reviews of the effectiveness of the Company's internal control system, including financial, operational and compliance controls and risk management function, and the Audit Committee reviews the findings and opinion of the relevant management and departments on the effectiveness of the Company's internal control system twice a year and reports annually to the Board on such reviews.

8. The management manages and monitors exposures to identify major risk factors involving financial risk, operational risk and compliance risk, to ensure appropriate measures are implemented in a timely and effective manner. The Group's overall risk management programme focuses on unpredictability arising from the financial markets, the industry and regulatory bodies and imposes various internal control risk measures to minimise the adverse impact on the Group's financial performance.

Major Financial Risk Measures

- To reduce interest rate risk exposure, the Group uses diversified debt profiles (including different combinations of bank borrowings and notes, different maturity profiles and different combinations of fixed and floating interest rates debt) based upon market conditions and the Group's internal requirements, and uses hedging instruments only when there is an operational need. The effectiveness of the hedging relationship is assessed continuously and regularly with reference to the Group's risk management objective and strategy.

- To maintain a certain leverage level for funding requirements in respect of daily operations, investments and capital expenditure, the Group adopts prudent liquidity risk management practices which involve maintaining sufficient cash and bank balances, having available funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

- Consistent with other companies in the industry, the Group monitors its capital on the basis of the gearing ratio. The Group may adjust the amount of dividend paid out, return capital to shareholders, issue new shares or capital or sell assets to reduce debts in order to maintain or adjust the capital structure when the need arises.

- To ensure tax risk is understood and properly controlled, the management reviews and assesses the global tax impact on the Group annually and conducts periodic Group tax planning exercises after seeking advice from different external consultants.

- The Group currently does not have a written foreign currency hedging policy. However, the Group monitors and controls foreign exchange risk by conducting borrowings in currencies that match as far as possible the functional currency used for transacting the Group's major cash receipts and underlying assets. Borrowings for the container leasing business are conducted mainly in US dollars, which match the US dollar revenue and expenses of the leasing business, in order to minimise any potential foreign exchange risk. For those jointly controlled entities and associates of the terminals business, all material borrowings are denominated in the respective functional currencies. The management will consider hedging significant foreign currency exposure should the need arise.

- Since the Group is concerned with safeguarding cash and capital, it mainly co-operates with banks of high reputation and seldom engages in high risk businesses. The Group places tight control measures over the management of accounts, addresses the operational need to create, operate or close a bank account and ensures that every detail of the approval and procedures is strictly followed. Moreover, subsidiaries prepare and report relevant information for management discussion on a weekly, monthly and quarterly basis. Furthermore, self-inspection and evaluation are conducted half yearly to mitigate non-compliance and enhance effectiveness. A centralised capital management platform has been established in mainland China to enhance the timely monitoring of capital use by local subsidiaries.

Major Operational Risk Measures

- Management meetings among department heads and senior management are held on a monthly basis to analyse and discuss the performance of each business segment and its response to changes in the business environment, market conditions and operational issues. For the container leasing business, management holds weekly meetings with operational managers to discuss the current leasing rate and current market price for containers and to convey the Group's strategy on market changes and to minimise adverse impacts on the Group's financial performance as a consequence of price fluctuations.

- The value of containers is reviewed and evaluated periodically with reference to the Group's accounting policy and impairment provision for containers is made if the carrying value of the containers exceeds the recoverable amount. The weekly departmental meetings among the management and departmental managers facilitate a better understanding of the latest market trends and of possible changes so as to assist in reviewing the impact on the Group of impairment losses. Such risk management measures are useful in making appropriate preparations to reduce the risk of future asset impairment.

- For available-for-sale financial assets, the management monitors and reports on price performance and re-affirms the strategic objective of these strategic investments to the Board.

- The Group limits its exposure to credit risk by performing credit reviews and monitoring the financial strength of its major customers. Despite not requiring collateral on trade receivables, the Group has insured the recoverability for a majority of its third party trade receivables balance to mitigate exposure to credit risk. Moreover, the Group's workflow and procedures have been improved to strengthen the management of credit risk.

- For the container leasing business, the risk management department of the relevant subsidiary establishes the maximum credit limit for each customer based on its credit quality, taking into account its financial position, past settlement history and other market factors with the concurrence from members of the credit committee. Utilisation of credit limits is regularly monitored. The system suspends the provision of extra services to those customers whose transactions exceed the defined credit limits.

- To ensure the stability and reliability of computer systems, systems which are related to the terminals and container leasing businesses are operated by trained professionals, frequently checked and upgraded when necessary. All data is backed up in a timely manner. For security purposes, a disaster recovery plan is in place.

- The Group has experienced rapid growth in recent years, which has led our business to develop in different locations in mainland China and overseas countries that have varying local safety standards. Regardless of the locations and nature of the businesses, the Group makes a continuous effort to achieve the highest safety standards within its operations. Managers and staff therefore make safety a top priority and promote the Group's safety standards in all locations.

Major Compliance Risk Measures

- The General Counsel & Company Secretary formulates the overall strategies and mechanisms in relation to the Group's legal compliance. Upon becoming aware of any material development in the legal environment, the legal department will report such updated information to the Board and disseminate the information within the Group as appropriate. The General Counsel & Company Secretary coordinates the engagement of Hong Kong and overseas lawyers to provide professional advice on specialised and geographically diverse legal issues.

- A non-exhaustive list of connected persons (since the Company cannot obtain the corporate structure of all companies, especially those companies outside the Group, the list may not cover all the connected persons of the Company) is in place and updated on a regular basis. In order to assess and report effectively on any potential connected transactions, responsible departments are required to obtain, report and update the shareholding structure of new customers and existing business partners. The Company will closely monitor transaction amounts on a monthly basis. Furthermore, regular management meetings are held on a quarterly basis to review the nature and amount of all connected transactions. A summary of continuing connected transactions is submitted to the Audit Committee on a quarterly basis. Contract negotiations and conclusions in relation to connected transactions are cautiously authorised by the appropriate level of management to ensure adherence to the Group's pricing policy. Public disclosures are continuously compared against evolving disclosure requirements to ensure compliance with respective rules and regulations.

- The code provisions set out in the Corporate Governance Code have been adopted by the Company.

Handling and Dissemination of Information

1. The Company has a policy of open communication which allows strong access to both internally and externally generated information. Pertinent information is identified, captured and communicated in a timely manner.

2. The Company provides employee manuals to each employee which indicate how employees can communicate with the Company in case any problem arises. The Company considers this as a mechanism to help encourage communications between the Company and employees. Moreover, regular meetings are held to provide an avenue for mutual understanding between the Company and employees. The Company has also made arrangements for employees of the Company to raise concerns about possible improprieties in financial reporting, internal control and other matters.

3. The Company attaches great importance to fair disclosure as it is considered a key means by which to enhance corporate governance standards and provide necessary information to shareholders and other stakeholders, to enable them to form their own judgments, as well as providing feedback to the Company. The Company also understands that the integrity of the information provided is essential in building market confidence.

4. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

    - is well aware of its obligations under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that information which is considered as inside information should be announced promptly when it is the subject of a decision;

    - conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

    - informs all directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange;

    - has developed procedures and mechanisms for the disclosure of inside information and established the Inside Information Evaluation Group to evaluate whether disclosure of the inside information is required;

    - has included in its Code of Conduct a strict prohibition on the unauthorised use of confidential, sensitive or inside information, and has communicated this to all staff; and

    - has established and implemented procedures for responding to external enquiries about the Company's affairs. Only directors and delegated management of the Company can act as the Company's spokespersons and respond to enquiries on designated areas.

The Board considers that the system of internal controls in place during the year was effective for the current business scope and operations of the Group. No significant areas of concern which might affect shareholders' interest were identified.

Auditor's Remuneration

For the year ended 31 December 2015, the auditor's remuneration paid or payable in respect of the auditing and other non-audit services provided by the auditor to the Company was as follows:

Nature of Service	2015 US$	2014 US$
Audit services	**899,000**	900,000
Audit related services	**221,000**	219,000
Non-audit services:		
– Tax related services	**324,000**	417,000
– Circular related services	**239,000**	–
– Financial advisory services	**1,558,000**	127,000

Investor Relations

The Company continues to promote investor relations and enhance communications with its investors. Our dedicated investor relations team supports designated executive directors and senior management in maintaining regular dialogue with institutional investors and analysts to keep them abreast of the Company's development and in attending to any queries promptly. An open communications channel is maintained with the media, analysts and fund managers through one-on-one meetings, roadshows and conferences. Press and analysts conferences are held at least twice a year subsequent to the interim and final results announcements at which the executive directors and senior management are available to answer questions regarding the Group's operational and financial performances.

Communication with Shareholders

Shareholders' Communication Policy

The Company believes regular and timely communication with shareholders forms part of the Company's effort to help shareholders understand its business better. It has established a Shareholders' Communication Policy and reviews the policy from time to time to ensure its effectiveness.

The Company has committed to a fair, transparent and timely disclosure policy and practices. All inside information or data is publicly released as and when appropriate, prior to individual sessions held with investors or analysts. There is regular dialogue with institutional shareholders and general presentations are made when the financial results are announced. To foster effective communication, the Company provides extensive information in its annual reports, interim reports, results announcements and press releases and also disseminates information relating to the Group and its business electronically through its website. Shareholders and investors are welcome to make enquiries through the General Counsel & Company Secretary or the Investor Relations Department, whose contact details are available on the Company's website.

The Company views its general meetings ("General Meetings"), including the Annual General Meeting and Special General Meetings, as an opportune forum for shareholders to meet the Board and senior management. All directors and senior management make an effort to attend. Representatives of external auditors are also available at the Annual General Meeting to address shareholders' queries on the financial statements. The Chairmen or members of the Audit Committee, the Nomination Committee and the Remuneration Committee or independent board committee (if any) are normally available at the General Meetings (where applicable) to take any relevant questions. All shareholders will be given at least 20 clear business days' notice of the Annual General Meeting and ten clear business days' notice of a Special General Meeting and they are encouraged to attend the General Meetings. The Company follows the code provisions contained in the Corporate Governance Code to encourage shareholders' participation. Questioning by the shareholders at the General Meetings is encouraged and welcome. The General Counsel & Company Secretary, on behalf of the chairman of the General Meetings, explains the detailed procedures for conducting a poll at the General Meetings. To facilitate enforcement of shareholders' rights, substantially separate issues at General Meetings are dealt with under separate resolutions.

Procedures for Shareholders to convene a Special General Meeting

Pursuant to the Bye-laws of the Company and the Companies Act 1981 of Bermuda (the "Companies Act"), registered shareholders holding not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at General Meetings may deposit a requisition to the Board or the General Counsel & Company Secretary to convene a Special General Meeting.

The requisition must state the purposes of the meeting and must be signed by the requisitionists, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda or its principal place of business at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong. The requisition may consist of several documents in like form each signed by one or more requisitionists.

The Board may proceed to convene a Special General Meeting within 21 days from the date of the deposit of such requisition upon receipt of confirmation from the share registrar on validity of the requisition, and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to convene the Special General Meeting as aforesaid, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a Special General Meeting within three months from the date of the deposit of the requisition.

Procedures for Shareholders to put forward proposals at General Meetings

Pursuant to the Companies Act, any number of registered shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at General Meetings, or not less than 100 registered shareholders, can request the Company in writing to:

- notify shareholders entitled to receive notice of the next General Meeting of any resolution which may officially be moved and is proposed to be moved at that meeting;
- circulate to shareholders entitled to have notice of any General Meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the meeting.

The requisition must be deposited to the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

In addition, a shareholder may propose a person other than a retiring director of the Company for election as a director of the Company at the General Meetings. Detailed procedures for shareholders to propose a person for election as a director are available on the Company's website at www.coscopac.com.hk.

Shareholdings and shareholders information

Share Capital (as at 31 December 2015)	
Authorised share capital	HK$400,000,000 divided into 4,000,000,000 shares of a par value of HK$0.1 each
Issued and fully paid-up capital	HK$296,655,943.9 comprising 2,966,559,439 shares of HK$0.1 each

Type of Shareholders (as at 31 December 2015)

Type of shareholders	No. of shares held	% of the toal number of issued shares
China COSCO (Hong Kong) Limited and its subsidiary	1,329,899,469	44.83
Other corporate shareholders	1,631,074,366	54.98
Individual shareholders	5,585,604	0.19
Total	**2,966,559,439**	**100**

Location of Shareholders (as at 31 December 2015)

Location of shareholders[1]	No. of shareholders	No. of shares held
Hong Kong	511	2,966,548,335[2]
Macau	1	2,104
The People's Republic of China	1	4,000
United Kingdom	1	5,000
Total	**514**	**2,966,559,439**

1 The location of shareholders is prepared according to the address of shareholders registered in the register of members of the Company.

2 These shares include 1,860,372,834 shares registered in the name of HKSCC Nominees Limited which may hold these shares on behalf of its clients in or outside Hong Kong.

Other Corporate Information

Memorandum of Association and Bye-laws

There was no change to the Memorandum of Association and Bye-laws of the Company during the year ended 31 December 2015.

Key Corporate Dates

The following are the dates for certain key corporate events:

Event	Date
Payment of 2015 Interim Dividend	26 October 2015
2015 Final Results Announcement	29 March 2016
2016 First Quarter Results Announcement	27 April 2016
Closures of Register of Members (a) for attending the 2016 Annual General Meeting (b) for receiving the 2015 Final Dividend	 16 May 2016 to 18 May 2016 25 May 2016 to 27 May 2016
Annual General Meeting	18 May 2016
Payment of 2015 Final Dividend	20 July 2016
2016 Interim Results Announcement	August 2016
2016 Third Quarter Results Announcement	October 2016

Directors and Senior Management Profiles

Directors

HUANG Xiaowen
Chairman of the Board,
Non-executive Director

Mr. HUANG, aged 54, has been the Chairman of the Board and a Non-executive Director of the Company since March 2016. He is also an Executive Vice President and Party Committee Member of China COSCO Shipping Corporation Limited, Vice Chairman and Executive Director of China Shipping Container Lines Company Limited ("CSCL") and Executive Director of China Shipping Development Company Limited. Mr. HUANG started his career in 1981 and had been the section chief of the Container Shipping Section of Guangzhou Ocean Shipping Company Limited, General Manager of Container Transportation Department of China Ocean Shipping (Group) Company, Container Business Adviser of Shanghai Haixing Shipping Company Limited, Deputy Managing Director, Managing Director and Vice Party Secretary of CSCL, and Chairman of China Shipping Haisheng Co., Ltd. Mr. HUANG had been the Executive Vice President and Party Community Member of China Shipping (Group) Company since May 2012. Mr. HUANG has over 30 years of experience in shipping industry. Mr. HUANG graduated from China Europe International Business School with an Executive Master of Business Administration (EMBA) degree. He is a senior engineer.

QIU Jinguang
Vice Chairman of the Board and
Managing Director, Executive Director

Mr. QIU, aged 53, has been an Executive Director and a Deputy Managing Director of the Company since April 2013, and an Executive Director, the Vice Chairman of the Board and the Managing Director of the Company since January 2015. He is the Chairman of the Executive Committee, the Risk Management Committee and the Investment and Strategic Planning Committee, a member of the Nomination Committee and the Remuneration Committee, and the General Manager of the Strategy and Development Department of the Company. He is also the Vice President of China COSCO Holdings Company Limited. Mr. QIU joined the Company in February 2008 and served as the General Manager of Strategy and Development Department. Thereafter, he has also served as the Executive Assistant to Managing Director of the Company. Mr. QIU assumed various positions with COSCO group, including Vice President of COSCO Americas Terminals Inc., General Manager of Strategy and Development Department of COSCO Americas Inc., Deputy Director and Director of Logistic Department of Transportation Division of China Ocean Shipping (Group) Company. He also served as Deputy Manager of Foreign Affairs Department of Penavico Head Office. After graduating from Shanghai Maritime University with an International Shipping major, Mr. QIU obtained his Master's in Business Administration degree at University of California Los Angeles in 1999. Mr. QIU is responsible for the overall management, strategy planning, project development, investment management and project management of the Company.

DENG Huangjun

Executive Director

Mr. DENG, aged 54, has been an Executive Director and a Deputy Managing Director of the Company since October 2015. He is a member of the Executive Committee, Investment and Strategic Planning Committee and Risk Management Committee of the Company. He is also the Chief Financial Officer of China COSCO Holdings Company Limited. Mr. DENG joined the COSCO group in 1983. He had been the Section Manager of the Cost Section of Finance Department of Shanghai Ocean Shipping Company, the Deputy Manager of Finance Division of COSCO Container Lines, the Manager of the Settlement Division, the Deputy General Manager and the General Manager of Finance and Accounting Department of COSCO Container Lines Company Limited ("COSCON") and the Chief Financial Officer of COSCON. Mr. DENG graduated from Shanghai Maritime Transportation Institute, majoring in shipping accounting. He is a senior accountant.

TANG Runjiang

Executive Director

Mr. TANG, aged 47, has been an Executive Director of the Company since March 2013. He is also a director of certain subsidiaries of China Ocean Shipping (Group) Company and China COSCO Holdings Company Limited. Mr. TANG joined COSCO group in 1991. He had been the Manager of Treasury Department of Planning and Finance Division (Finance and Capital Division) and the Deputy General Manager of the Finance and Capital Division and the Finance Division of China Ocean Shipping (Group) Company, the Deputy Chief Accountant and the Chief Accountant of COSCO Bulk Carrier Co., Ltd., the Chief Accountant of China COSCO Bulk Shipping (Group) Co., Ltd., and the General Manager of the Finance Division and the Chief Financial Officer of China COSCO Holdings Company Limited. Mr. TANG graduated from Central University of Finance and Economics, majoring in accounting.

FENG Bo

Executive Director

Mr. FENG, aged 45, has been an Executive Director of the Company since February 2012. He is also the President and the Party Secretary of COSCO Americas, Inc. Mr. FENG joined COSCO group in 1995. He had been the Deputy Manager of the Transport Management Department and the Transport Operations Department of the Transportation Division of China Ocean Shipping (Group) Company, the Manager of the Logistics Operations Department of the Transportation Division and the General Manager of the Strategic Planning Division of China COSCO Holdings Company Limited. Mr. FENG obtained the Master of Business Administration degree (a joint education programme with Fordham University in the USA) from Peking University.

WANG Wei
Non-executive Director

Mr. WANG, aged 44, has been a Non-executive Director of the Company since February 2012. He is also a Non-executive Director of COSCO International Holdings Limited, a Director of COSCO Shipping Co., Ltd. and a Director and Vice President of COSCO (Hong Kong) Group Limited. Mr. WANG joined COSCO group in 1995. He had been the Deputy Manager of Executives Management Department of Organisation Division/Human Resources Division, the Manager of Executives Management Department of Organisation Division/Human Resources Division and the Deputy General Manager of Organisation Division/Human Resources Division of China Ocean Shipping (Group) Company, the Deputy General Manager of Organisation Division/Human Resources Division and the General Manager of Organisation Division/Human Resources Division of China COSCO Holdings Company Limited. Mr. WANG graduated from RENMIN University of China, majoring in human resources management.

WANG Haimin
Non-executive Director

Mr. WANG, aged 43, has been re-designated as a Non-executive Director of the Company since January 2015. Before his re-designation, he had been a Non-executive Director of the Company since October 2010, and an Executive Director and a Deputy Managing Director of the Company since October 2013. Mr. WANG is also the Vice President of China COSCO Holdings Company Limited and the Managing Director and Deputy Party Secretary of COSCO Container Lines Company Limited. Mr. WANG joined COSCO group in 1995. He had been the Head of Planning and Cooperation Department of the Strategic Planning Division, the Deputy General Manager of the Corporate Planning Division and the General Manager of the Strategy and Development Division of COSCO Container Lines Company Limited, the General Manager of the Transportation Division of China COSCO Holdings Company Limited and a Non-independent and Non-executive Director of COSCO Corporation (Singapore) Limited. Mr. WANG graduated from Shanghai Maritime University and obtained his Master of Business Administration degree from Fudan University. He is an engineer.

ZHANG Wei
Non-executive Director

Mr. ZHANG, aged 42, has been a Non-executive Director of the Company since August 2015. He is currently the General Manager of the Operating Management Division of China COSCO Shipping Corporation Limited. Mr. ZHANG joined COSCO group in 1995. He had been the Assistant Manager, Deputy Manager and Manager of Pricing Department of Marketing and Sales Division of COSCO Container Lines Company Limited ("COSCON"), Executive Deputy General Manager of America Trade Division of COSCON, Executive Vice President of COSCO Container Lines Americas, Inc., General Manager of Strategy and Development Division of COSCON and the General Manager of the Operating Management Division of China COSCO Holdings Company Limited. Mr. ZHANG obtained a Master of Management degree from Fudan University, majoring in change management programme. He is an engineer.

WONG Tin Yau, Kelvin JP
Executive Director

Dr. WONG, aged 55, has been an Executive Director and a Deputy Managing Director of the Company since July 1996. He is the Chairman of the Corporate Governance Committee and a member of the Executive Committee of the Company. Dr. WONG is the immediate past Chairman and was the Chairman (2009-2014) of The Hong Kong Institute of Directors, a Non-executive Director of the Securities and Futures Commission, a former member of the Main Board and GEM Listing Committee of The Stock Exchange of Hong Kong Limited (2007-2013), a convenor-cum-member of the Financial Reporting Review Panel, a member of the Corruption Prevention Advisory Committee of Independent Commission Against Corruption, a member of Financial Reporting Council, a Board Director of the Hong Kong Sports Institute Limited, a council member of The Hong Kong Management Association, a member of the OECD/World Bank Asian Corporate Governance Roundtable and a council advisor and past Chairman of the Hong Kong Chinese Orchestra Limited. Dr. WONG obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992 and his Doctor of Business Administration degree from The Hong Kong Polytechnic University in 2007. Dr. WONG is currently an Independent Non-executive Director of China ZhengTong Auto Services Holdings Limited, I.T Limited, AAG Energy Holdings Limited, Huarong International Financial Holdings Limited and Bank of Qingdao Co., Ltd. He was also an Independent Non-executive Director of China Metal International Holdings Inc. and CIG Yangtze Ports PLC. All the aforementioned companies are listed in Hong Kong. In addition, he is an Independent Non-executive Director of Xinjiang Goldwind Science & Technology Co., Ltd., a company dual listed in Hong Kong and Shenzhen, and Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company dual listed in Hong Kong and Shanghai. Dr. WONG is responsible for the management of the Company's work relating to the capital markets and investor relations. He held various senior positions in several listed companies in Hong Kong before he joined the Company. Dr. WONG was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2013.

FAN HSU Lai Tai, Rita
GBM, GBS, JP
Independent Non-executive Director

Dr. FAN, aged 70, has been an Independent Non-executive Director of the Company since January 2009. She is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Dr. FAN was appointed to the Legislative Council from 1983 to 1992 and was a member of the Executive Council from 1989 to 1992. She became the President of the Provisional Legislative Council in 1997, and has since been re-elected as the President of the First, Second and Third Legislative Council. Dr. FAN has served as the President of the legislature of the Hong Kong Special Administrative Region ("HKSAR") for 11 years. Dr. FAN was a member of the Preliminary Working Committee for the Preparatory Committee for the HKSAR from 1993 to 1995 and of the Preparatory Committee for the HKSAR from 1995 to 1997, and was the Chairman of the Board of Education from 1986 to 1989 and the Chairman of the Education Commission from 1990 to 1992. She was elected as a Hong Kong Deputy to both the Ninth and Tenth sessions of the National People's Congress ("NPC") between 1998 and 2007, and was a Member of the Standing Committee of the Eleventh session of the NPC. Dr. FAN is currently a Member of the Standing Committee of the Twelfth session of the NPC, an Independent Non-executive Director of China COSCO Holdings Company Limited, China Overseas Land & Investment Limited and China Shenhua Energy Company Limited. Dr. FAN was awarded the Gold Bauhinia Star and the Grand Bauhinia Medal in 1998 and 2007 respectively by the Government of the HKSAR.

Adrian David LI Man Kiu JP

Independent Non-executive Director

Mr. LI, aged 42, has been an Independent Non-executive Director of the Company since May 2012. He is Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee of the Company. Mr. LI is Executive Director & Deputy Chief Executive of The Bank of East Asia, Limited. He is an Independent Non-executive Director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited, Sino Hotels (Holdings) Limited and China State Construction International Holdings Limited. All the above are Hong Kong-listed companies. He is a Non-executive Director of The Berkeley Group Holdings plc, which is listed in London, and a member of the International Advisory Board of Abertis Infraestructuras, S.A., a company listed in Spain. He was previously an Alternate Director of AFFIN Holdings Berhad, a company listed in Malaysia, an Alternate Independent Non-executive Director of San Miguel Brewery Hong Kong Limited, a company listed in Hong Kong, and an Independent Non-executive Director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company dual listed in Hong Kong and Shanghai. Mr. LI is a member of the Guangdong Provincial Committee of the Chinese People's Political Consultative Conference, a member of the All-China Youth Federation, Deputy Chairman of the Beijing Youth Federation and a Counsellor of the Hong Kong United Youth Association. He is a board member of The Community Chest of Hong Kong and a member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is also an Advisory Committee member of the Hong Kong Baptist University's School of Business and a Vice President of The Hong Kong Institute of Bankers' Council. Furthermore, Mr. LI serves as a member of the Election Committees responsible for electing the Chief Executive of the HKSAR and deputies of the HKSAR to the 12th National People's Congress. He also sits on the Judging Panel of the BAI Global Banking Innovation Awards. Mr. LI holds a Master of Management degree from the Kellogg School of Management, Northwestern University in the US, and a Master of Arts degree and Bachelor of Arts degree in Law from the University of Cambridge in Britain. He is a member of The Law Society of England and Wales, and The Law Society of Hong Kong.

IP Sing Chi

Independent Non-executive Director

Mr. IP, aged 62, has been an Independent Non-executive Director of the Company since November 2012. He is a member of the Nomination Committee and the Remuneration Committee of the Company. Mr. IP is currently an Executive Director of Hutchison Port Holdings Management Pte. Limited (the Trustee-Manager of Hutchison Port Holdings Trust, listed in Singapore), an Independent Non-executive Director of China Shipping Development Company Limited (listed in Hong Kong), an Outside Director of Hyundai Merchant Marine Co., Ltd. (listed in Korea) and a Non-independent Non-executive Director of Westports Holdings Berhad (listed in Malaysia). He is the Group Managing Director of Hutchison Port Holdings Limited and the Chairman of Yantian International Container Terminals Co., Ltd. Mr. IP was the Founding Chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited and a member of the Hong Kong Port Development Council. Mr. IP has over 35 years of experience in the maritime industry, and holds a Bachelor of Arts degree.

FAN Ergang
Independent Non-executive Director

Mr. FAN, aged 61, has been an Independent Non-executive Director of the Company since August 2013. Mr. FAN had been the General Manager of Legal Affairs Division of Industrial and Commercial Bank of China Limited ("ICBC"), the Party Secretary and Head of ICBC Inner Mongolia Branch and the Vice Chairman of ICBC Financial Leasing Co., Ltd., and was the Deputy Secretary-General and Head of Legal Work Committee of China Banking Association and an arbitrator (financial law) of China International Economic and Trade Arbitration Commission. Mr. FAN holds a Bachelor of Laws degree from China University of Political Science and Law (formerly The Peking College of Political Science and Law). He has extensive experience in financial and law fields, and is a senior economist, a senior legal counsel and a practicing lawyer in the People's Republic of China.

LAM Yiu Kin
Independent Non-executive Director

Mr. LAM, aged 61, has been an Independent Non-executive Director of the Company since August 2015. He is a member of the Audit Committee of the Company. Mr. LAM is currently an adjunct professor in the School of Accounting and Finance of The Hong Kong Polytechnic University, and a member of the Finance Management Committee of the Hong Kong Management Association. He is an Independent Non-executive Director of Global Digital Creations Holdings Limited, Mason Financial Holdings Limited, Nine Dragons Paper (Holdings) Limited, Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd., Shougang Concord Century Holdings Limited and Vital Mobile Holdings Limited, all of which are companies listed in Hong Kong, and Spring Asset Management Limited as the manager of Spring Real Estate Investment Trust (listed in Hong Kong), and was an Independent Non-executive Director of Kate China Holdings Limited, a company listed in Hong Kong. Mr. LAM was a member of the Listing Committee and the Financial Reporting Advisory Panel of The Stock Exchange of Hong Kong Limited from 1997 to 2003, a committee member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") from 1994 to 2009, and an audit partner of PricewaterhouseCoopers from 1993 to 2013. He has over 40 years of experience in accounting, auditing and business consulting. Mr. LAM is a fellow member of the HKICPA, the Association of Chartered Certified Accountants, the Chartered Accountants of Australia and New Zealand and the Institute of Chartered Accountants in England & Wales. Mr. LAM obtained a higher diploma in accountancy from The Hong Kong Polytechnic University in 1975 and was conferred an Honorary Fellow by The Hong Kong Polytechnic University in 2002.

CHAN Hang, Ken
Deputy Managing Director

Mr. CHAN, aged 58, is a Deputy Managing Director of the Company and a member of the Risk Management Committee of the Company. From 1998 to 2006, Mr. CHAN was the General Manager of the Corporate Development Department (renamed as Strategy and Development Department) of the Company. He graduated from Xiamen University with a Bachelor Degree in Economics in 1983. He obtained his Master of Business Administration degree from Dalhousie University in Canada in 1985 and continued his education in the University of Washington in the USA. Before joining the Company in September 1998, he had held senior positions in a local bank and an international securities firm in Hong Kong. He has over 25 years of working experience in corporate strategic planning, management and finance. Mr. CHAN is currently responsible for corporate management, sales and marketing as well as safety and security management of the Company.

LUI Sai Kit, Eddie
Financial Controller

Mr. LUI, aged 52, has served as the Financial Controller of the Company since January 2008. He is currently a member of the Investment and Strategic Planning Committee of the Company. Mr. LUI is a member of the Hong Kong Institution of Certified Public Accountants, the American Institution of Certified Public Accountants, the Chartered Institution of Management Accountants of the United Kingdom and the Certified Management Accountants of Canada. He also has a Master Degree in Business Administration from University of Ottawa and Bachelor Degree in Administration from York University in Canada. Prior to joining the Company, he had held Chief Financial Officer and General Management positions for companies listed on the Hong Kong Stock Exchange and US multinational companies such as New World TMT Limited, Wang On Group Limited and General Electric Company Limited Hong Kong Plastic Division. Mr. LUI is responsible for the financial management and corporate finance of the Company.

HUNG Man, Michelle
General Counsel & Company Secretary

Ms. HUNG, aged 46, has served as the General Counsel of the Group and the Company Secretary of the Company since November 1996 and March 2001, respectively. Ms. HUNG is mainly responsible for all legal, corporate governance, compliance, company secretarial and related matters for the Company. She is currently a member of the Corporate Governance Committee and Risk Management Committee of the Company. She holds a Bachelor of Laws degree (Hons) from The University of Hong Kong. She is currently a practicing solicitor of the High Court of the Hong Kong Special Administrative Region and is qualified in England and Wales. Ms. HUNG was named among the top 25 "in-house high flyers" and "the best in Asia" for three consecutive years (2006-2008) by Asian Legal Business Magazine, rewarded the "Asian Company Secretary of the Year Recognition Award" for two consecutive years (2013-2014) by Corporate Governance Asia, a corporate governance magazine, and named among the top 15 general counsels of the 2015 China's Top General Counsel Rankings by Asian Legal Business Magazine.

Report of the Directors and Financial Statements

Report of the Directors

The board of directors of the Company (the "Board") presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

Principal activities and Segmental analysis of operations

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 42 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

Business Review

A review of the business of the Group during the year, a discussion on the Group's future business development and principal risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 12 to 15 and Financial Review on pages 42 to 47 of this annual report.

The financial risk management objectives and policies of the Group can be found in note 4 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2015 are provided in note 40 to the consolidated financial statements.

An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial and Operational Highlights on pages 10 to 11 of this annual report.

Results and Appropriations

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement on page 114 of this annual report.

The directors declared an interim dividend of HK17.3 cents (equivalent to US2.236 cents) per share with a scrip dividend alternative, totalling HK$508,825,000 (equivalent to US$65,765,000), which was paid on 26 October 2015.

The directors recommend the payment of a final dividend of HK22.9 cents (equivalent to US2.948 cents) per share with a scrip dividend alternative, totalling HK$679,342,000 (equivalent to US$87,454,000), payable on or about 20 July 2016.

Five-Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 185 of this annual report.

Donations

Charitable and other donations made by the Group during the year amounted to US$44,000.

Shares issued in the year

Details of the shares issued of the Company during the year are shown in note 20 to the consolidated financial statements.

Distributable Reserves

The distributable reserves of the Company as at 31 December 2015 calculated under the Companies Act of Bermuda amounted to US$1,630,963,000.

Borrowings

Details of the borrowings of the Group are set out in note 22 to the consolidated financial statements.

Retirement benefit schemes

Details of retirement benefit schemes of the Group are set out in notes 3.22 and 32 to the consolidated financial statements.

Directors

The directors of the Company during the year and up to the date of this report were:

Mr. LI Yunpeng[2] *(Chairman)*	(resigned on 21 January 2015)
Mr. WAN Min[2] *(Chairman)*	(appointed as Chairman on 21 January 2015 and resigned on 29 March 2016)
Mr. HUANG Xiaowen[2] *(Chairman)*	(appointed as Chairman and a Non-executive Director on 29 March 2016)
Mr. QIU Jinguang[1] *(Vice Chairman and Managing Director)*	(appointed as Vice Chairman and Managing Director on 21 January 2015)
Mr. DENG Huangjun[1]	(appointed on 16 October 2015)
Mr. FENG Jinhua[1]	(resigned on 16 October 2015)
Mr. TANG Runjiang[1]	
Mr. FENG Bo[1]	
Mr. WANG Wei[2]	
Mr. WANG Haimin[2]	(re-designated from an Executive Director to a Non-executive Director on 21 January 2015)
Mr. ZHANG Wei[2]	(appointed on 14 August 2015)
Dr. WONG Tin Yau, Kelvin[1]	
Mr. Timothy George FRESHWATER[3]	(retired on 14 May 2015)
Dr. FAN HSU Lai Tai, Rita[3]	
Mr. Adrian David LI Man Kiu[3]	
Mr. IP Sing Chi[3]	
Mr. FAN Ergang[3]	
Mr. LAM Yiu Kin[3]	(appointed on 14 August 2015)

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

In accordance with Clause 86(2) of the Bye-laws of the Company, Mr. HUANG Xiaowen and Mr. ZHANG Wei, being new directors appointed by the Board, shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Clauses 87(1) and (2) of the Bye-laws of the Company, Mr. QIU Jinguang, Mr. WANG Haimin, Mr. IP Sing Chi and Mr. FAN Ergang, being directors longest in office since their last re-election, shall retire from office by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive directors confirming their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

Biographical Details of Directors and Senior Management

Biographical details of directors and senior management are set out on pages 80 to 88 of this annual report.

Directors' Service Contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company and the director's connected party had a material interests, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provisions

The Bye-laws of the Company provide that the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors liability insurance is in place to protect the Directors of the Company or of its subsidiaries against any potential costs and liabilities arising from claims brought against the Directors.

Share Options

At a special general meeting of the Company held on 23 May 2003, the shareholders of the Company approved the adoption of a share option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by the shareholders of the Company on 30 November 1994.

On 5 December 2005, the shareholders of the Company approved the amendments to the 2003 Share Option Scheme at a special general meeting. The definitions of "Participant" and "relevant company" in paragraph 1 of the 2003 Share Option Scheme were amended by deleting all references to COSCO (Hong Kong) Group Limited and replacing them by China COSCO Holdings Company Limited ("China COSCO"), an intermediate holding company of the Company, and paragraph 8(e) of the 2003 Share Option Scheme was changed to allow a grantee who ceases to be an employee or an executive director of the relevant company (as defined in the 2003 Share Option Scheme) by reason of voluntary resignation from his employment, directorship, secondment or nomination to exercise the option up to his entitlement at the date of cessation within a period of three months following the date of such cessation pursuant to paragraph 7.3(a) of the 2003 Share Option Scheme. These amendments came into effect on 28 February 2006 after the approval of the shareholders of China COSCO at the general meeting held on the same date.

The following is a summary of the principal terms of the 2003 Share Option Scheme:

The 2003 Share Option Scheme was designed to attract, retain and motivate talented participants (the "Participants" or a "Participant") (as defined in note 1 below) to strive for future development and expansion of the Group and to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board might approve from time to time.

Under the 2003 Share Option Scheme, the Board might, at its discretion, invite any Participants to take up options. In determining the basis of eligibility of each Participant, the Board would mainly take into account the experience of the Participant on the Group's business, the length of service of the Participant with the Group or the length of business relationship the Participant has established with the Group and such other factors as the Board might at its discretion consider appropriate.

The maximum number of shares which might be issued upon exercise of all options to be granted under the 2003 Share Option Scheme and any other share option schemes of the Company should not in aggregate exceed 10% of the total number of shares in issue as at the date of the adoption of the 2003 Share Option Scheme.

The maximum entitlement for any one Participant (including exercised, cancelled and outstanding options) in any twelve months' period should not exceed 1% of the total number of shares in issue.

The period under which an option must be exercised should be such period as the Board might in its absolute discretion determine at the time of grant, save that such period should not be longer than ten years from the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme. The minimum period for which an option must be held before it can be exercised was determined by the Board upon the grant of an option. The amount payable on acceptance of an offer of the grant of options was HK$1.00. The full amount of the exercise price for the subscription of shares must be paid upon exercise of an option.

The exercise price in relation to each option should be determined by the Board in its absolute discretion, but in any event should be at least the highest of (i) the closing price of the shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date when an option was offered; (ii) a price being the average of the closing prices of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date on which an option was offered; and (iii) the nominal value of a share.

The 2003 Share Option Scheme was valid and effective for a period of 10 years commencing from the date of adoption and was expired on 22 May 2013. No further options shall thereafter be granted under the 2003 Share Option Scheme but in respect of the outstanding options granted under the 2003 Share Option Scheme, the provisions of the 2003 Share Option Scheme shall remain in full force and effect.

As at the date of this report, a total of 12,380,000 shares (representing approximately 0.42% of the existing total number of issued shares of the Company) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2003 Share Option Scheme.

Notes:

(1) As defined in the 2003 Share Option Scheme (as amended), "Participants" include:

(i) any employee of the Group (including any executive director of the Group);

(ii) any management of China COSCO, or China Ocean Shipping (Group) Company ("COSCO"), the Company's parent company; and

(iii) any person seconded or nominated by the Group to represent the Group's interest in any of the Group's associated companies or jointly controlled entities (as defined in note 2 below), or any other company or organisation.

As to whether a particular person falls within the definition of Participants, it shall be determined by the Board in its absolute discretion.

(2) Under the 2003 Share Option Scheme, associated companies and jointly controlled entities refer to those companies and/or enterprises which have defined and/or disclosed as associates and/or associated companies and joint ventures and/or jointly controlled entities of the Company in the latest audited financial statements of the Company.

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

		Number of share options								
Category	Exercise Price HK$	Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Transfer (to)/ from other categories during the year	Lapsed during the year	Outstanding at 31 December 2015	% of total number of issued shares	Exercisable period	Note
Director										
Dr. WONG Tin Yau, Kelvin	19.30	500,000	–	–	–	–	500,000	0.017%	18.4.2007-17.4.2017	(1), (2)
		500,000	–	–	–	–	500,000			
Continuous contract employees	19.30	11,880,000	–	–	(570,000)	(260,000)	11,050,000	0.372%	(refer to note 1)	(1)
Others	19.30	860,000	–	–	570,000	–	1,430,000	0.048%	(refer to note 1)	(1)
		12,740,000	–	–	–	(260,000)	12,480,000			
		13,240,000	–	–	–	(260,000)	12,980,000			

Notes:

(1) The share options were granted during the period from 17 April 2007 to 19 April 2007 under the 2003 Share Option Scheme at an exercise price of HK$19.30. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options was from 17 April 2007 to 19 April 2007.

(2) These options represent personal interest held by the relevant director as beneficial owner.

(3) No share options were granted, exercised or cancelled under the 2003 Share Option Scheme during the year ended 31 December 2015.

Directors' Interest in Shares, Underlying Shares and Debentures

As at 31 December 2015, the interest of the Company's directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in the shares of the Company

Name of director	Capacity	Nature of interest	Number of ordinary shares held	% of total number of issued shares of the Company
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	564,062	0.019%

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

Share options were granted by the Company to certain directors of the Company pursuant to the 2003 Share Option Scheme. Details of the directors' interest in share options granted by the Company are set out under the section headed "Share Options" of this report.

(c) Long positions in the shares of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of H shares held	% of total number of issued H shares of the relevant associated corporation
China COSCO Holdings Company Limited	Dr. FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	0.0004%
	Ex-director				
	Mr. WAN Min	Beneficial owner	Personal	2,500	0.0001%

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of A shares held	% of total number of issued A shares of the relevant associated corporation
China COSCO Holdings Company Limited	Mr. QIU Jinguang	Beneficial owner	Personal	6,400	0.00008%
	Ex-director				
	Mr. WAN Min	Beneficial owner	Personal	35,000	0.00046%
			Family	12,000	0.00016%

Note: Mr. WAN Min resigned as Chairman of the Board and a non-executive director of the Company on 29 March 2016.

(d) Long positions in underlying shares of equity derivatives of associated corporations

Movements of the share appreciation rights granted to the directors of the Company by an associated corporation during the year are set out below:

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price HK$	Number of units of share appreciation rights: Outstanding at 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2015	% of total number of issued H shares of the relevant associated corporation	Note
China COSCO Holdings Company Limited	Mr. DENG Huangjun	Beneficial owner	Personal	3.195	225,000	–	–	(225,000)	–	–	(1)
				3.588	280,000	–	–	–	280,000	0.011%	(2)
				9.540	260,000	–	–	–	260,000	0.010%	(3)
	Mr. TANG Runjiang	Beneficial owner	Personal	3.195	75,000	–	–	(75,000)	–	–	(1)
				3.588	65,000	–	–	–	65,000	0.003%	(2)
	Mr. FENG Bo	Beneficial owner	Personal	3.195	75,000	–	–	(75,000)	–	–	(1)
				3.588	90,000	–	–	–	90,000	0.003%	(2)
				9.540	85,000	–	–	–	85,000	0.003%	(3)
	Mr. WANG Wei	Beneficial owner	Personal	3.195	75,000	–	–	(75,000)	–	–	(1)
				3.588	65,000	–	–	–	65,000	0.003%	(2)
				9.540	60,000	–	–	–	60,000	0.002%	(3)
	Mr. WANG Haimin	Beneficial owner	Personal	3.195	57,000	–	–	(57,000)	–	–	(1)
				3.588	90,000	–	–	–	90,000	0.003%	(2)
				9.540	75,000	–	–	–	75,000	0.003%	(3)
	Mr. ZHANG Wei	Beneficial owner	Personal	3.195	56,250	–	–	(56,250)	–	–	(1)
				3.588	90,000	–	–	–	90,000	0.003%	(2)
				9.540	75,000	–	–	–	75,000	0.003%	(3)
	Ex-director										
	Mr. WAN Min	Beneficial owner	Personal	3.195	75,000	–	–	(75,000)	–	–	(1), (4)
				3.588	280,000	–	–	–	280,000	0.011%	(2), (4)
				9.540	260,000	–	–	–	260,000	0.010%	(3), (4)

Notes:

(1) The share appreciation rights were granted by China COSCO, an associated corporation of the Company and a company listed on the Stock Exchange and the Shanghai Stock Exchange, in units with each unit representing one H share of China COSCO, on 16 December 2005 pursuant to the share appreciation rights plan adopted by China COSCO (the "Plan"). Under the Plan, no shares of China COSCO will be issued. The share appreciation rights were exercisable at HK$3.195 per unit at any time between 16 December 2007 and 15 December 2015, and have been lapsed on 16 December 2015.

(2) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 5 October 2006 pursuant to the Plan. Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exercisable at HK$3.588 per unit at any time between 5 October 2008 and 4 October 2016.

(3) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 4 June 2007 pursuant to the Plan. Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exercisable at HK$9.540 per unit at any time between 4 June 2009 and 3 June 2017.

(4) Mr. WAN Min resigned as Chairman of the Board and a non-executive director of the Company on 29 March 2016.

Save as disclosed above, as at 31 December 2015, none of the directors or chief executive of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' Interest in Competing Business

As at 31 December 2015, the directors namely Mr. WAN Min, Mr. DENG Huangjun, Mr. TANG Runjiang, Mr. FENG Bo, Mr. WANG Wei, Mr. WANG Haimin and Mr. ZHANG Wei, held directorships and/or senior management positions in COSCO and/or COSCO Container Lines Company Limited ("COSCON") and their respective subsidiaries or associates and/or other companies which have interest in container terminals (the "Container Terminals Interest"). In addition, Mr. IP Sing Chi acted as the Group Managing Director of Hutchison Port Holdings Limited (which engages in, inter alia, the operation of container terminals) and directors of certain other companies which have the Container Terminals Interest.

The Board is of the view that the Group is capable of carrying on its businesses independently of the Container Terminals Interest. When making decisions on the container terminals business of the Group, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interest of the Group.

Substantial Interest in the Share Capital of the Company

So far as is known to any directors or chief executive of the Company, as at 31 December 2015, the interest of shareholders in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company or the Stock Exchange were as follows:

			Number of ordinary shares/Percentage of total number of issued shares as at 31 December 2015			
Name	**Capacity**	**Nature of interests**	**Long positions**	**%**	**Short positions**	**%**
COSCO Investments Limited	Beneficial owner	Beneficial interest	213,989,277	7.21	–	–
China COSCO (Hong Kong) Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,294,206,113	43.63	–	–
China COSCO Holdings Company Limited	Interest of controlled corporation	Corporate interest	1,294,206,113	43.63	–	–
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,294,206,113	43.63	–	–

Note: The 1,294,206,113 shares relate to the same batch of shares of the Company. COSCO Investments Limited ("COSCO Investments") is a wholly owned subsidiary of China COSCO (Hong Kong) Limited ("China COSCO (HK)"). Accordingly, the 213,989,277 shares of the Company held by COSCO Investments are also included as part of China COSCO (HK)'s interest in the Company. China COSCO (HK) is a wholly owned subsidiary of China COSCO and it itself held 1,080,216,836 shares of the Company beneficially. Accordingly, China COSCO (HK)'s interest in relation to the 1,294,206,113 shares of the Company are also recorded as China COSCO's interest in the Company. COSCO held 52.85% interest of the total issued shares of China COSCO as at 31 December 2015, and accordingly, COSCO is deemed to have the interest of 1,294,206,113 shares of the Company held by China COSCO (HK).

As informed by China COSCO (HK), it was interested in a total of 1,329,899,469 shares (representing 44.83% of the total issued shares of the Company) as at 31 December 2015 because of the allotment of 18,710,203 shares under the 2015 scrip dividend scheme of the Company and the acquisition of 16,983,153 shares.

Save as disclosed above, as at 31 December 2015, the Company has not been notified of any other interest or short positions in the shares and underlying shares of the Company which had to be recorded in the register required to be kept under Section 336 of the SFO.

Public Float

Based on information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of the shares of the Company with not less than 25% of the total number of issued shares of the Company held by the public as required under the Listing Rules.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws of the Company and there are no restrictions against such rights under the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Major Suppliers and Lessees

The percentage of the Group's container purchases and leasing income attributable to major suppliers and lessees are as follows:

Percentage of container purchases attributable to the Group's largest supplier	27.54%
Percentage of container purchases attributable to the Group's five largest suppliers	75.07%
Percentage of leasing income attributable to the Group's largest lessee, which is a subsidiary of COSCO	59.87%
Percentage of leasing income attributable to the Group's five largest lessees	79.16%

None of the directors or their associates has interest in any of the suppliers or lessees of the Group.

During the year ended 31 December 2015, COSCO have equity interest in China International Marine Containers (Group) Co., Ltd., the holding company of four of the five largest suppliers of the Group. In 2015, these four suppliers attributed 65.62% of container purchases of the Group.

Save as disclosed above, to the knowledge of the directors, none of the shareholders owning more than 5% of the Company's shares has interest in any of the suppliers and lessees of the Group.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2015.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 54 to 79 of this annual report.

Connected Transactions

During the year, the Group conducted certain continuing related party transactions, as disclosed in note 39 (Related party transactions) of the audited consolidated financial statements of the Company for the year ended 31 December 2015, some of which constituted continuing connected transactions of the Group (exempted and non-exempted), in respect of which the Company has complied with the relevant applicable requirements under Chapter 14A of the Listing Rules:

(I) Connected Transactions

(1) Acquisition of the entire issued share capital of China Shipping Ports Development Co., Limited and (2) disposal of the entire issued share capital of Florens Container Holdings Limited

On 11 December 2015, the Company as the purchaser entered into a conditional sale and purchase agreement (the "CSPD SPA") with China Shipping Container Lines Company Limited ("CSCL") and China Shipping (Hong Kong) Holdings Co., Limited ("CSHK") as the sellers pursuant to which CSCL and CSHK conditionally agreed to sell and the Company conditionally agreed to purchase the entire issued share capital of China Shipping Ports Development Co., Limited ("CSPD") for an initial consideration of RMB7,632,455,300, subject to certain adjustments contemplated under the CSPD SPA (the "Acquisition").

Also on 11 December 2015, the Company as the seller entered into a conditional sale and purchase agreement (the "FCHL SPA") with China Shipping Container Lines (Hong Kong) Co., Limited ("CSCLHK") as the purchaser pursuant to which the Company conditionally agreed to dispose and CSCLHK conditionally agreed to acquire (i) the entire issued share capital of Florens Container Holdings Limited ("FCHL"), a then direct wholly owned subsidiary of the Company, for an initial consideration of RMB7,784,483,300 (subject to certain adjustments contemplated under the FCHL SPA), and (ii) the shareholder's loans in the amount of US$285,000,000 owed by FCHL to the Company and remained outstanding immediately before the date of completion of the transaction contemplated under the FCHL SPA for a consideration of US$285,000,000 (the "Disposal").

CSPD is a company incorporated in Hong Kong. Prior to completion of the Acquisition, the shares of CSPD were held by CSCL and CSHK as to 49% and 51% respectively. CSCL is a joint stock limited company incorporated in the People's Republic of China (the "PRC") with limited liability and its A shares and H shares are listed and traded on the Shanghai Stock Exchange and the Stock Exchange respectively. CSHK is a company incorporated in Hong Kong and a wholly owned subsidiary of China Shipping (Group) Company ("China Shipping"). CSCLHK is a company incorporated in Hong Kong and a subsidiary of CSCL.

The Acquisition and the Disposal (together the "Transactions") were part of the reorganisation exercise (the "Reorganisation") involving the businesses of COSCO, a controlling shareholder of the Company, and its subsidiaries (the "COSCO Group") and the businesses of China Shipping, a controlling shareholder of CSCL, and its subsidiaries (the "China Shipping Group"). Being a reform of PRC state-owned enterprises ("SOEs"), the Reorganisation was intended to enhance the competiveness of the SOEs in the global market by creating synergies for and improving the operating efficiency of SOEs in different positions on the same value chain. Under the Reorganisation, businesses of the COSCO Group and the China Shipping Group would be organised such that container shipping, terminals operation and financial services would become the respective core businesses of China COSCO and its subsidiaries, the Group, and the China Shipping Group respectively.

On 23 December 2015, a conditional special cash dividend of HK80 cents per share (the "Special Dividend") was declared, payment of which was conditional on (a) the passing of a resolution approving the Transactions by shareholders of the Company other than China COSCO (Hong Kong) Limited and COSCO Investments Limited, both being indirect subsidiaries of COSCO, and any other shareholders of the Company who were required by the Listing Rules to abstain from voting on the resolution proposed at the special general meeting of the Company held on 1 February 2016 (the "SGM") (the "Independent Shareholders"); and (b) completion of the Transactions in accordance with the provisions of the CSPD SPA and the FCHL SPA.

On 27 January 2016, the Company was informed that according to the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the valuation of CSPD shall be adjusted. Therefore, a supplemental agreement to the CSPD SPA was entered into by CSCL, CSHK and the Company on the same date, pursuant to which the initial consideration for the CSPD shares of RMB7,632,455,300 as provided in the CSPD SPA was adjusted to RMB7,625,152,000, representing a decrease of approximately 0.10%.

The Transactions were approved by the Independent Shareholders at the SGM. Furthermore, completion of the Acquisition took place on 18 March 2016 and completion of the Disposal took place on 24 March 2016. CSPD has become a wholly owned subsidiary of the Company and FCHL has ceased to be a subsidiary of the Company. The Board has resolved that the Special Dividend be paid on 4 May 2016 to shareholders of the Company whose names appear on the register of members of the Company on 15 April 2016.

The Transactions were deemed by the Stock Exchange as connected transactions of the Company under Chapter 14A of the Listing Rules. The Transactions also constituted major transactions of the Company.

(II) Continuing Connected Transactions

Financial Services Master Agreement

On 28 August 2014, the Company entered into a financial services master agreement (the "Financial Services Master Agreement") with COSCO Finance Co., Ltd. ("COSCO Finance"). Under the Financial Services Master Agreement, COSCO Finance agreed to provide deposit services (the "Deposit Services"), loan services (the "Loan Services"), settlement services (the "Settlement Services") and further financial services which COSCO Finance may from time to time offer (the "Further Financial Services") (collectively known as the "Transactions") to the Group for the period from 1 November 2014 to 31 December 2016 (both dates inclusive).

In respect of the Deposit Services, the interest which will accrue on any deposit placed by the Group with COSCO Finance under the Financial Services Master Agreement will not be lower than (a) the minimum interest rate prescribed by the People's Bank of China ("PBOC") for the same type of deposits; (b) the interest rates offered by commercial banks in the PRC to the Group for the same type of deposits; and (c) the interest rates offered by COSCO Finance to other members of the COSCO Group (including COSCO and subsidiaries held by COSCO as to more than 51%, companies held by COSCO and/or its subsidiaries held by COSCO as to more than 51% (individually or jointly) as to more than 20%, companies held by COSCO and/or its subsidiaries held by COSCO as to more than 51% (individually or jointly) as to less than 20% with COSCO and/or its subsidiaries (individually or jointly) being the largest shareholder, and enterprise legal entities (事業單位法人) and social organisation legal entities (社會團體法人) under COSCO and/or its subsidiaries held by COSCO as to more than 51%) for the same type of deposits. The caps of the daily aggregate of deposits placed by the Group with COSCO Finance (including interest accrued thereon) for each of the period from 1 November 2014 to 31 December 2014 and the two years ending 31 December 2015 and 2016 is RMB1,000,000,000. The maximum daily aggregate of deposits for the year ended 31 December 2015 was RMB755,817,000.

In respect of the Loan Services, the interest rate at which any loan to be provided by COSCO Finance to the Group under the Financial Services Master Agreement will not be higher than (a) the maximum interest rate published by the PBOC for the same type of loans; and (b) the interest rates offered by commercial banks in the PRC to the Group for the same type of loans. The caps of the daily outstanding amount of loans to be provided by COSCO Finance to the Group (including any interest accrued thereon) for each of the period from 1 November 2014 to 31 December 2014 and the two years ending 31 December 2015 and 2016 is RMB1,000,000,000. The maximum daily aggregate of loans for the year ended 31 December 2015 was RMB905,285,000.

In respect of the Settlement Services, any fees which COSCO Finance will charge the Group (a) will comply with any requirements of PBOC and China Banking Regulatory Commission ("CBRC") in respect of the charges for the same type of settlement services; and (b) will not exceed the fees charged by commercial banks in the PRC to the Group for the same type of settlement services or the fees charged by COSCO Finance to other members of the COSCO Group for the same type of settlement services. The annual caps of the aggregate of any fees which COSCO Finance may charge the Group for the Settlement Services for the period from 1 November 2014 to 31 December 2014 and for the two years ending 31 December 2015 and 2016 are RMB800,000, RMB5,000,000 and RMB5,000,000 respectively. No Settlement Services were provided by COSCO Finance to the Group for the year ended 31 December 2015.

In respect of the Further Financial Services, any fee which COSCO Finance will charge the Group (a) will comply with any requirements of PBOC and CBRC in respect of the charges for the same type of financial services; and (b) will not exceed the fees charged by commercial banks in the PRC to the Group for the same type of financial services or the fees charged by COSCO Finance to other members of the COSCO Group for the same type of financial services. For the year ended 31 December 2015, no such services were provided.

The deposit interest rates and the lending rates offered by COSCO Finance to the Group will be equal to or more favourable to the Group than those offered by commercial banks in the PRC to the Group for comparable deposits or, as the case may be, loans. The Financial Services Master Agreement is therefore expected not only to provide the Group with a new means of financing but also to improve the efficiency of the use of its funds through higher interest income and lower costs of financing. The Group also expects to be in a better position to manage the security of its funds since COSCO Finance is not considered to be exposed to any significant capital risk.

For the avoidance of doubt, the Financial Services Master Agreement does not preclude the Group from using the services of other financial institutions. The Group still has the freedom to select any major and independent PRC commercial banks as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

COSCO Finance is a subsidiary of COSCO, a controlling shareholder of the Company, and is therefore a connected person of the Company. The Transactions under the Financial Services Master Agreement constituted continuing connected transactions of the Company under the Listing Rules.

Rental of office premises

On 28 November 2014, COSCO Pacific Management Company Limited (“COSCO Pacific Management”) as tenant entered into a tenancy agreement with Wing Thye Holdings Limited (“Wing Thye”) as landlord (the “Tenancy Agreement”) in respect of the leasing of Units 4901, 4902A and 4903 situated at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (the “Premises”). Pursuant to the Tenancy Agreement, COSCO Pacific Management agreed to rent from Wing Thye the Premises for a term of three years commencing from 29 November 2014 at a monthly rental of HK$1,038,390 exclusive of government rent, rates and management fees. The monthly management fees payable to Wing Thye is HK$76,619.40 (subject to revision by the management company of the buildings of which the Premises form part from time to time). During the subsistence of the Tenancy Agreement, the maximum aggregate annual value of the rental and the management fee for the two years ending 31 December 2015 and 2016 and for the period from 1 January 2017 to 28 November 2017 are HK$13,400,000, HK$13,485,000 and HK$11,315,000 respectively.

The Company intended to continue to occupy the Premises on a long term basis as the head office of itself and its subsidiaries and as its principal place of business in Hong Kong. In negotiating the rental under the Tenancy Agreement, the directors of the Company had made reference to the professional opinion given by DTZ Debenham Tie Leung Limited (“DTZ”), an independent professional valuer. DTZ opined that the monthly rental agreed for the Premises as provided in the Tenancy Agreement was at market level and was fair and reasonable.

Wing Thye is a wholly owned subsidiary of COSCO (Hong Kong) Group Limited (“COSCO Hong Kong”). COSCO Pacific Management is a wholly owned subsidiary of the Company. COSCO is a controlling shareholder of both the Company and COSCO Hong Kong. Accordingly, Wing Thye is a connected person of the Company. The Tenancy Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under the Listing Rules.

Master agreements relating to shipping and terminal related services and container and related services transactions (together the "Shipping and Terminal and Container Related Services Master Agreements")

On 30 October 2012, certain subsidiaries of the Company entered into the following master agreements each for a term of three years from 1 January 2013 to 31 December 2015:

(1) COSCO Shipping Services and Terminal Services Master Agreement entered into between COSCO Ports (Holdings) Limited ("COSCO Ports", a wholly owned subsidiary of the Company), Piraeus Container Terminal S.A. ("PCT", a wholly owned subsidiary of the Company) and COSCO in respect of the following transactions:

(a) Provision of shipping related services by COSCO Ports and its subsidiaries (collectively the "COSCO Ports Group") and PCT to COSCO and its associates (excluding the Group and China COSCO and its other associates) (collectively the "Restricted COSCO Group"). The annual caps of the aggregate amount receivable by the COSCO Ports Group and PCT from the Restricted COSCO Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB160,999,000, RMB227,999,000 and RMB299,999,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB19,832,000.

(b) Provision of terminal related services by the Restricted COSCO Group to the COSCO Ports Group. The annual caps of the aggregate amount payable by the COSCO Ports Group to the Restricted COSCO Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB69,200,000, RMB104,520,000 and RMB140,028,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB3,125,000.

It was agreed that the service fees payable by the relevant members of the Restricted COSCO Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group or to PCT (as the case may be) than those at which the relevant members of the COSCO Ports Group or PCT charges other independent third party customers for the relevant services. It was also agreed that the service fees payable by the relevant members of COSCO Ports Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group than those at which the relevant members of the Restricted COSCO Group charge other independent third party customers for the relevant services.

(2) China COSCO Shipping Services and Terminal Services Master Agreement entered into between COSCO Ports, PCT, China COSCO and COSCON in respect of the following transactions:

(a) Provision of shipping related services by the COSCO Ports Group and PCT to China COSCO and COSCON and their respective associates (excluding the Group) (collectively the "China COSCO Group"). The annual caps of the aggregate amount receivable by the COSCO Ports Group and PCT from the China COSCO Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB2,388,669,000, RMB4,082,654,000 and RMB6,846,075,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB228,197,000.

(b) Provision of terminal related services by the China COSCO Group (including COSCON) to the COSCO Ports Group. The annual caps of the aggregate amount payable by the COSCO Ports Group to the China COSCO Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB58,000,000, RMB87,000,000 and RMB116,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB71,000.

It was agreed that the service fees payable by the relevant members of the China COSCO Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group or to PCT (as the case may be) than those at which the relevant members of the COSCO Ports Group or PCT charges other independent third party customers for the relevant services. It was also agreed that the service fees payable by the relevant members of the COSCO Ports Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group than those at which the relevant members of the China COSCO Group charge other independent third party customers for the relevant services.

(3) APM Shipping Services Master Agreement entered into between COSCO Ports, PCT and entities trading under the names of Maersk Line, Safmarine, MCC or any other future names with majority ownership by A.P. Moller – Maersk A/S ("APM") (collectively "the Line") in respect of the provision of shipping related services by the COSCO Ports Group or PCT to the Line.

The annual caps of the aggregate amount receivable by the COSCO Ports Group and PCT from the Line for such services for the years ended 31 December 2013, 2014 and 2015 are RMB905,651,000, RMB1,318,430,000 and RMB1,875,845,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB262,350,000.

The terms on pricing under the APM Shipping Services Master Agreement are determined based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services after taking into account that the economic condition will improve in the future compared with that in the past few years. COSCO Ports Group and PCT would ensure that the terms and rates will be no less favourable to COSCO Ports Group and PCT than the terms and rates available from independent third parties for the relevant transactions.

(4) Florens-APM Container Purchasing and Related Services Master Agreement entered into between FCHL, a then wholly owned subsidiary of the Company and the Line in respect of the following transactions:

(a) Purchase of containers and container related materials by FCHL and its subsidiaries (collectively the "Florens Group") from the Line. The annual caps of the aggregate amount payable by the Florens Group to the Line for such purchase for the years ended 31 December 2013, 2014 and 2015 are US$20,000,000, US$31,000,000 and US$44,000,000 respectively. For the year ended 31 December 2015, the Florens Group did not pay any fees to the Line pursuant to such agreement.

(b) Provision of container related services by the Line to the Florens Group. The annual cap of the aggregate amount payable by the Florens Group to the Line for such services for each of the years ended 31 December 2013, 2014 and 2015 is US$150,000. For the year ended 31 December 2015, the Florens Group did not pay any fees to the Line pursuant to such agreement.

The consideration for the purchase of containers and related materials by the relevant members of the Florens Group and the provision of services by the Line shall be at rates no less favourable to the relevant members of the Florens Group (as purchaser or service receiving party, as the case may be) than those at which the Line charges independent third parties for the relevant transactions.

(5) Nansha Container Terminal Services Master Agreement entered into between COSCO Ports, Guangzhou South China Oceangate Container Terminal Company Limited ("GZ South China", a subsidiary of the Company) and Guangzhou Port Group Company Limited (廣州港集團有限公司) ("GZ Port Holding") in respect of the following transactions:

(a) Provision of container terminal related services by GZ South China to GZ Port Holding and its subsidiaries, branches and associates (collectively the "GZ Port Group"). The annual caps of the aggregate amount receivable by GZ South China from the GZ Port Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB62,350,000, RMB94,030,000 and RMB139,035,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB5,778,000.

(b) Provision of container terminal related services by the GZ Port Group to GZ South China. The annual caps of the aggregate amount payable by GZ South China to the GZ Port Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB292,370,000, RMB439,450,000 and RMB652,110,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB57,169,000.

(c) The appointment of GZ South China by GZ Port Holding to charge on behalf of GZ Port Holding the vessels which use the high-frequency wireless communication services at the Guangzhou port, or the agents of such vessels, the high-frequency communication fee at a rate as prescribed by GZ Port Holding from time to time. The relevant annual caps are as follows:

(i) The annual caps of the aggregate amount of the high-frequency communication fee payable by GZ South China to GZ Port Holding for the years ended 31 December 2013, 2014 and 2015 are RMB6,000,000, RMB9,000,000 and RMB13,500,000 respectively. The total amount of the aforesaid fee paid by GZ South China to GZ Port Holding for the year ended 31 December 2015 was RMB799,000.

(ii) The annual caps of the aggregate amount of the handling fee receivable by GZ South China in respect of the charging of the high-frequency communication fee for the years ended 31 December 2013, 2014 and 2015 are RMB200,000, RMB300,000 and RMB450,000 respectively. For the year ended 31 December 2015, GZ Port Holding did not pay any fees to GZ South China pursuant to such agreement.

It was agreed that the terms for the provision of services by GZ South China shall be no less favourable to GZ South China (as service providing party) than terms available to GZ South China from independent third parties for the relevant services. It was also agreed that the terms for the provision of services by the relevant members of the GZ Port Group shall be no less favourable to GZ South China (as service receiving party) than terms available to independent third parties from the relevant members of the GZ Port Group for the relevant services.

(6) Yangzhou Terminal Services Master Agreement entered into between COSCO Ports, Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang", a subsidiary of the Company) and Jiangsu Province Yangzhou Port Group Co., Ltd. (江蘇省揚州港務集團有限公司) ("Yangzhou Port Holding") in respect of the provision of terminal related services by Yangzhou Port Holding and its subsidiaries, branches and associates (collectively the "Yangzhou Port Group") to Yangzhou Yuanyang.

The annual caps of the aggregate amount payable by Yangzhou Yuanyang to the Yangzhou Port Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB225,400,000, RMB270,240,000 and RMB324,024,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB54,749,000.

It was agreed that the terms for the provision of services by the relevant members of the Yangzhou Port Group shall be no less favourable to Yangzhou Yuanyang (as service receiving party) than terms available to independent third parties from the relevant members of the Yangzhou Port Group for the relevant services.

(7) COSCON Container Services Master Agreement entered into between Plangreat Limited ("Plangreat", a wholly owned subsidiary of the Company), COSCO and COSCON in respect of the provision of container related services by Plangreat and its subsidiaries to the Restricted COSCO Group (including COSCON).

The annual cap of the aggregate amount receivable by Plangreat and its subsidiaries from the Restricted COSCO Group for each of the years ended 31 December 2013, 2014 and 2015 is US$3,000,000. The total amount of the aforesaid transactions for the year ended 31 December 2015 was US$1,672,000.

It was agreed that the service fees payable by the relevant members of the Restricted COSCO Group (including COSCON) shall be at rates no less favourable to Plangreat and its subsidiaries than those at which Plangreat and its subsidiaries charge other independent third party customers for the relevant services.

(8) Florens-COSCON Container Leasing, Sales and Related Services Master Agreement entered into between FCHL, COSCO and COSCON in respect of the following transactions:

(a) Grant of leases of containers for a term of not more than three years by the Florens Group to the Restricted COSCO Group (including COSCON). The annual cap of the aggregate amount receivable by the Florens Group from the Restricted COSCO Group for such transactions for each of the years ended 31 December 2013, 2014 and 2015 is US$2,470,000. The total amount of the aforesaid transactions for the year ended 31 December 2015 was US$883,000.

(b) Sales of old containers by the Florens Group to the Restricted COSCO Group (including COSCON). The annual caps of the aggregate amount receivable by the Florens Group from the Restricted COSCO Group for such transactions for the years ended 31 December 2013, 2014 and 2015 are US$2,330,000, US$2,450,000 and US$2,570,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was US$40,000.

(c) Provision of container related services by the Florens Group to the Restricted COSCO Group (including COSCON). The annual caps of the aggregate amount receivable by the Florens Group from the Restricted COSCO Group for such services for the years ended 31 December 2013, 2014 and 2015 are US$1,530,000, US$1,613,000 and US$1,710,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was US$362,000.

It was agreed that the consideration for each of the leasing and sales of containers and the provision of services by the relevant members of the Florens Group to the relevant members of the Restricted COSCO Group (including COSCON) shall be at rates no less favourable to the relevant members of the Florens Group (as lessor, seller or service providing party, as the case may be) than those at which the relevant members of the Florens Group charge independent third parties for the relevant transactions.

(9) Florens-COSCON Container Related Services and Purchase of Materials Master Agreement entered into between FCHL, COSCO and COSCON in respect of the following transactions:

(a) Provision of container related services by the Restricted COSCO Group (including COSCON) to the Florens Group. The annual caps of the aggregate amount payable by the Florens Group to the Restricted COSCO Group for the aforesaid services for the years ended 31 December 2013, 2014 and 2015 are US$4,670,000, US$5,280,000 and US$5,960,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was US$758,000.

(b) Purchase of container related materials by the Florens Group from the Restricted COSCO Group (including COSCON). The annual caps of the aggregate amount payable by the Florens Group to the Restricted COSCO Group for such purchase for the years ended 31 December 2013, 2014 and 2015 are US$50,000, US$50,000 and US$70,000 respectively. For the year ended 31 December 2015, Florens Group did not purchase any container-related material from Restricted COSCO Group pursuant to such agreement.

It was agreed that the consideration for the purchase of materials by the relevant members of the Florens Group and the provision of services by the relevant members of the Restricted COSCO Group (including COSCON) shall be at rates no less favourable to the relevant members of the Florens Group (as purchaser or service receiving party, as the case may be) than those at which the relevant members of the Restricted COSCO Group (including COSCON) charge independent third parties for the relevant transactions.

(10) Nansha Diesel Oil Purchase Master Agreement entered into between COSCO Ports, GZ South China and China Marine Bunker Guangzhou Co., Ltd. (中國船舶燃料廣州有限公司) ("CM Supply") in respect of the purchase of diesel oil by GZ South China from CM Supply.

The annual caps of the aggregate amount payable by GZ South China to CM Supply for the years ended 31 December 2013, 2014 and 2015 are RMB90,000,000, RMB135,000,000 and RMB150,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB895,000.

It was agreed that the terms for the supply of diesel oil by CM Supply shall be no less favourable to GZ South China (as purchaser) than terms available to independent third parties from CM Supply for the relevant transactions.

(11) Zhangjiagang Container Terminal Services Master Agreement entered into between COSCO Ports, Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Terminal", a subsidiary of the Company) and Zhangjiagang Port Group Co., Ltd. (張家港港務集團有限公司) ("Zhangjiagang Port Holding") in respect of the following transactions:

(a) Provision of container terminal related services by Zhangjiagang Terminal to Zhangjiagang Port Holding and its subsidiaries, branches and associates (collectively the "Zhangjiagang Port Group"). The annual caps of the aggregate amount receivable by Zhangjiagang Terminal from the Zhangjiagang Port Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB6,280,000, RMB8,890,000 and RMB12,790,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB319,000.

(b) Provision of container terminal related services by the Zhangjiagang Port Group to Zhangjiagang Terminal. The annual caps of the aggregate amount payable by Zhangjiagang Terminal to the Zhangjiagang Port Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB36,260,000, RMB50,030,000 and RMB69,060,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB14,931,000.

It was agreed that the terms for the provision of services by Zhangjiagang Terminal to the relevant members of the Zhangjiagang Port Group shall be no less favourable to Zhangjiagang Terminal (as service providing party) than terms available to Zhangjiagang Terminal from independent third parties for the relevant services; and shall also be no less favourable to the relevant members of the Zhangjiagang Port Group (as service receiving party) than terms available to independent third parties from Zhangjiagang Terminal for the relevant services. It was also agreed that the terms for the provision of services by the relevant members of the Zhangjiagang Port Group shall be no less favourable to Zhangjiagang Terminal (as service receiving party) than terms available to independent third parties from the relevant members of the Zhangjiagang Port Group for the relevant services.

(12) Xiamen Container Terminal Services Master Agreement entered into between COSCO Ports, Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate", a subsidiary of the Company) and Xiamen Haicang Investment Group Co., Ltd. (廈門海滄投資集團有限公司) ("Xiamen Haicang Holding") in respect of the following transactions:

(a) Provision of container terminal related services by Xiamen Haicang Holding and its subsidiaries, branches and associates (collectively the "Xiamen Haicang Group") to Xiamen Ocean Gate. The annual caps of the aggregate amount payable by Xiamen Ocean Gate to the Xiamen Haicang Group for such services for the years ended 31 December 2013, 2014 and 2015 are RMB64,500,000, RMB79,000,000 and RMB93,500,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2015 was RMB12,644,000.

(b) Provision of container terminal related services by Xiamen Ocean Gate to the Xiamen Haicang Group. The annual caps of the aggregate amount payable by the Xiamen Haicang Group to Xiamen Ocean Gate for such services for the years ended 31 December 2013, 2014 and 2015 are RMB7,000,000, RMB10,000,000 and RMB12,000,000 respectively. The total amount for the aforesaid transactions for the year ended 31 December 2015 was RMB2,078,000.

It was agreed that the terms for the provision of services by the relevant members of the Xiamen Haicang Group shall be no less favourable to Xiamen Ocean Gate (as service receiving party) than terms available to independent third parties from the relevant members of the Xiamen Haicang Group for the relevant services. It was also agreed that the terms for the provision of services by Xiamen Ocean Gate shall be no less favourable to the relevant members of the Xiamen Haicang Group (as service receiving party) than terms available to independent third parties from Xiamen Ocean Gate for the relevant services.

Further, on 10 July 2015, COSCO Ports and Xiamen Ocean Gate entered into a master agreement with China Marine Bunker Supply Fujian Co., Ltd. (中國船舶燃料供應福建有限公司) ("Chimbusco Fujian") in respect of the purchase of diesel oil by Xiamen Ocean Gate and its subsidiaries ("XOCT Group") from Chimbusco Fujian for the period from 1 January 2015 to 31 December 2015 (the "XOCT Diesel Oil Master Agreement").

The annual cap for the aggregate amount payable by XOCT Group to Chimbusco Fujian for the purchase of diesel oil for the year ended 31 December 2015 is RMB15,000,000. The total amount of the aforesaid transactions for the year ended 31 December 2015 was RMB4,910,000.

It was agreed that the terms for purchase transactions by relevant members of the XOCT Group to Chimbusco Fujian shall be at rates no less favourable to XOCT Group than those available from independent third parties for the relevant transactions.

Since COSCO and China COSCO are controlling shareholders of the Company, members of the Restricted COSCO Group and the China COSCO Group (including COSCO, China COSCO and COSCON) are connected persons of the Company. APM Terminals Invest Company Limited ("APM Terminals"), which is a subsidiary of APM, is a substantial shareholder of a subsidiary of the Company. The Line are majority-owned by APM and are therefore associates of APM Terminals. Accordingly, the Line are connected persons of the Company.

GZ Port Holding has a 41% equity interest in GZ South China. Accordingly, members of the GZ Port Group (including GZ Port Holding) are connected persons of the Company. As Yangzhou Port Holding has a 40% equity interest in Yangzhou Yuanyang, members of the Yangzhou Port Group (including Yangzhou Port Holding) are connected persons of the Company. CM Supply and Chimbusco Fujian are owned as to 50% by COSCO and hence are connected persons of the Company. Zhangjiagang Port Holding has a 49% equity interest in Zhangjiagang Terminal. Accordingly, members of Zhangjiagang Port Group (including Zhangjiagang Port Holding) are connected persons of the Company. Xiamen Haicang Holding has a 30% equity interest in Xiamen Ocean Gate. Therefore, members of the Xiamen Haicang Group (including Xiamen Haicang Holding) are connected persons of the Company.

The continuing connected transactions under agreements numbered (1) to (5) above were subject to the reporting, annual review, announcement and independent shareholders' approval requirements and were approved by the independent shareholders of the Company at the special general meeting held on 29 November 2012 ("2012 SGM"), whilst the transactions under agreements numbered (3) to (5) were exempted from the independent shareholders' approval requirement (so far as applicable) under Rule 14A.101 of the Listing Rules from 1 July 2014 onwards.

With respect to the continuing connected transactions under agreements numbered (7) to (10) and the XOCT Diesel Oil Master Agreement, they were subject to the reporting, annual review and announcement requirements, but were exempt from the independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

In addition, the transactions under agreements numbered (6), (11) and (12) did not constitute continuing connected transactions of the Group for the year ended 31 December 2015, since members of the Yangzhou Port Group, Zhangjiagang Port Group and Xiamen Haicang Group constituted persons connected with insignificant subsidiaries under Rule 14A.09 for the relevant period(s) under Rule 14A.09(1) of the Listing Rules.

As the aforesaid master agreements expired on 31 December 2015, and it was expected that the Group would continue to enter into transactions of similar nature to transactions under existing master agreements, the Group had on 28 October 2015 entered into new master agreements each for a term of three years from 1 January 2016 to 31 December 2018.

Master agreement relating to finance lease arrangements (the "Finance Leasing Master Agreement")

On 30 October 2012, COSCO Ports entered into the Finance Leasing Master Agreement with Florens Capital Management Company Limited ("Florens Capital Management", a then non wholly owned subsidiary of the Company and owned as to 50% by COSCO) for a term of three years from 1 January 2013 to 31 December 2015 in respect of the provision of the Finance Leasing (as defined below) by Florens Capital Management and its subsidiary(ies) (collectively the "Florens Management Group") to the COSCO Ports Group.

Finance Leasing referred to the provision of finance leasing on any machinery, equipment or other property related to shipping and the operation of terminal to be leased to the members of the COSCO Ports Group by the members of the Florens Capital Management Group or to be sold by the members of the COSCO Ports Group to, and then leased back from, members of the Florens Capital Management Group (the "Leasing Equipment") by any member of the Florens Capital Management Group to any member of the COSCO Ports Group pursuant to the Finance Leasing Master Agreement and such other related services as may be agreed between the relevant member of the Florens Capital Management Group and the relevant member of the COSCO Ports Group.

The lease method includes sale and leaseback pursuant to which the lessor (a member of the Florens Capital Management Group) shall purchase from the lessee (a member of the COSCO Ports Group) the Leasing Equipment which will be leased back to the lessee by the lessor; finance leasing arrangement involving the execution of an entrusted purchase agreement for the intended purchase of Leasing Equipment by the lessee and the subsequent provision of finance lease services to the lessee and the making of lease payments to the lessor; and finance lease arrangement involving the leasing of Leasing Equipment acquired by the lessor to the lessee as per the requirements of the lessee.

The lease period for each Finance Leasing will be determined taking into account, inter alia, the useful life of the relevant Leasing Equipment (which will be assessed by reference to the Group's assets management policy, industry practice, the past experience in using the Leasing Equipment and information obtained from internal engineering department staff who has technical knowledge on the use of the Leasing Equipment), the financial needs of the lessee and the funding availability of the lessor, which in general should not exceed the useful life of such Leasing Equipment.

The lease payments charged by the lessor will include the purchase price or the value of the Leasing Equipment and interest thereon charged on terms no less favourable to the Lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time, or, if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services.

In the event that the purchase price of the Leasing Equipment is paid by the lessor before commencement of the lease period, pre-lease interests on the purchase price may be charged by the lessor and payable by the lessee for the period from the date of payment of the purchase price by the lessor to the date immediately before commencement of the lease period. Pre-lease interests (if charged) will be charged on terms no less favourable to the lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time, or if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services.

An one-off non-refundable handling fee may be charged on terms no less favourable to the lessee than those offered by independent third parties by the lessor and payable by the lessee when the relevant Finance Leasing agreement is entered into and at a rate determined by reference to, among others, the rate charged by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of services from time to time, and will be set out in the relevant Finance Leasing agreement.

The legal title and all rights of the Leasing Equipment shall vest in the lessor throughout the lease period. In the event that the lessee fails to make any lease payment or fulfill any obligations under the relevant Finance Leasing agreement and without prejudice to any rights of the lessor under the relevant law, the lessor could take the following steps, namely (1) To demand full repayment of all outstanding lease payments; (2) To recover the relevant Leasing Equipment and to claim all damages arising from the lessee; and/or (3) To take necessary legal actions according to the relevant Finance Leasing agreement.

Subject to the lessee having duly and satisfactorily performed all its obligations under, and upon the expiry of the lease period under the Finance Leasing agreement, the lessee shall have an option to purchase the relevant Leasing Equipment at a price charged on terms no less favourable to the lessee than those offered by independent third parties and at a rate determined by reference to, among other factors, the methodology and market practice for determining such price by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of service from time to time, which will be agreed between the lessor and the lessee at the time of entering into, and will be set out in, the Finance Leasing agreement.

The annual caps of the aggregate amount payable by the COSCO Ports Group to the Florens Capital Management Group for such services for the years ended 31 December 2013, 2014 and 2015 are US$200,000,000, US$250,000,000 and US$300,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31 December 2015 was US$28,467,000.

It was agreed that the total consideration payable by the relevant members of the COSCO Ports Group for the provision of the Finance Leasing by members of the Florens Capital Management Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group than those available from other independent third party for the relevant Finance Leasing.

Florens Capital Management is indirectly owned as to 50% by COSCO, which is a controlling shareholder of the Company. Accordingly, the Florens Capital Management Group (including Florens Capital Management) are connected persons of the Company and the entering into of the Finance Leasing Master Agreement constituted a continuing connected transaction of the Company under the Listing Rules. The transaction also constituted a discloseable transaction of the Company. Following completion of the Disposal on 24 March 2016, Florens Capital Management is indirectly owned as to 50% by each of COSCO and CSCLHK.

The Finance Lease Master Agreement was approved by the independent shareholders of the Company at the 2012 SGM.

Long term container leasing transactions (with waiver granted by the Stock Exchange)

During the year, long term container leasing transactions were entered into between COSCO Group and the Group in respect of the provision of long term container leases by the Group to COSCO Group to which the Stock Exchange had, subject to certain conditions, granted waiver dated 14 December 1994 to the Company from strict compliance with the requirements stipulated in the then Chapter 14 of the Listing Rules to disclose details of such connected transactions by press notice and/or circular and/or to obtain prior independent shareholders' approval. The total consideration of the aforesaid transactions for the year ended 31 December 2015 amounted to US$170,325,000. In the opinion of the directors of the Company, the aforesaid transactions were conducted in the ordinary and normal course of business of the Group and using average leasing rates by reference to, if applicable, the average of the available leasing rates quoted from five of the top ten independent container leasing companies.

Opinion from the independent non-executive directors on the continuing connected transactions

Pursuant to the conditions of the waiver in relation to long term container leasing transactions and Rule 14A.55 of the Listing Rules, Mr. Adrian David LI Man Kiu, Mr. IP Sing Chi, Mr. FAN Ergang and Mr. LAM Yiu Kin, independent non-executive directors of the Company, have reviewed the above continuing connected transactions and opined that:

(i) the long term container leasing transactions had been conducted in the ordinary course of business of the Group and using average market rates by reference to, if applicable, the average of the available leasing rates quoted from five of the top ten independent container leasing companies and were fair and reasonable so far as the shareholders of the Company were concerned; and

(ii) the rental of office premises transaction and the transactions entered into by the Company, COSCO Ports, PCT, FCHL, GZ South China, Yangzhou Yuanyang, Plangreat, Zhangjiagang Terminal and Xiamen Ocean Gate under the Financial Service Master Agreement, the Shipping and Terminal and Container Related Services Master Agreements, the XOCT Diesel Oil Master Agreement and the Finance Leasing Master Agreement were:

- entered into in the ordinary and usual course of the Group's businesses;
- entered into on normal commercial terms or terms no less favourable to the Group than terms available from/to independent third parties; and
- entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Dr. FAN HSU Lai Tai, Rita confirmed that in view of her position of also being an independent non-executive director of China COSCO and that COSCO (a controlling shareholder of China COSCO) and China COSCO and their respective associates (including but not limited to COSCON, Wing Thye, COSCO Finance, CM Supply, Chimbusco Fujian and Florens Capital Management Group) are parties of the long term container leasing transactions, the rental of office premises transaction and the transactions under the Financial Service Master Agreement, the Shipping and Terminal and Container Related Services Master Agreements, the XOCT Diesel Oil Master Agreement and the Finance Leasing Master Agreement respectively, for good corporate governance practices, she would not take part in the review process in respect of the above mentioned continuing connected transactions and would not express her opinion in relation to such transactions reviewed by the other independent non-executive directors of the Company.

Report from the auditor on the continuing connected transactions

For the purposes of the conditions of the waiver in relation to long term container leasing transactions, the Board engaged the auditor of the Company to perform certain agreed-upon procedures on the long term container leasing transactions for the year ended 31 December 2015 (the "Relevant Year") in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants, and the auditor reported that the long term container leasing transactions for the Relevant Year had been conducted in the ordinary and normal course of business of the Group and by reference to, if applicable, the average of the available leasing rates quoted from five of the top ten independent container leasing companies.

For the purposes of Rule 14A.56 of the Listing Rules in relation to the other continuing connected transactions, the Board engaged the auditor of the Company to report on the above continuing connected transactions that are subject to annual review for the Relevant Year in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the such continuing connected transactions, in accordance with Rule 14A.56 of Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 31 December 2015 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US$'000
Non-current assets	779,554
Current assets	143,123
Current liabilities	(35,992)
Non-current liabilities	(460,635)
Net assets	426,050
Share capital	105,340
Reserves	276,510
Non-controlling interests	44,200
Capital and reserves	426,050

As at 31 December 2015, the Group's attributable interest in these affiliated companies amounted to US$263,582,000.

Audit Committee

As at the date of this report, the Audit Committee of the Company consists of three independent non-executive directors.

The Audit Committee reviews the systems of internal controls throughout the Group, the completeness and accuracy of its financial statements and liaises on behalf of the Board with external auditor and the Group's internal auditor. During the year, the Audit Committee members met regularly with management, external auditor and the Group's internal auditor and reviewed the internal and external audit reports and the interim and annual consolidated financial statements of the Group.

Auditor

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

QIU Jinguang
Vice Chairman and Managing Director

Hong Kong, 29 March 2016

Independent Auditor's Report

TO THE SHAREHOLDERS OF COSCO PACIFIC LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of COSCO Pacific Limited (the "Company") and its subsidiaries set out on pages 112 to 184, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2016

Consolidated Balance Sheet

AS AT 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**4,007,824**	4,068,893
Investment properties	8	**28,860**	29,194
Land use rights	9	**218,989**	237,840
Intangible assets	10	**6,920**	7,361
Joint ventures	11	**1,191,686**	840,891
Loans to joint ventures	11	**41,752**	73,503
Associates	12	**853,140**	826,197
Loan to an associate	12	**27,409**	30,472
Available-for-sale financial asset	13	**24,000**	35,000
Finance lease receivables	14	**33,450**	25,324
Deferred income tax assets	15	**1,947**	2,470
Other non-current assets	16	**74,748**	109,752
		6,510,725	6,286,897
Current assets			
Inventories	17	**13,372**	23,683
Trade and other receivables	18	**237,745**	189,594
Current income tax recoverable		**445**	57
Restricted bank deposits	38(b)	**220**	172
Cash and cash equivalents	38(b)	**909,067**	1,116,307
		1,160,849	1,329,813
Total assets		**7,671,574**	7,616,710
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	20	**38,090**	37,753
Reserves		**4,824,774**	4,704,694
		4,862,864	4,742,447
Non-controlling interests		**309,996**	316,215
Total equity		**5,172,860**	5,058,662

	Note	2015 US$'000	2014 US$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	15	**44,584**	44,285
Long term borrowings	22	**1,761,382**	1,430,431
Loans from non-controlling shareholders of subsidiaries	23	**50,000**	148,055
Other long term liabilities	24	**30,235**	31,897
		1,886,201	1,654,668
Current liabilities			
Trade and other payables	25	**337,717**	385,297
Current income tax liabilities		**13,815**	88,321
Current portion of long term borrowings	22	**55,402**	419,956
Short term borrowings	22	**205,579**	9,806
		612,513	903,380
Total liabilities		**2,498,714**	2,558,048
Total equity and liabilities		**7,671,574**	7,616,710

On behalf of the Board

QIU Jinguang
Vice Chairman and Managing Director

WONG Tin Yau, Kelvin
Executive Director and Deputy Managing Director

The accompanying notes on pages 119 to 184 are an integral part of these consolidated financial statements.

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Continuing operations:			
Revenues	6	**798,151**	870,091
Cost of sales		**(498,047)**	(546,234)
Gross profit		**300,104**	323,857
Administrative expenses		**(77,028)**	(93,201)
Other operating income	26	**26,994**	22,949
Other operating expenses		**(23,370)**	(26,180)
Operating profit	27	**226,700**	227,425
Finance income	28	**21,127**	25,738
Finance costs	28	**(64,253)**	(72,506)
Operating profit after finance income and costs		**183,574**	180,657
Share of profits less losses of			
– joint ventures	11	**107,581**	99,729
– associates	12	**73,559**	71,496
Profit before income tax from continuing operations		**364,714**	351,882
Income tax expenses	29	**(41,153)**	(38,995)
Profit for the year from continuing operations		**323,561**	312,887
Discontinued operation:			
Write back of provision	6	**79,152**	–
Profit for the year		**402,713**	312,887
Profit attributable to:			
Equity holders of the Company		**381,644**	292,759
Non-controlling interests		**21,069**	20,128
		402,713	312,887
Earnings per share for profit attributable to equity holders of the Company			
Basic			
– from continuing operations	30	**US10.27 cents**	US10.01 cents
– from discontinued operation	30	**US2.69 cents**	–
		US12.96 cents	US10.01 cents
Diluted			
– from continuing operations	30	**US10.27 cents**	US10.01 cents
– from discontinued operation	30	**US2.69 cents**	–
		US12.96 cents	US10.01 cents

The accompanying notes on pages 119 to 184 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 US$'000	2014 US$'000
Profit for the year	**402,713**	312,887
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Fair value adjustment upon transfer from property, plant and equipment to investment properties	**–**	8,306
Items that may be reclassified to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**(179,260)**	(32,299)
Fair value (loss)/gain on an available-for-sale financial asset	**(11,000)**	8,000
Release of reserves upon liquidation of subsidiaries	**–**	(811)
Share of reserves of joint ventures and associates		
– exchange reserve	**(5,367)**	(3,817)
– other reserves	**58**	451
Other comprehensive loss for the year, net of tax	**(195,569)**	(20,170)
Total comprehensive income for the year	**207,144**	292,717
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**210,819**	273,890
Non-controlling interests	**(3,675)**	18,827
	207,144	292,717
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	**131,667**	273,890
Discontinued operation	**79,152**	–
	210,819	273,890

The accompanying notes on pages 119 to 184 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital US$'000	Share premium US$'000	Share option reserve US$'000	Capital reserve US$'000	Contributed surplus US$'000	Investment revaluation reserve US$'000	Properties revaluation reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained profits US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2015	37,753	1,609,779	8,419	2,297	115	14,898	9,466	194,445	56,328	2,808,947	4,704,694	316,215	5,058,662
Profit for the year	–	–	–	–	–	–	–	–	–	381,644	381,644	21,069	402,713
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	–	–	–	–	–	–	–	(154,516)	–	–	(154,516)	(24,744)	(179,260)
Fair value loss on an available-for-sale financial asset	–	–	–	–	–	(11,000)	–	–	–	–	(11,000)	–	(11,000)
Share of reserves of joint ventures and associates	–	–	–	–	–	–	–	(5,367)	58	–	(5,309)	–	(5,309)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(11,000)	–	(159,883)	58	381,644	210,819	(3,675)	207,144
Issue of shares on settlement of scrip dividends	337	33,482	–	–	–	–	–	–	–	–	33,482	–	33,819
Transfer of reserve upon lapse of share options	–	–	(165)	–	–	–	–	–	–	165	–	–	–
Capital injection from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	3,240	3,240
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(5,784)	(5,784)
Dividends paid to equity holders of the Company													
– 2014 final	–	–	–	–	–	–	–	–	–	(58,456)	(58,456)	–	(58,456)
– 2015 interim	–	–	–	–	–	–	–	–	–	(65,765)	(65,765)	–	(65,765)
	337	33,482	(165)	–	–	(11,000)	–	(159,883)	58	257,588	120,080	(6,219)	114,198
At 31 December 2015	38,090	1,643,261	8,254	2,297	115	3,898	9,466	34,562	56,386	3,066,535	4,824,774	309,996	5,172,860
Representing:													
Share capital	38,090	–	–	–	–	–	–	–	–	–	–		
Reserves	–	1,643,261	8,254	2,297	115	3,898	9,466	34,562	56,386	2,979,081	4,737,320		
2015 final dividend proposed	–	–	–	–	–	–	–	–	–	87,454	87,454		
	38,090	1,643,261	8,254	2,297	115	3,898	9,466	34,562	56,386	3,066,535	4,824,774		

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Capital reserve US$'000	Contributed surplus US$'000	Investment revaluation reserve US$'000	Properties revaluation reserve US$'000	Exchange reserve US$'000	Other reserves US$'000	Retained profits US$'000	Total reserves US$'000	Non-controlling interests US$'000	Total US$'000
At 1 January 2014	37,391	1,572,097	8,514	2,296	115	6,898	1,160	230,071	55,960	2,631,604	4,508,715	297,388	4,843,494
Profit for the year	–	–	–	–	–	–	–	–	–	292,759	292,759	20,128	312,887
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	–	–	–	–	–	–	–	(30,998)	–	–	(30,998)	(1,301)	(32,299)
Fair value adjustment upon transfer from property, plant and equipment to investment properties	–	–	–	–	–	–	8,306	–	–	–	8,306	–	8,306
Fair value gain on an available-for-sale financial asset	–	–	–	–	–	8,000	–	–	–	–	8,000	–	8,000
Release of reserves upon liquidation of subsidiaries	–	–	–	–	–	–	–	(811)	(82)	82	(811)	–	(811)
Share of reserves of joint ventures and associates	–	–	–	1	–	–	–	(3,817)	450	–	(3,366)	–	(3,366)
Total comprehensive income for the year	–	–	–	1	–	8,000	8,306	(35,626)	368	292,841	273,890	18,827	292,717
Issue of shares on settlement of scrip dividends	362	37,682	–	–	–	–	–	–	–	–	37,682	–	38,044
Transfer of reserve upon lapse of share options	–	–	(95)	–	–	–	–	–	–	95	–	–	–
Dividends paid to equity holders of the Company													
– 2013 final	–	–	–	–	–	–	–	–	–	(56,383)	(56,383)	–	(56,383)
– 2014 interim	–	–	–	–	–	–	–	–	–	(59,245)	(59,245)	–	(59,245)
Unclaimed dividends forfeited	–	–	–	–	–	–	–	–	–	35	35	–	35
	362	37,682	(95)	1	–	8,000	8,306	(35,626)	368	177,343	195,979	18,827	215,168
At 31 December 2014	37,753	1,609,779	8,419	2,297	115	14,898	9,466	194,445	56,328	2,808,947	4,704,694	316,215	5,058,662
Representing:													
Share capital	37,753	–	–	–	–	–	–	–	–	–	–		
Reserves	–	1,609,779	8,419	2,297	115	14,898	9,466	194,445	56,328	2,750,491	4,646,238		
2014 final dividend proposed	–	–	–	–	–	–	–	–	–	58,456	58,456		
	37,753	1,609,779	8,419	2,297	115	14,898	9,466	194,445	56,328	2,808,947	4,704,694		

The accompanying notes on pages 119 to 184 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Cash flows from operating activities			
Cash generated from operations	38(a)	**405,541**	469,319
Interest received		**21,625**	29,586
Tax refunded		**686**	7
Tax paid		**(36,503)**	(33,960)
Net cash generated from operating activities		**391,349**	464,952
Cash flows from investing activities			
Dividends received from joint ventures		**98,528**	125,897
Dividends received from associates		**37,340**	43,943
Dividend received from an available-for-sale financial asset		**2,173**	2,000
Purchase of property, plant and equipment, land use rights and intangible assets		**(365,309)**	(376,759)
Investments in joint ventures		**(376,056)**	(67,584)
Loan advanced to a joint venture		**–**	(212,335)
Repayment of equity loans from associates		**–**	27,227
Repayment of loans from joint ventures		**31,391**	499
Repayment of loan from an associate		**863**	–
Sale of property, plant and equipment		**3,609**	179,147
Compensation received for loss of containers		**383**	528
Net cash used in investing activities		**(567,078)**	(277,437)
Cash flows from financing activities			
Loans drawn down		**861,292**	266,050
Loans repaid		**(653,629)**	(419,114)
Loans from non-controlling shareholders of subsidiaries		**–**	97,696
Repayment of loans from non-controlling shareholders of subsidiaries		**(48,149)**	(97,696)
Loans from a joint venture		**30,512**	14,654
Repayment of loans from a joint venture		**(30,512)**	(7,327)
Dividends paid to equity holders of the Company		**(90,255)**	(77,338)
Dividends paid to non-controlling shareholders of subsidiaries		**(5,784)**	–
Interest paid		**(63,262)**	(74,150)
Other incidental borrowing costs paid		**(3,258)**	(4,121)
Capital injection from a non-controlling shareholder of a subsidiary		**3,240**	–
Net cash generated from/(used in) financing activities		**195**	(301,346)
Net decrease in cash and cash equivalents		**(175,534)**	(113,831)
Cash and cash equivalents at 1 January		**1,116,307**	1,237,403
Exchange differences		**(31,706)**	(7,265)
Cash and cash equivalents at 31 December	38(b)	**909,067**	1,116,307

The accompanying notes on pages 119 to 184 are an integral part of these consolidated financial statements.

1 General information

COSCO Pacific Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the businesses of managing and operating terminals, container leasing, management and sale, and their related businesses. The Company is a limited liability company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The intermediate holding company of the Company is China COSCO Holdings Company Limited ("China COSCO"), a company established in the People's Republic of China (the "PRC") with its H-shares and A-shares listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively. The parent company of China COSCO is China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC.

These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2016.

2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention except that, available-for-sale financial asset and investment properties are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

(a) Adoption of HKFRS amendments and improvements to existing standards

In 2015, the Group has adopted the following amendments and improvements to existing standards issued by the HKICPA which are mandatory for the financial year ended 31 December 2015:

New standards and amendments	
HKAS 19 (2011) Amendment	Employee Benefits
Annual Improvements 2010–2012 Cycle	
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 24 Amendment	Related Party Disclosures
HKAS 38 Amendment	Intangible Assets
HKFRS 2 Amendment	Share-based Payment
HKFRS 3 Amendment	Business Combinations
HKFRS 8 Amendment	Operating Segments
HKFRS 13 Amendment	Fair Value Measurement
Annual Improvements 2011–2013 Cycle	
HKAS 40 Amendment	Investment Property
HKFRS 1 Amendment	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 3 Amendment	Business Combinations
HKFRS 13 Amendment	Fair Value Measurement

The Group has assessed the impact of the adoption of these HKFRS amendments and improvements to existing standards and considered that there was no significant impact on the Group's results and financial position.

2 Basis of preparation (Continued)

(b) Standards, amendments and improvements to existing standards that are not yet effective for the year ended 31 December 2015 and have not been early adopted by the Group

The HKICPA has issued the following new HKFRS, amendments and improvements to existing standards which are not yet effective for the year ended 31 December 2015 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
New standards and amendments		
HKAS 1 Amendment	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants	1 January 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements 2012–2014 Cycle		
HKAS 19 Amendment	Employment Benefits	1 January 2016
HKAS 34 Amendment	Interim Financial Reporting	1 January 2016
HKFRS 5 Amendment	Non-current Assets Held for Sales and Discontinued Operations	1 January 2016
HKFRS 7 Amendment	Financial Instruments: Disclosures	1 January 2016

The Group will apply the above new standards, amendments and improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact of these new standards, amendments and improvements to existing standards to the Group and it is not yet in a position to state whether any substantial financial impact will be resulted.

(c) New Hong Kong Companies Ordinance

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 Group accounting

(a) Business combination

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated income statement.

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

(b) Subsidiaries

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

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

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

3 Summary of significant accounting policies (Continued)

3.1 Group accounting (Continued)

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as joint ventures, associates or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

(e) Joint ventures/associates

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures, which are accounted for using the equity method.

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in a joint venture/an associate is accounted for using the equity method from the date on which it becomes a joint venture/an associate. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investment in joint ventures/associates includes goodwill identified on acquisition. The measurement of goodwill is the same as that of goodwill arising from the acquisition of subsidiaries. Appropriate adjustments to the Group's share of the profits or losses after acquisition are made to the consolidated financial statements based on the fair values of the assets and liabilities acquired at date of acquisition.

The initial accounting on the acquisition of a joint venture and an associate involve identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities.

When the Group increases its interest in an existing associate and continues to have significant influence without obtaining control, the cost of acquiring the additional interest is added to the carrying value of the associate. Goodwill arising on the purchase of the additional interest is calculated by comparing the cost and the fair value of net assets acquired at the date the additional interest is acquired. There is no step up of the previously held interest to fair value as there is no change in status of the investment.

The cost of an associate acquired in stages is measured as the sum of the consideration paid for each purchase plus a share of the associate's profits and other comprehensive income, and such share of profits and other comprehensive income is recorded through other comprehensive income. Any other comprehensive income recognised in prior periods in relation to the previously held stake in the acquired associate is reversed through other comprehensive income. Goodwill arising on each purchase is calculated by comparing the cost and the fair value of net assets acquired at the date the interest is acquired. Acquisition-related costs are treated as part of the investment in the associate.

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

3 Summary of significant accounting policies (Continued)

3.1 Group accounting (Continued)

(e) Joint ventures/associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in consolidated statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture/associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture/associate and its carrying value and recognises the amount adjacent to 'share of profits less losses of joint ventures/associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint ventures/associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the joint ventures/associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures/associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in joint ventures/associates are recognised in the consolidated income statement.

(f) Balances with subsidiaries, joint ventures and associates

Balances with subsidiaries, joint ventures and associates are split into its financial assets/liabilities and equity components at initial recognition. The financial asset/liability component is initially stated at fair value and subsequently carried at amortised cost. The equity component is recognised at cost.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, is identified as the executive directors of the Company.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollar ("US dollar"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

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

3 Summary of significant accounting policies (Continued)

3.3 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the investment revaluation reserve in other comprehensive income.

(c) Group companies

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

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

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

(iii) all resulting exchange differences are recognised in other comprehensive income.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Related exchange differences are recognised in other comprehensive income.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost or 1994 valuation less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Effective from 30 September 1995, no further revaluations of the Group's land and buildings have been carried out. The Group places reliance on paragraph 80A of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA, which provides exemption from the need to make regular revaluations for such assets.

3 Summary of significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

Leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land classified as finance lease and depreciation on other property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to the residual values of respective property, plant and equipment over their estimated useful lives, as follows:

Containers	15 years
Generator sets	12 years
Leasehold land classified as finance lease	Remaining period of the lease
Buildings	25 to 50 years
Leasehold improvements	5 years or the remaining period of the lease, whichever is shorter
Other property, plant and equipment	5 to 35 years

Other property, plant and equipment includes plant and machinery with estimated useful lives ranged from 5 to 35 years, furniture, fixtures and equipment and motor vehicles with estimated useful lives ranged from 5 to 10 years.

No depreciation is provided for construction in progress. Construction in progress is transferred to relevant categories of property, plant and equipment upon the completion of the related construction works and depreciation will then be commenced accordingly.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

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

3.5 Land use rights

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

3.6 Investment properties

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

Investment property comprises leasehold land and buildings. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

3 Summary of significant accounting policies (Continued)

3.6 Investment properties (Continued)

Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Change in fair value is recognised in the consolidated income statement. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

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 repair and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purpose.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as properties revaluation reserve under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement. Properties revaluation reserve, including any previously recognised, shall remain and be transferred to retained profits upon disposal of properties.

3.7 Intangible assets

(a) Goodwill

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

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

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

3 Summary of significant accounting policies (Continued)

3.7 Intangible assets (Continued)

(b) Computer software

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

Costs associated with developing or maintaining computer software programmes which do not generate economic benefits exceeding costs beyond one year are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer systems under development are transferred to computer software upon the completion of the respective development and amortisation will then be commenced accordingly over the estimated useful lives of 5 years on a straight-line basis.

3.8 Impairment of non-financial assets

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

3.9 Available-for-sale financial assets

The Group classifies its investments as available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Available-for-sale financial assets are non-derivatives that are either designed in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the balance sheet date.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated income statement as gains or losses from investments.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market input and relying as little as possible on entity-specific input.

3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

3 Summary of significant accounting policies (Continued)

3.11 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

(b) Financial assets classified as available-for-sales

The Group assesses at each balance sheet date whether there is objective evidence that available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of the equity securities below its cost is considered as an indicator that the securities are impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement) is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

3.12 Inventories

Inventories include resaleable containers and consumable parts for terminal operations. Inventories are stated at the lower of cost and net realisable value. Costs are calculated on weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3.13 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

3 Summary of significant accounting policies (Continued)

3.15 Assets under leases

Leases in which a significant portion of the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases, including leases which transfer ownership of the asset to the lessee at the end of lease term.

(a) Leases – where the Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are expensed in the consolidated income statement on a straight-line basis over the lease periods.

(b) Leases – where the Group is the lessor

When the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 3.4 above. Revenue arising from assets leased out under operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in notes 3.23(b) and 3.23(e) below.

When assets are leased out under finance leases, the present value of the minimum lease payments is recognised as a receivable. Revenue on assets leased out under finance leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 3.23(b) below.

3.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

3.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

3.18 Financial guarantee contracts

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

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

3 Summary of significant accounting policies (Continued)

3.19 Share 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.

3.20 Borrowings

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

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

3.21 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

3 Summary of significant accounting policies (Continued)

3.21 Current and deferred income tax (Continued)

(c) Offsetting

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

3.22 Employee benefits

(a) Retirement benefit costs

The Group contributes to defined contribution retirement schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government authorities in different territories where the Group has employees, the Group participates in respective government benefit schemes whereby the Group is required to contribute to the schemes for the retirement benefits of eligible employees. The government authorities of the respective countries are responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the schemes is to pay the ongoing contributions required by the schemes.

Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums that are determined with reference to salary scale as stipulated under the requirements of the respective countries.

The Group's contributions to the aforesaid defined contribution retirement schemes are charged to the consolidated income statement as incurred.

(b) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(d) Share-based compensation

The Company operates an equity-settled, share-based compensation plan and provides equity compensation benefit, in the form of share options, to the directors of the Company and employees of the Group and COSCO. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become vested. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become vested. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3 Summary of significant accounting policies (Continued)

3.23 Recognition of revenues and income

The Group recognises revenues and income on the following bases:

(a) Revenues from terminal operations

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

(b) Revenues from leasing of assets

Rental income from leasing of containers and generator sets under operating leases is recognised on a straight-line basis over the period of each lease.

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

(c) Revenues from container handling, transportation and storage

Revenues from container handling and transportation are recognised when the services are rendered. Revenues from container storage are recognised on a straight-line basis over the period of storage.

(d) Revenues from container management

Revenues from container management are recognised when the related management and administrative services are rendered.

(e) Operating lease rental income from investment properties

Operating lease rental income from investment properties is recognised on a straight-line basis over the period of each lease and is recognised in the consolidated income statement within other operating income.

(f) Revenues from sale of resaleable containers included in inventories

Revenues from sale of resaleable containers are recognised on the transfer of risks and rewards on ownership, which generally coincides with the time when the containers are delivered to customers and title has passed.

(g) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(h) Dividend income

Dividend income is recognised when the right to receive payment is established and is recognised in the consolidated income statement within other operating income.

(i) Income on sale of investments

Income on sale of investments is recognised when the risks and rewards associated with ownership of the related investment have been transferred to the purchaser.

3.24 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset, until such time as the asset is substantially ready for its intended use or sale.

All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

3 Summary of significant accounting policies (Continued)

3.25 Government subsidies

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

3.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders/directors.

3.27 Contingent liabilities and contingent assets

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

Contingent liabilities other than those acquired from business combination are not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

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

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

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

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets, (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, joint ventures and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out in note 3.

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

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

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, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under direction by the Boards of Directors. The directors and management identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Group has principles for overall risk management, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(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 the Renminbi. Foreign exchange risk mainly arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The functional currency of most of the subsidiaries is US dollar. As most of the Group's revenue and expenses related transactions and borrowings are also denominated in US dollar, the Group is not subject to any significant foreign currency risk.

The actual foreign exchange risk faced by the Group therefore primarily arises from non-functional currency bank balances, receivable and payable balances and borrowings (collectively "Non-Functional Currency Items"). Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

With all other variables held constant, if the currencies of Non-Functional Currency Items had weakened/strengthened by 5% against the US dollar, the Group's profit after income tax for the year would have been decreased/increased by US$10,923,000 (2014: decreased/increased by US$18,735,000) as a result of the translation of those Non-Functional Currency Items.

(ii) Price risk

The Group is exposed to price risk for its available-for-sale investment. Management monitors the market conditions and securities price fluctuations and response so as to minimise adverse effects on the Group's financial performance.

(iii) Cash flow and fair value interest rate risk

Other than bank balances and loans to joint ventures and an associate (collectively "Interest Bearing Assets"), the Group has no significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from loan from a joint venture, loans from non-controlling shareholders of subsidiaries, long term and short term borrowings (collectively "Interest Bearing Liabilities"). Borrowings are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Generally, the Group raises long term and short term borrowings at floating rates as well as fixed rates, based upon the capital market conditions and the Group's internal requirements. Interest rate swaps with financial institutions are used to achieve the optimum ratio between fixed and floating rates and to manage the related interest rate exposure.

With all other variables held constant, if the interest rate had increased/decreased by 50 basis-points, the corresponding increase/decrease in net finance costs (representing interest expenses on Interest Bearing Liabilities net of interest income on the Interest Bearing Assets) would have been approximately US$3,775,000 (2014: US$1,761,000).

(b) Credit risk

The Group's maximum exposure to credit risk in relation to financial assets at the reporting date is the carrying amounts of bank balances and cash, trade and other receivables, loans to joint ventures and an associate and finance lease receivables.

The majority of the Group's trade and finance lease receivables relate to container leasing rental income receivable from COSCO Container Lines Company Limited ("COSCON"), a fellow subsidiary of the Group and a subsidiary of China COSCO, and third party customers which are operating in the container shipping industry. Container leasing rental income from COSCON accounted for approximately 21% (2014: 20%) of the Group's revenue and most of balance receivable from COSCON are aged within the credit period granted.

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

There is no concentration of credit risk with respect to trade and finance lease receivables from third party customers as the Group has a large number of customers which are internationally dispersed. No individual third party customers accounted for greater than 10% of the Group's revenue. The Group limits its exposure to credit risk through performing credit reviews and monitoring the financial strength of its major customers and generally does not require collateral on trade receivables.

Customer lease out limit is assessed by the credit and risk management department with reference to their financial positions, historical credit references and other factors. This limit will be reviewed and adjusted, if circumstances required, to comply with the Group's credit and risk management policy.

No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these relevant parties.

In addition, the Group monitors the exposure to credit risk in respect of the financial assistance provided to subsidiaries, joint ventures and associates through exercising control or influence over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

For bank balances and cash, the Group has limited its credit exposure by restricting their selection of financial institutions on those reputable local banks or state-owned banks with sound credit ratings. As at 31 December 2015, approximately 76% (31 December 2014: 80%) of the Group's bank balances were placed with state-owned and listed banks. Management considers theses balances are subject to low credit risk.

No other financial assets carry a significant exposure to credit risk.

(c) Liquidity risk

The Group's cash management policy is to regularly monitor its current and expected liquidity positions to ensure adequate funds are available for its short term and long term requirements.

The table below analyses the Group's financial liabilities which will be settled into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000
At 31 December 2015				
Bank and other borrowings	**315,865**	**349,642**	**997,669**	**580,029**
Loans from non-controlling shareholders of subsidiaries	**109,136**	**50,000**	**–**	**–**
Trade and other payables	**233,442**	**–**	**–**	**–**
At 31 December 2014				
Bank and other borrowings	481,967	185,490	786,186	642,511
Loans from non-controlling shareholders of subsidiaries	66,941	152,958	–	–
Trade and other payables	327,982	–	–	–
Financial guarantee contracts	6,049	6,049	1,515	–

4 Financial risk management (Continued)

4.2 Capital management

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

The Group monitors capital on the basis of the net debt (total bank borrowings less cash and cash equivalents and restricted bank deposits) to total equity ratio. The Group aims to maintain a manageable net debt to total equity ratio. As at 31 December 2015, the net debt-to-total equity ratio is 21.5% (2014: 14.7%).

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or capital or sell assets to reduce debt.

4.3 Fair value estimation

The Group's financial instrument that is measured at fair value is disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instrument that is measured at fair value at 31 December 2015 and 2014:

	2015 **Level 3** **US$'000**	2014 Level 3 US$'000
Available-for-sale financial asset	**24,000**	35,000

As at 31 December 2015 and 2014, the fair value of unlisted available-for-sale financial asset is determined by reference to valuation report of an independent professional valuer which is determined using valuation technique (including price/earnings multiple method and direct market quote). A discount rate of 20% is applied to compute the fair value on top of market price/earnings multiples. This available-for-sale financial asset is included in level 3 (note 13).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers during the year.

4 Financial risk management (Continued)

4.3 Fair value estimation (Continued)

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description Equity security:	Fair value at 31 December 2015 US$'000	Valuation techniques	Unobservable input	Range (weighted average)
Port industry	24,000	Market comparable companies	price/earnings multiples (a) discount for lack of marketability (b)	8.5%–15.5% (12.8%) 20%

Description Equity security:	Fair value at 31 December 2014 US$'000	Valuation techniques	Unobservable input	Range (weighted average)
Port industry	35,000	Market comparable companies	price/earnings multiples (a) discount for lack of marketability (b)	10.9%–34.3% (19.0%) 20%

(a) Represents amounts used when the entity has determined that market participants would use such multiples when pricing the investment.

(b) Represents amounts used when the entity has determined that market participants would take into account the discount when pricing the investment.

The carrying amounts of receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives and residual values of containers

Management determines the estimated useful lives of containers by reference to the Group's business model, its assets management policy and industry practice. The change in these factors can significantly affect the estimation of useful lives of containers and depreciation expenses will change when useful lives are different from the previous estimates.

Management determines the residual values of containers based on all relevant factors (including the use of the current scrap value of steel in an active market as a reference value) at each measurement date. The depreciation expenses will change when the residual values are different from the previous estimates.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Any adjustment will result in a change in depreciation expenses.

5 Critical accounting estimates and judgements (Continued)

(a) Useful lives and residual values of containers (Continued)

If the useful lives of containers differ by 10% from management's estimates as at 31 December 2015 with all other variables held constant, the estimated depreciation charge for the year would be US$23,487,000 higher or US$15,786,000 lower for the year ended 31 December 2015.

If the residual values of containers differ by 10% from management's estimates as at 31 December 2015 with all other variables held constant, the estimated depreciation charge for the year would be US$5,095,000 higher or lower for the year ended 31 December 2015.

(b) Acquisition of a joint venture

The initial accounting on the acquisition of a joint venture involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entity. The fair values of identifiable net assets are determined by using financial models or by reference to the valuation performed by independent professional valuer. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of these assets and liabilities.

(c) Income taxes

Deferred income tax liabilities have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries which were under certain jurisdictions as the directors consider that the timing of the reversal of related temporary differences can be controlled (note 15).

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. The Group recognises or writes back liabilities for anticipated tax issues based on estimates of whether additional taxes will be due or reversal to be made. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(d) Impairment of investments in joint ventures, associates and trade receivables

Management determines whether investments in joint ventures and associates have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, according to their recoverable amounts determined by the cash-generating units based on value-in-use calculations. The determination of impairment indication requires significant judgement, and the calculations require the use of estimates which are subject to change of economic environment in future.

Management determines the provision for impairment of trade receivables based on the credit history of customers and the current market condition.

(e) Non-current assets (or disposal group) held-for-sale and discontinued operation

Pursuant to the resolution approved in the board meeting hold on 11 December 2015, the Company, on 31 December 2015, issued a circular to shareholders announcing several proposed major and connected transactions in connection with the asset restructuring of COSCO and its subsidiaries and China Shipping (Group) Company and its subsidiaries ("China Shipping Group") that included the disposal of Florens Container Holdings Limited ("FCHL"), a direct wholly owned subsidiary of the Company (note 40).

As at 31 December 2015, since the approvals from the shareholders of the Company, China COSCO and China Shipping Group and from certain authorities for the above transactions were not obtained, management believes the disposal of FCHL is uncertain and, according to the accounting policy set in note 3.28, does not classify the disposal of FCHL as a disposal group held for sale and discontinued operation.

6 Revenues and segment information

Revenues recognised during the year are as follows:

	2015 US$'000	2014 US$'000
Terminal operations income	**483,846**	514,561
Operating lease rentals on		
– containers	**285,511**	295,774
– generator sets	**1,328**	1,427
Sale of inventories	**18,116**	47,771
Finance lease income	**1,837**	1,797
Container management income	**4,612**	6,377
Container handling, transportation and storage income	**2,901**	2,384
Turnover	**798,151**	870,091

(a) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. The following operating segments were identified in accordance with the Group's continuing operations:

(i) terminals and related businesses including terminal operations, container handling, transportation and storage; and

(ii) container leasing, management, sale and related businesses.

The performance of the operating segments was assessed based on their segment profit/loss attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the consolidated financial statements.

Corporate assets comprise property, plant & equipment, investment properties, intangible assets, inter-segment loans, other receivables and prepayments and cash and cash equivalents.

Additions to non-current assets comprise additions to property, plant and equipment, land use rights and intangible assets.

Segment assets

	Terminals and related businesses US$'000	Container leasing, management, sale and related businesses US$'000	Segment total US$'000	Corporate US$'000	Inter-segment elimination US$'000	Total US$'000
At 31 December 2015						
Segment assets	**4,835,093**	**2,147,247**	**6,982,340**	**1,678,804**	**(989,570)**	**7,671,574**
Segment assets include:						
Joint ventures	**1,191,686**	**–**	**1,191,686**	**–**	**–**	**1,191,686**
Associates	**853,140**	**–**	**853,140**	**–**	**–**	**853,140**
Available-for-sale financial asset	**24,000**	**–**	**24,000**	**–**	**–**	**24,000**
At 31 December 2014						
Segment assets	4,649,728	2,204,278	6,854,006	1,807,860	(1,045,156)	7,616,710
Segment assets include:						
Joint ventures	840,891	–	840,891	–	–	840,891
Associates	826,197	–	826,197	–	–	826,197
Available-for-sale financial asset	35,000	–	35,000	–	–	35,000

6 Revenues and segment information (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Continuing operations						Discontinued operation Note (i)	
	Terminals and related businesses US$'000	Container leasing, management, sale and related businesses US$'000	Segment total US$'000	Corporate US$'000	Elimination of inter-segment (revenues) and finance (income)/ costs US$'000	Sub-total US$'000	Container manufacturing and related businesses US$'000	Total US$'000
Year ended 31 December 2015								
Revenues – total sales	486,772	315,675	802,447	–	(4,296)	798,151	–	798,151
Segment profit/(loss) attributable to equity holders of the Company	233,653	82,849	316,502	(14,010)	–	302,492	79,152	381,644
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	1,162	761	1,923	46,747	(27,543)	21,127	–	21,127
Finance costs	(56,688)	(20,452)	(77,140)	(19,043)	31,930	(64,253)	–	(64,253)
Share of profits less losses of								
– joint ventures	107,581	–	107,581	–	–	107,581	–	107,581
– associates	73,559	–	73,559	–	–	73,559	–	73,559
Income tax expenses	(18,723)	(2,771)	(21,494)	(19,659)	–	(41,153)	–	(41,153)
Write back of provision	–	–	–	–	–	–	79,152	79,152
Depreciation and amortisation	(83,725)	(124,803)	(208,528)	(1,589)	–	(210,117)	–	(210,117)
Provision for inventories	(88)	(1,116)	(1,204)	–	–	(1,204)	–	(1,204)
Other non-cash expenses	(148)	(1,229)	(1,377)	–	–	(1,377)	–	(1,377)
Additions to non-current assets	(98,352)	(204,783)	(303,135)	(191)	–	(303,326)	–	(303,326)

6 Revenues and segment information (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Continuing operations					
	Terminals and related businesses US$'000	Container leasing, management, sale and related businesses US$'000	Segment total US$'000	Corporate US$'000	Elimination of inter-segment (revenues) and finance (income)/costs US$'000	Total US$'000
Year ended 31 December 2014						
Revenues – total sales	516,993	357,075	874,068	–	(3,977)	870,091
Segment profit/(loss) attributable to equity holders of the Company	220,978	95,757	316,735	(23,976)	–	292,759
Segment profit/(loss) attributable to equity holders of the Company includes:						
Finance income	962	874	1,836	51,135	(27,233)	25,738
Finance costs	(61,728)	(22,782)	(84,510)	(19,163)	31,167	(72,506)
Share of profits of						
– joint ventures	99,729	–	99,729	–	–	99,729
– associates	71,496	–	71,496	–	–	71,496
Income tax expenses	(18,350)	(2,739)	(21,089)	(17,906)	–	(38,995)
Depreciation and amortisation	(83,266)	(126,750)	(210,016)	(1,709)	–	(211,725)
Provision for inventories	–	(7,568)	(7,568)	–	–	(7,568)
Other non-cash expenses	(88)	(2,451)	(2,539)	(13)	–	(2,552)
Additions to non-current assets	(107,680)	(305,863)	(413,543)	(188)	–	(413,731)

Notes:

(i) Discontinued operation represents the disposal of 21.8% equity interest in a then associate of the Group, China International Marine Containers (Group) Co., Ltd. ("CIMC"), in 2013.

(ii) For the year ended 31 December 2015, the container leasing, management, sale and related businesses segment revenues included US$170,325,000 (2014: US$172,877,000) container leasing income from COSCON.

6 Revenues and segment information (Continued)

(b) Geographical information

(i) Revenues

In respect of terminals and related businesses, revenues are based on the geographical areas in which the business operations are located.

In respect of container leasing, management, sale and related businesses, the movements of containers and generator sets of the Group are known through report from the lessees but the Group is not able to control the movements of containers and generator sets except to the degree that the movements are restricted by the terms of the leases or where safety of the containers and generator sets is concerned. It is therefore impracticable to present financial information by geographical areas and thus the revenues of which are presented as unallocated revenues.

	2015 **US$'000**	2014 US$'000
Terminals and related businesses		
– Mainland China (excluding Hong Kong)	**327,719**	336,096
– Europe	**156,126**	178,466
– Others	**2,902**	2,383
Unallocated	**311,404**	353,146
	798,151	870,091

(ii) Non-current assets

The Group's non-current assets, other than financial instruments and deferred income tax assets ("Geographical Non-Current Assets"), consist of property, plant and equipment, investment properties, land use rights, intangible assets, joint veNntures, associates and other non-current assets.

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

In respect of the terminals' non-current assets and the remaining Geographical Non-Current Assets, they are presented based on the geographical areas in which the business operations/assets are located.

Other than container leasing, management, sale and related businesses, the activities of terminals and related businesses of the Group, its joint ventures and associates are predominantly carried out in Hong Kong, Mainland China, Singapore, Belgium, Egypt, Greece, Taiwan and Turkey.

	2015 **US$'000**	2014 US$'000
Mainland China (excluding Hong Kong)	**3,452,519**	3,623,862
Europe	**387,913**	366,132
Others	**763,564**	424,023
Unallocated	**1,778,171**	1,706,111
	6,382,167	6,120,128

7 Property, plant and equipment

	Containers US$'000	Generator sets US$'000	Leasehold land and buildings in Hong Kong US$'000	Buildings outside Hong Kong US$'000	Leasehold improvements US$'000	Other property, plant and equipment US$'000	Construction in progress US$'000	Total US$'000
Cost or valuation								
At 1 January 2015	**2,188,759**	**9,344**	**23,056**	**1,383,737**	**3,184**	**831,414**	**444,269**	**4,883,763**
Exchange differences	**(1,027)**	**–**	**–**	**(86,920)**	**(123)**	**(56,254)**	**(29,579)**	**(173,903)**
Additions	**204,020**	**722**	**–**	**468**	**15**	**22,759**	**73,434**	**301,418**
Disposals	**(4,584)**	**(1,567)**	**–**	**(46)**	**(233)**	**(2,150)**	**–**	**(8,580)**
Transfer to inventories	**(15,702)**	**–**	**–**	**–**	**–**	**–**	**–**	**(15,702)**
Transfers	**–**	**–**	**–**	**30,397**	**–**	**24,389**	**(54,786)**	**–**
At 31 December 2015	**2,371,466**	**8,499**	**23,056**	**1,327,636**	**2,843**	**820,158**	**433,338**	**4,986,996**
Accumulated depreciation and impairment losses								
At 1 January 2015	**486,083**	**5,908**	**5,634**	**134,761**	**2,070**	**180,414**	**–**	**814,870**
Exchange differences	**(328)**	**–**	**–**	**(9,591)**	**(75)**	**(12,542)**	**–**	**(22,536)**
Depreciation charge for the year	**122,723**	**680**	**197**	**35,940**	**304**	**41,402**	**–**	**201,246**
Disposals	**(2,631)**	**(1,051)**	**–**	**(36)**	**(208)**	**(891)**	**–**	**(4,817)**
Transfer to inventories	**(9,591)**	**–**	**–**	**–**	**–**	**–**	**–**	**(9,591)**
At 31 December 2015	**596,256**	**5,537**	**5,831**	**161,074**	**2,091**	**208,383**	**–**	**979,172**
Net book value								
At 31 December 2015	**1,775,210**	**2,962**	**17,225**	**1,166,562**	**752**	**611,775**	**433,338**	**4,007,824**

	Containers US$'000	Generator sets US$'000	Leasehold land and buildings in Hong Kong US$'000	Buildings outside Hong Kong US$'000	Leasehold improvements US$'000	Other property, plant and equipment US$'000	Construction in progress US$'000	Total US$'000
Cost or valuation								
At 1 January 2014	2,238,919	11,748	24,079	1,327,159	3,257	837,302	462,368	4,904,832
Exchange differences	(65)	–	–	(22,174)	(13)	(23,962)	(8,689)	(54,903)
Additions	305,803	–	–	5,320	42	7,530	94,914	413,609
Disposals	(250,856)	(2,404)	–	(294)	(102)	(4,276)	–	(257,932)
Transfer to inventories	(105,042)	–	–	–	–	–	–	(105,042)
Fair value adjustment upon transfer to investment properties	–	–	1,098	9,610	–	–	–	10,708
Transfer to investment properties	–	–	(2,121)	(25,388)	–	–	–	(27,509)
Transfers	–	–	–	89,504	–	14,820	(104,324)	–
At 31 December 2014	2,188,759	9,344	23,056	1,383,737	3,184	831,414	444,269	4,883,763
Accumulated depreciation and impairment losses								
At 1 January 2014	472,728	6,872	5,815	105,712	1,824	144,087	–	737,038
Exchange differences	(10)	–	–	(1,641)	(8)	(2,694)	–	(4,353)
Depreciation charge for the year	124,329	746	212	33,968	330	42,751	–	202,336
Disposals	(58,237)	(1,710)	–	(253)	(76)	(3,730)	–	(64,006)
Transfer to inventories	(52,727)	–	–	–	–	–	–	(52,727)
Transfer to investment properties	–	–	(393)	(3,025)	–	–	–	(3,418)
At 31 December 2014	486,083	5,908	5,634	134,761	2,070	180,414	–	814,870
Net book value								
At 31 December 2014	1,702,676	3,436	17,422	1,248,976	1,114	651,000	444,269	4,068,893

7 Property, plant and equipment (Continued)

Notes:

(a) Certain land and buildings in Hong Kong of the Group with carrying amount of US$14,348,000 (2014: US$14,488,000) were revalued in 1994 on an open market value basis by C.Y. Leung & Company Limited (now known as DTZ Debenham Tie Leung Limited), an independent professional property valuer.

The carrying amount of these land and buildings as at 31 December 2015 would have been US$12,961,000 (2014: US$13,105,000) had the buildings been carried at cost less accumulated depreciation and impairment losses in the consolidated financial statements.

(b) The aggregate cost and accumulated depreciation as at 31 December 2015 of the leased assets of the Group (where the Group is a lessor) which comprised containers, generator sets and certain other property, plant and equipment and were leased to fellow subsidiaries and third parties under operating leases amounted to US$2,236,766,000 (2014: US$2,094,983,000) and US$601,852,000 (2014: US$492,039,000) respectively. There are no accumulated impairment losses as at 31 December 2015 (2014: US$nil).

(c) The accumulated impairment losses of property, plant and equipment of the Group as at 31 December 2015 amounted to US$2,627,000 (2014: US$2,627,000).

(d) During the year, the Group transferred containers with an aggregate net book value of US$6,111,000 (2014: US$52,315,000) to inventories.

(e) During 2014, the Group transferred buildings within and outside Hong Kong with an aggregate net book value of US$24,091,000 to investment properties at the time of commencement of leases during 2014. There is no transfer to investment properties during the year.

(f) As at 31 December 2015, certain other property, plant and equipment with an aggregate net book value of US$47,327,000 (2014: US$55,119,000) were pledged as security for a banking facility granted to the Group (note 22(g)).

(g) During the year, interest expense of US$5,993,000 (2014: US$6,700,000) was capitalised in construction in progress (note 28).

8 Investment properties

	2015 US$'000	2014 US$'000
At 1 January	**29,194**	5,356
Exchange differences	**(1,553)**	36
Transfer from property, plant and equipment (note 7)	**–**	24,091
Revaluation surplus/(deficit) (note a)	**1,219**	(289)
At 31 December	**28,860**	29,194

Notes:

(a) The investment properties as at 31 December 2015 and 2014 were revalued on an open market value basis by China Tong Cheng Assets Appraisals Company Limited and Roma Appraisals Limited, independent professional property valuers who hold recognised relevant professional qualifications and have recent experiences in the locations and segments of the investment properties valued. The revaluation surplus for the year ended 31 December 2015 of US$1,219,000 (2014 revaluation deficit: US$289,000) was accounted for in the consolidated income statement within other operating income and expenses (note 26 and 27). For all investment properties, their current use equates to the highest and best use.

(b) The Group's interests in investment properties are office units situated in PRC on leases of 50 years and in Hong Kong on leases of over 50 years respectively.

8 Investment properties (Continued)

(c) The valuations are derived using direct comparison method, discounted cash flow method and income capitalisation method respectively.

For properties in PRC, valuations are derived by direct comparison method or discounted cash flow method. Discounted cash flow method is based on net present value of estimated income stream by adopting an appropriate discount rate which reflects the risk profile and net operating income growth rate. The higher the discount rate, the lower the fair value. The higher the net operating income growth rate, the higher the fair value. Prevailing market rents are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

For properties in Hong Kong, income capitalisation method is based on the capitalisation of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalisation rates. Capitalisation is estimated by valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value. Prevailing market rents are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

(d) There were no changes to the valuation techniques during the year.

9 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2015 US$'000	2014 US$'000
At 1 January	**237,840**	244,175
Exchange differences	**(13,498)**	(904)
Amortisation	**(5,353)**	(5,431)
At 31 December	**218,989**	237,840

10 Intangible assets

	Computer software		Computer systems under development		Goodwill		Total	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000	**2015 US$'000**	2014 US$'000	**2015 US$'000**	2014 US$'000
Cost								
At 1 January	**24,659**	23,504	**–**	1,529	**342**	343	**25,001**	25,376
Exchange differences	**(603)**	(493)	**(22)**	–	**(20)**	(1)	**(645)**	(494)
Additions	**178**	122	**1,729**	–	**–**	–	**1,907**	122
Write-off	**(90)**	(3)	**–**	–	**–**	–	**(90)**	(3)
Transfer	**688**	1,529	**(688)**	(1,529)	**–**	–	**–**	–
At 31 December	**24,832**	24,659	**1,019**	–	**322**	342	**26,173**	25,001
Accumulated amortisation								
At 1 January	**17,640**	15,699	**–**	–	**–**	–	**17,640**	15,699
Exchange differences	**(248)**	(125)	**–**	–	**–**	–	**(248)**	(125)
Amortisation for the year	**1,932**	2,069	**–**	–	**–**	–	**1,932**	2,069
Write-off	**(71)**	(3)	**–**	–	**–**	–	**(71)**	(3)
At 31 December	**19,253**	17,640	**–**	–	**–**	–	**19,253**	17,640
Net book value								
At 31 December	**5,579**	7,019	**1,019**	–	**322**	342	**6,920**	7,361

11 Joint ventures

	2015 US$'000	2014 US$'000
Investment in joint ventures (including goodwill on acquisitions) (note b)	**1,003,720**	653,018
Equity loan to joint ventures (note d)	**187,966**	187,873
	1,191,686	840,891
Loans to joint ventures (note e)	**41,752**	73,503

Notes:

(a) Qingdao Qianwan Container Terminal Co., Ltd. ("QQCT") is a joint venture (note 43) that is material to the Group. QQCT is a container terminal operator and developer of the port facilities in the Qingdao Qianwan Container Terminal. The information below reflects the amounts presented in the financial statements of the joint venture (not the Group's share of these amounts), adjusted for differences in accounting policies between the Group and the joint venture.

QQCT is a private company and there is no quoted market price available for its shares.

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

Summarised consolidated balance sheet

	QQCT 2015 US$'000	2014 US$'000
Non-current		
Assets	**1,215,095**	1,473,815
Financial liabilities	**(385,580)**	(423,023)
Current		
Cash and cash equivalents	**120,857**	90,064
Other current assets	**101,231**	134,450
Total current assets	**222,088**	224,514
Financial liabilities (excluding trade and other payables)	**(79,687)**	(81,794)
Other current liabilities	**(68,359)**	(276,470)
Total current liabilities	**(148,046)**	(358,264)
Net assets	**903,557**	917,042

Summarised consolidated statement of comprehensive income

	QQCT 2015 US$'000	2014 US$'000
Revenue	**463,476**	439,650
Depreciation and amortisation	**(50,616)**	(51,291)
Interest income	**14,117**	26,021
Interest expense	**(30,860)**	(40,989)
Profit before income tax	**283,989**	261,946
Income tax expense	**(71,010)**	(65,865)
Profit for the year	**212,979**	196,081
Other comprehensive income	**–**	(56)
Total comprehensive income	**212,979**	196,025
Dividends received from the joint venture	**40,584**	41,101
Group's share of profit of the joint venture	**42,898**	39,034

11 Joint ventures (Continued)

(a) **Reconciliation of summarised consolidated financial information**

Reconciliation of summarised consolidated financial information presented to the carrying amount of the Group's interest in the joint venture.

Summarised consolidated financial information

	QQCT 2015 US$'000	2014 US$'000
Attributable to equity holders		
Opening net assets	**924,568**	939,146
Profit for the year	**213,336**	196,755
Dividends	**(199,304)**	(206,280)
Other appropriations	**(200)**	(252)
Exchange difference	**(52,602)**	(4,801)
Closing net assets	**885,798**	924,568
Interest in joint venture at 20%	**177,160**	184,914
Goodwill	**5,361**	5,361
Carrying amount	**182,521**	190,275

(b) The carrying amount of goodwill on acquisitions of joint ventures amounted to US$41,443,000 (2014: US$41,443,000), mainly represented the goodwill on acquisitions of equity interests in Shanghai Pudong International Container Terminals Limited, QQCT and Nanjing Port Longtan Containers Co., Ltd. of US$31,435,000 (2014: US$31,435,000), US$5,362,000 (2014: US$5,362,000) and US$4,533,000 (2014: US$4,533,000).

(c) In December 2015, the Group acquired 26% effective interest of Kumport Liman Hizmetleri ve Lojistik Sanayi ve Ticaret A.Ş. ("Kumport Terminal") at a consideration of US$386,114,000 through the establishment of a joint venture, Euro-Asia Oceangate S.à r.l., with a 40% equity interest.

(d) The balance is equity in nature, unsecured, interest free and has no fixed terms of repayment.

(e) Balances of US$3,043,000 (2014: US$3,871,000) is secured, which bears interest at 5% per annum above the 3 months Euro Interbank Offered Rate ("EURIBOR") and wholly repayable on or before December 2020. The remaining balance is unsecured and interest bearing at the rate of 5% above Hong Kong Interbank Offered Rate ("HIBOR") per annum quoted in respect of a one month's period, and wholly repayable on or before March 2018 (31 December 2014: March 2018 and November 2018).

(f) The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's interests in respective joint ventures other than QQCT disclosed above:

	Net assets US$'000	Profits less losses for the year US$'000	Other comprehensive loss US$'000	Total comprehensive income US$'000
2015	**1,009,165**	**64,683**	**(1,935)**	**62,748**
2014	650,616	60,695	(2,544)	58,151

(g) There are no contingent liabilities relating to the Group's interest in joint ventures.

(h) Details of the principal joint ventures as at 31 December 2015 are set out in note 43 to the consolidated financial statements.

12 Associates

	2015 US$'000	2014 US$'000
Investment in associates (including goodwill on acquisitions) (note b)	**853,140**	826,197
Loan to an associate (note c)	**27,409**	30,472

Notes:

(a) Sigma Enterprises Limited ("Sigma") and Wattrus Limited ("Wattrus") and their subsidiary companies (collectively "Sigma and Wattrus Group") are associates (note 44) that are material to the Group. Sigma and Wattrus Group are engaged in the operation, management and development of container terminals and investment holding. Set out below are the summarised financial information, after fair value adjustments upon acquisition, for these associates which are accounted for using the equity method:

Summarised balance sheet

	Sigma and Wattrus Group 2015 US$'000	 2014 US$'000
Non-current assets	**3,972,833**	3,927,526
Current assets	**717,880**	743,545
Non-current liabilities	**(369,363)**	(740,052)
Current liabilities	**(754,637)**	(561,103)

Summarised statement of comprehensive income

	Sigma and Wattrus Group 2015 US$'000	 2014 US$'000
Revenues	**961,344**	926,370
Profit attributable to equity holders for the year	**261,153**	240,613
Group's share of profits of associates	**53,667**	49,446

Reconciliation of summarised financial information

Reconciliation of summarised financial information presented to the carrying amount of the Group's interest in these associates.

Summarised financial information

	Sigma and Wattrus Group 2015 US$'000	 2014 US$'000
Capital and reserves attributable to equity holders Group's effective interest	**2,734,594** **20.55%**	2,616,204 20.55%
Group's share of capital and reserves attributable to equity holders Adjustment to cost of investment	**561,959** **46,860**	537,630 46,860
Carrying amount	**608,819**	584,490

12 Associates (Continued)

(b) The carrying amount of goodwill on acquisitions of associates amounted to US$30,192,000 (2014: US$30,192,000), mainly represented the goodwill on acquisition of equity interests in Sigma and Wattrus of US$20,669,000 (2014: US$20,669,000) and US$7,523,000 (2014: US$7,523,000) respectively.

(c) The loan to an associate is unsecured, bears interest at 2% (2014: 2%) per annum above the 10-year Belgium prime rate and has no fixed terms of repayment.

(d) The financial information below, after making necessary adjustments to conform to the Group's significant accounting policies, represents the Group's interests in respective associates other than Sigma and Wattrus Group disclosed above:

	Net assets US$'000	Profits less losses for the year US$'000	Other comprehensive (loss)/income US$'000	Total comprehensive income US$'000
2015	**244,321**	**19,892**	**(799)**	**19,093**
2014	241,707	22,050	318	22,368

(e) There are no significant contingent liabilities relating to the Group's interest in associates.

(f) Details of the Group's associates as at 31 December 2015 are set out in note 44 to the consolidated financial statements.

13 Available-for-sale financial asset

	2015 US$'000	2014 US$'000
At 1 January	**35,000**	27,000
Fair value (loss)/gain recognised in equity	**(11,000)**	8,000
At 31 December	**24,000**	35,000

Note:

As at 31 December 2015 and 2014, available-for-sale financial asset represents equity interest in an unlisted investee company, Tianjin Five Continents International Container Terminal Co., Ltd. which operates container terminal in Tianjin of Mainland China and is denominated in Renminbi.

14 Finance lease receivables

	2015			2014		
	Gross receivables US$'000	**Unearned finance income US$'000**	**Present value of minimum lease payment receivables US$'000**	Gross receivables US$'000	Unearned finance income US$'000	Present value of minimum lease payment receivables US$'000
Amounts receivable under finance leases:						
Current portion (note 18)	**9,261**	**(2,067)**	**7,194**	7,244	(1,773)	5,471
Non-current portion						
– later than one year and not later than five years	**37,467**	**(4,504)**	**32,963**	26,223	(3,789)	22,434
– later than five years	**497**	**(10)**	**487**	3,034	(144)	2,890
	37,964	**(4,514)**	**33,450**	29,257	(3,933)	25,324
	47,225	**(6,581)**	**40,644**	36,501	(5,706)	30,795

As at 31 December 2015, the Group entered into 16 (2014: 13) finance lease contracts for leasing of certain containers and a vessel. The average term of the finance lease contracts is 4.9 years (2014: 5.1 years).

The cost of assets acquired for the purpose of letting under finance leases amounted to US$54,783,000 (2014: US$39,200,000) as at 31 December 2015.

Unguaranteed residual values of assets leased under finance lease contracts are estimated at approximately US$41,000 (2014: US$40,000).

15 Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

The movements on the net deferred income tax liabilities during the year are as follows:

	2015 US$'000	2014 US$'000
At 1 January	**41,815**	33,386
Exchange differences	**39**	159
Charged to consolidated income statement (note 29)	**783**	5,867
Charged to other comprehensive income (note 29)	**–**	2,403
At 31 December	**42,637**	41,815

Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2015, the Group has unrecognised tax losses of US$101,594,000 (2014: US$83,990,000) to carry forward. Except for the tax losses of US$51,509,000 (2014:US$44,638,000) of the Group which will be expired between 2016 and 2035 (2014: between 2015 and 2034), all other tax losses have no expiry dates.

As at 31 December 2015, deferred income tax liabilities of US$9,129,000 (2014: US$8,295,000) have not been established for the withholding taxation that would be payable on the undistributed profits of certain subsidiaries in certain tax jurisdictions totaling US$57,664,000 (2014: US$50,374,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and accordingly the temporary differences will not be reversed in the foreseeable future.

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year, are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation		Undistributed profits		Fair value gains		Total	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
At 1 January	**10,069**	9,735	**35,816**	28,974	**2,403**	–	**48,288**	38,709
Exchange differences	**(192)**	(258)	**–**	–	**(159)**	–	**(351)**	(258)
(Credited)/charged to consolidated income statement	**(7,011)**	592	**6,221**	6,842	**302**	–	**(488)**	7,434
Charged to other comprehensive income	**–**	–	**–**	–	**–**	2,403	**–**	2,403
At 31 December	**2,866**	10,069	**42,037**	35,816	**2,546**	2,403	**47,449**	48,288

15 Deferred income tax (Continued)

Deferred income tax assets

	Tax losses		Others		Total	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000	**2015 US$'000**	2014 US$'000
At 1 January	**309**	322	**6,164**	5,001	**6,473**	5,323
Exchange differences	**(1)**	–	**(389)**	(417)	**(390)**	(417)
(Charged)/credited to consolidated income statement	**(14)**	(13)	**(1,257)**	1,580	**(1,271)**	1,567
At 31 December	**294**	309	**4,518**	6,164	**4,812**	6,473

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2015 US$'000	2014 US$'000
Deferred income tax assets	**1,947**	2,470
Deferred income tax liabilities	**44,584**	44,285

The amounts shown in the consolidated balance sheet include the following:

	2015 US$'000	2014 US$'000
Deferred income tax assets to be recovered after more than 12 months	**3,454**	4,066
Deferred income tax liabilities to be settled after more than 12 months	**5,367**	12,418

16 Other non-current assets

Other non-current assets of the Group mainly represent prepaid operating lease payments, which included the unamortised upfront concession fee incurred in respect of the concession agreement with Piraeus Port Authority S.A. for the concession of Piers 2 and 3 of the Piraeus Port in Greece for a term of 35 years (the "Concession"). The Concession commenced on 1 October 2009. Apart from the aforesaid upfront concession fee, the Group had operating lease commitment in relations to the Concession (note 37(b)).

17 Inventories

Inventories of the Group mainly include containers held for sale transferred from property, plant and equipment and consumable parts for terminal operations at their carrying amount.

18 Trade and other receivables

	2015 US$'000	2014 US$'000
Trade receivables (note a)		
– third parties	**62,595**	56,016
– fellow subsidiaries (notes b and c)	**26,937**	36,251
– non-controlling shareholders of a subsidiary (note b)	**5,754**	4,997
– related companies (note b)	**595**	1,046
– a joint venture (note b)	**75**	–
	95,956	98,310
Bills receivable (note a)	**6,890**	3,450
	102,846	101,760
Less: provision for impairment	**(3,914)**	(4,240)
	98,932	97,520
Deposits and prepayments	**65,817**	15,402
Other receivables	**36,359**	46,321
Current portion of finance lease receivables (note 14)	**7,194**	5,471
Loans to joint ventures (note d)	**19,225**	20,599
Amounts due from		
– fellow subsidiaries (note b)	**621**	163
– joint ventures (note e)	**6,456**	285
– associates (note e)	**2,148**	1,537
– non-controlling shareholders of subsidiaries (note b)	**993**	2,296
	237,745	189,594

Notes:

(a) The Group grants credit periods of 30 to 90 days to its customers. The ageing analysis of the trade receivables and bills receivable (net of provision) based on invoice date and issuance date respectively is as follows:

	2015 US$'000	2014 US$'000
Within 30 days	**50,751**	54,081
31–60 days	**31,236**	33,802
61–90 days	**9,563**	4,947
Over 90 days	**7,382**	4,690
	98,932	97,520

As at 31 December 2015, trade receivables and bills receivables of US$85,667,000 (2014: US$91,151,000) were fully performing.

As at 31 December 2015, trade receivables of US$13,265,000 (2014: US$6,369,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables which were past due but not impaired is as follows:

	2015 US$'000	2014 US$'000
Within 30 days	**9,426**	4,245
31–60 days	**2,791**	763
61–90 days	**578**	80
Over 90 days	**470**	1,281
	13,265	6,369

18 Trade and other receivables (Continued)

(a) As at 31 December 2015, trade receivables of US$3,914,000 (2014: US$4,240,000) were impaired. The amount of the provision was US$3,914,000 (2014: US$4,240,000) as at 31 December 2015. The individually impaired receivables mainly relate to lessees, which are in unexpected difficult economic situations. The ageing of these receivables is as follows:

	2015 US$'000	2014 US$'000
Within 30 days	**697**	689
31–60 days	**665**	660
61–90 days	**550**	549
Over 90 days	**2,002**	2,342
	3,914	4,240

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

	2015 US$'000	2014 US$'000
At 1 January	**(4,240)**	(3,946)
Exchange differences	**62**	(2)
Provision for impairment of trade receivables (note 27)	**(1,022)**	(1,078)
Write back of provision for impairment of trade receivables (note 26)	**895**	786
Receivables written off during the year as uncollectible	**391**	–
At 31 December	**(3,914)**	(4,240)

(b) The balances are unsecured and interest free. Trading balances have credit periods ranging from 30 to 90 days while other balances have no fixed terms of repayment.

(c) The balance mainly represented container leasing income receivables from fellow subsidiaries and included a receivable balance from COSCON of US$24,547,000 (2014: US$32,686,000). During the year ended 31 December 2015, the container leasing income from COSCON and the other fellow subsidiaries amounted to US$170,924,000 (2014: US$172,883,000) and US$284,000 (2014: US$191,000) respectively.

(d) As at 31 December 2015, balance of US$18,790,000 (2014: US$20,115,000) is unsecured, interest free, and wholly repayable within twelve months. Balance of US$435,000 (2014: US$484,000) is secured, bears interest at 5% per annum above 3 months EURIBOR and repayable within twelve months.

(e) The amounts receivable mainly represented dividend and interest receivable from joint ventures and associates.

(f) The carrying amounts of trade and other receivables are denominated in the following currencies:

	2015 US$'000	2014 US$'000
US dollar	**99,480**	84,147
Renminbi	**65,724**	59,162
Hong Kong dollar	**3,358**	2,407
Euro	**49,736**	23,034
Other currencies	**19,447**	20,844
	237,745	189,594

(g) The carrying amounts of trade and other receivables approximate their fair values.

19 Financial instruments by category

	2015 US$'000	2014 US$'000
Assets as per balance sheet		
Available-for-sale financial assets	**24,000**	35,000
Loans and receivables		
Loans to joint ventures	**60,977**	94,102
Loans to an associate	**27,409**	30,472
Finance lease receivables	**40,644**	30,795
Trade and other receivables excluding prepayments	**145,510**	148,122
Cash and cash equivalents	**909,067**	1,116,307
Restricted bank deposits	**220**	172
Total	**1,207,827**	1,454,970
Liabilities as per balance sheet		
Financial liabilities at amortised cost		
Borrowings	**2,022,363**	1,860,193
Loans from non-controlling shareholders of subsidiaries	**154,275**	206,028
Loan from a joint venture	**30,030**	31,868
Trade and other payables excluding receipt in advance	**196,062**	286,150
Total	**2,402,730**	2,384,239

20 Share capital

	2015 US$'000	2014 US$'000
Issued and fully paid:		
2,966,559,439 (2014: 2,940,437,862) ordinary shares of HK$0.10 each	**38,090**	37,753

The movements of the issued share capital of the Company are summarised as follows:

	Number of ordinary shares	Nominal value US$'000
At 1 January 2015	**2,940,437,862**	**37,753**
Issue of scrip dividend for 2014 final (note a)	**745,519**	**10**
Issue of scrip dividend for 2015 interim (note b)	**25,376,058**	**327**
At 31 December 2015	**2,966,559,439**	**38,090**
At 1 January 2014	2,912,325,528	37,391
Issue of scrip dividend for 2013 final (note a)	26,454,797	341
Issue of scrip dividend for 2014 interim (note b)	1,657,537	21
At 31 December 2014	2,940,437,862	37,753

Notes:

(a) During the year ended 31 December 2015, 745,519 (2014: 26,454,797) new shares were issued by the Company at HK$11.580 (2014: HK$10.472) per share for the settlement of 2014 final (2014: 2013 final) scrip dividends.

(b) During the year ended 31 December 2015, 25,376,058 (2014: 1,657,537) new shares were issued by the Company at HK$9.988 (2014: HK$10.788) per share for the settlement of 2015 interim (2014: 2014 interim) scrip dividends.

21 Share-based payment

On 23 May 2003, the shareholders of the Company approved the adoption of an option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by the shareholders of the Company on 30 November 1994.

On 5 December 2005, amendments to certain terms of the 2003 Share Option Scheme were approved by the shareholders of the Company (the "Amended 2003 Share Option Scheme"). Under the Amended 2003 Share Option Scheme, the directors of the Company may, at their discretion, invite any participants, as defined under the Amended 2003 Share Option Scheme, to take up share options for subscribing the Company's shares, subject to the terms and conditions stipulated therein.

The consideration on acceptance of an offer of the grant of options is HK$1.00.

The 2003 Share Option Scheme was expired on 22 May 2013. No further options shall thereafter be granted under the 2003 Share Option Scheme but in all other respects the provision of the 2003 Share Option Scheme shall remain in full force and effect.

Movements of the share options are set out below:

			For the year ended 31 December 2015 Number of share options				
Category	**Note**	**Exercise Price HK$**	**Outstanding at 1 January 2015**	**Exercised during the year**	**Transfer (to)/from other categories during the year**	**Lapsed during the year**	**Outstanding at 31 December 2015**
Directors	(i) (iii)	**19.30**	**500,000**	**–**	**–**	**–**	**500,000**
Continuous contract employees	(i) (iii)	**19.30**	**11,880,000**	**–**	**(570,000)**	**(260,000)**	**11,050,000**
Others	(i) (iii)	**19.30**	**860,000**	**–**	**570,000**	**–**	**1,430,000**
			13,240,000	**–**	**–**	**(260,000)**	**12,980,000**

21 Share-based payment (Continued)

			For the year ended 31 December 2014 Number of share options				
Category	Note	Exercise Price HK$	Outstanding at 1 January 2014	Exercised during the year	Transfer (to)/from other categories during the year	Lapsed during the year	Outstanding at 31 December 2014
Directors	(i) (ii)	13.75	1,000,000	–	–	(1,000,000)	–
	(i) (iii)	19.30	500,000	–	–	–	500,000
Continuous contract employees	(i) (ii)	13.75	10,806,000	–	–	(10,806,000)	–
	(i) (iii)	19.30	12,030,000	–	(70,000)	(80,000)	11,880,000
Others	(i) (ii)	13.75	1,650,000	–	–	(1,650,000)	–
	(i) (iii)	19.30	860,000	–	70,000	(70,000)	860,000
			26,846,000	–	–	(13,606,000)	13,240,000

Notes:

(i) All the outstanding options were vested and exercisable as at 31 December 2015 and 2014. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

(ii) The share options were granted during the period from 25 November 2004 to 16 December 2004 under the 2003 Share Option Scheme at an exercise price of HK$13.75. The options are exercisable at any time within ten years from the date on which an offer is accepted or deemed to be accepted by the grantee under the 2003 Share Option Scheme from 25 November 2004 to 16 December 2004, which have already been lapsed during 2014.

(iii) The share options were granted during the period from 17 April 2007 to 19 April 2007 under the 2003 Share Option Scheme at an exercise price of HK$19.30. The options are exercisable at any time within ten years from the date on which an offer is accepted or deemed to be accepted by the grantee under the 2003 Share Option Scheme from 17 April 2007 to 19 April 2007.

(iv) Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	**Exercise price** HK$	**Number of share options** **2015**	2014
17 April 2017 to 19 April 2017	19.30	**12,980,000**	13,240,000

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

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

22 Borrowings

	2015 US$'000	2014 US$'000
Long term borrowings		
– secured	**249,766**	241,967
– unsecured	**1,540,992**	1,608,420
– loans from COSCO Finance Co., Ltd ("COSCO Finance")	**26,026**	–
	1,816,784	1,850,387
Amounts due within one year included under current liabilities	**(55,402)**	(419,956)
	1,761,382	1,430,431
Short term borrowings – unsecured		
– bank loans	**91,474**	9,806
– loans from COSCO Finance	**114,105**	–
	205,579	9,806

Notes:

(a) The maturity of long term borrowings is as follows:

	2015 US$'000	2014 US$'000
Bank loans		
Within one year	**55,402**	419,956
Between one and two years	**278,233**	142,804
Between two and five years	**907,037**	704,847
Over five years	**252,694**	285,919
	1,493,366	1,553,526
Loans from COSCO Finance		
Between one and two years	**26,026**	–
Notes (note b)		
Over five years	**297,392**	296,861
	1,816,784	1,850,387

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

	2015 US$'000	2014 US$'000
Principal amount	**300,000**	300,000
Discount on issue	**(2,040)**	(2,040)
Notes issuance cost	**(2,250)**	(2,250)
Net proceeds received	**295,710**	295,710
Accumulated amortised amounts of		
– discount on issue	**800**	547
– notes issuance cost	**882**	604
	297,392	296,861

10-year notes with principal amount of US$300,000,000 were issued by a subsidiary of the Company to investors on 31 January 2013. The notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320 per cent of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US$2,040,000. The notes bear interest from 31 January 2013, payable semi-annually in arrear on 31 January and 31 July of each year, commencing on 31 July 2013. The notes are guaranteed unconditionally and irrevocably by the Company and listed on the Stock Exchange. Unless previously redeemed or repurchased by the Company, the notes will mature on 31 January 2023 at their principal amount. The notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting the taxes of certain jurisdictions.

22 Borrowings (Continued)

(c) The exposure of long term borrowings to interest rate changes and the contractual repricing dates are as follows:

	Less than one year US$'000	Over five years US$'000	Total US$'000
At 31 December 2015			
Total borrowings	**1,519,392**	**297,392**	**1,816,784**
At 31 December 2014			
Total borrowings	1,553,526	296,861	1,850,387

(d) The carrying amounts of the long term borrowings and short term borrowings are denominated in the following currencies:

	2015 US$'000	2014 US$'000
US dollar	**1,388,455**	1,266,764
Renminbi	**384,142**	351,462
Euro	**249,766**	241,967
	2,022,363	1,860,193

The effective interest rates per annum at the balance sheet date were as follows:

	2015			2014		
	US$	**RMB**	**Euro**	US$	RMB	Euro
Bank loans and loans from COSCO Finance	**2.8%**	**4.2%**	**1.3%**	2.5%	5.7%	1.3%
Notes	**4.4%**	**N/A**	**N/A**	4.4%	N/A	N/A

(e) The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amounts		**Fair values**	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Bank loans and loans from COSCO Finance	**1,463,990**	1,133,570	**1,463,517**	1,132,029
Notes	**297,392**	296,861	**296,783**	296,568
	1,761,382	1,430,431	**1,760,300**	1,428,597

The fair values of the Group's non-current borrowings are determined based on cash flows discounted using a weighted average borrowing rate of 2.8% (2014: 2.5%) per annum.

(f) The carrying amounts of short term bank loans approximate their fair values.

(g) As at 31 December 2015, a bank loan of US$249,766,000 (2014: US$241,967,000) granted to a subsidiary of the Company was secured by certain other property, plant and equipment of the Group (note 7(f)) and the Company's interest in the subsidiary. Under the circumstances that the terms and conditions as included in the loan agreement were not met, bank balances of US$14,692,000 (2014: US$36,706,000) would be pledged as security (note 38(b)(iii)).

(h) As at 31 December 2015, the committed and undrawn borrowing facilities of the Group amounted to US$927,288,000 (2014: US$475,694,000).

23 Loans from non-controlling shareholders of subsidiaries

As at 31 December 2015 and 2014, balance of US$50,000,000 was unsecured, interest free and not repayable within next twelve months. The remaining balance in 2014 was repaid in 2015 or wholly repayable on or before February and October 2016 (note 25(d)).

The carrying values of the loans are not materially different from their fair values.

24 Other long term liabilities

	2015 US$'000	2014 US$'000
Deferred income	**28,768**	30,921
Others	**1,686**	1,879
	30,454	32,800
Less: current portion (note 25)	**(219)**	(903)
	30,235	31,897

25 Trade and other payables

	2015 US$'000	2014 US$'000
Trade payables (note a)		
– third parties	**21,604**	40,650
– fellow subsidiaries (note b)	**148**	58
– non-controlling shareholders of subsidiaries (note b)	**3,046**	7,835
– related companies (note b)	**143**	52,720
	24,941	101,263
Accruals	**36,199**	37,742
Other payables	**120,709**	139,623
Current portion of other long term liabilities (note 24)	**219**	903
Dividend payable	**7**	7
Loan from a joint venture (note c)	**30,030**	31,868
Loans from non-controlling shareholders of subsidiaries (note d)	**104,275**	57,973
Amounts due to (note b)		
– fellow subsidiaries	**200**	39
– non-controlling shareholders of subsidiaries	**10,080**	15,516
– joint ventures	**10,741**	351
– related companies	**316**	12
	337,717	385,297

25 Trade and other payables (Continued)

Notes:

(a) The ageing analysis of the trade payables based on invoice date is as follows:

	2015 US$'000	2014 US$'000
Within 30 days	**12,164**	61,085
31–60 days	**2,372**	4,180
61–90 days	**833**	18,429
Over 90 days	**9,572**	17,569
	24,941	101,263

(b) The balances are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers while the other balances have no fixed terms of repayment.

(c) Loan from a joint venture is unsecured, bears interest at 3.5% per annum and repayable within twelve months.

(d) Loans from non-controlling shareholders of subsidiaries are unsecured and repayable within twelve months. Balance of US$8,395,000 (2014: US$8,292,000) bears interest at 0.6% above 1-year US dollar London Interbank Offered Rate ("LIBOR") per annum. Balance of US$49,681,000 (2014: US$49,681,000) is interest free. Balance of US$15,400,000 (2014: Nil) bears interest at 6.0% per annum. Balance of US$30,799,000 (2014: Nil) bears interest at 4.1% per annum.

(e) The carrying amounts of trade and other payables are denominated in the following currencies:

	2015 US$'000	2014 US$'000
US dollar	**123,140**	201,280
Renminbi	**159,137**	134,447
Euro	**41,632**	41,729
Hong Kong dollar	**12,652**	7,101
Other currencies	**1,156**	740
	337,717	385,297

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

26 Other operating income

	2015 US$'000	2014 US$'000
Management fee and other service income	**5,189**	5,321
Dividend income on an available-for-sale financial asset	**2,214**	2,034
Write back of provision for impairment of trade receivables (note 18(a))	**895**	786
Bad debts recovered	**2,045**	–
Revaluation surplus of investment properties (note 8)	**1,219**	–
Rental income from		
– investment properties	**1,139**	1,315
– buildings, leasehold land and land use rights	**736**	802
Gain on disposal of property, plant and equipment	**1,357**	8,354
Net gain on liquidation of subsidiaries	**–**	811
Government subsidies	**4,827**	1,300
Others	**7,373**	2,226
	26,994	22,949

27 Operating profit

Operating profit is stated after charging the following:

	2015 US$'000	2014 US$'000
Charging:		
Amortisation of		
– land use rights	**5,353**	5,431
– intangible assets (note a)	**1,932**	2,069
– other non-current assets (note 16)	**1,586**	1,889
Depreciation of		
– owned property, plant and equipment leased out under operating leases	**123,417**	125,089
– other owned property, plant and equipment	**77,829**	77,247
Exchange loss, net	**14,177**	7,600
Loss on disposal of property, plant and equipment and intangible assets	**171**	1,167
Cost of inventories sold	**16,001**	40,848
Auditors' remuneration		
– current year	**1,041**	1,055
– underprovision in prior year	**–**	3
Revaluation deficit of investment properties (note 8)	**–**	289
Outgoings in respect of investment properties	**28**	6
Provision for impairment of trade receivables (note 18(a))	**1,022**	1,078
Provision for inventories	**1,204**	7,568
Rental expense under operating leases of		
– land and buildings leased from third parties	**3,238**	2,764
– buildings leased from a fellow subsidiary	**1,726**	1,569
– buildings leased from a joint venture	**33**	33
– land use rights leased from non-controlling shareholders of subsidiaries	**2,053**	1,106
– plant and machinery leased from third parties	**184**	590
– containers leased from third parties	**44,121**	33,048
– Concession (note 16)	**40,411**	46,790
Total staff costs (including directors' emoluments and retirement benefit costs) (note b):	**180,667**	195,214

Notes:

(a) Amortisation of intangible assets is included in administrative expenses in the consolidated income statement.

(b) Total staff costs do not include the amounts of benefits in kind provided to the Company's directors and the Group's employees in respect of the Company's share options granted prior to 2005 and staff quarters. Details of the Company's share options are set out in note 21 to the consolidated financial statements.

28 Finance income and costs

	2015 US$'000	2014 US$'000
Finance income		
Interest income on		
– bank balances and deposits	**15,228**	20,786
– deposits with COSCO Finance	**934**	–
– loans to joint ventures and an associate	**4,965**	4,952
	21,127	25,738
Finance costs		
Interest expenses on		
– bank loans	**(43,446)**	(52,749)
– notes	**(13,128)**	(13,128)
– loans from COSCO Finance	**(1,637)**	–
– loans from non-controlling shareholders of subsidiaries (note 23 and note 25(d))	**(5,448)**	(6,204)
– loan from a joint venture (note 25(c))	**(1,045)**	(1,034)
Amortised amount of		
– discount on issue of notes	**(253)**	(275)
– transaction costs on bank loans and notes	**(3,158)**	(3,342)
	(68,115)	(76,732)
Less: amount capitalised in construction in progress (note 7(g))	**5,993**	6,700
	(62,122)	(70,032)
Other incidental borrowing costs and charges	**(2,131)**	(2,474)
	(64,253)	(72,506)
Net finance costs	**(43,126)**	(46,768)

29 Income tax expenses

	2015 US$'000	2014 US$'000
Current income tax		
– Hong Kong profits tax	**(892)**	(101)
– Mainland China taxation	**(19,890)**	(19,963)
– Overseas taxation	**(20,314)**	(12,847)
– Over/(under) provision in prior years	**726**	(217)
	(40,370)	(33,128)
Deferred income tax charge (note 15)	**(783)**	(5,867)
	(41,153)	(38,995)

The Group's share of income tax expenses of joint ventures and associates of US$29,299,000 (2014: US$28,384,000) and US$16,813,000 (2014: US$14,764,000) are included in the Group's shares of profits less losses of joint ventures and associates respectively. The deferred income tax charge mainly represents the withholding income tax in respect of the undistributed profits for the year of the Group's subsidiaries, joint ventures and associates.

Hong Kong profits tax was provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

29 Income tax expenses (Continued)

Below is a numerical reconciliation between income tax expenses in the consolidated income statement and aggregate tax expense at the domestic rates applicable to profits in respective territories concerned:

	2015 US$'000	2014 US$'000
Profit before income tax from continuing operations	**364,714**	351,882
Less: Share of profits less losses of joint ventures and associates from continuing operations	**(181,140)**	(171,225)
	183,574	180,657
Aggregate tax at domestic rates applicable to profits in respective territories concerned	**22,382**	22,581
Income not subject to income tax	**(3,344)**	(6,094)
Expenses not deductible for income tax purposes	**1,798**	1,352
(Over)/under provision in prior years	**(726)**	217
Utilisation of previously unrecognised tax losses	**(61)**	(960)
Tax losses not recognised	**1,923**	4,534
Withholding income tax upon distribution of profits and payment of interest	**18,834**	17,465
Tax effect of change in tax rate	**(196)**	–
Others	**543**	(100)
Income tax expenses	**41,153**	38,995

Except for the income tax US$2,403,000 relating to the fair value adjustment upon transfer to investment properties (note 8) in 2014, there was no income tax relating to components of other comprehensive income for the years ended 31 December 2015 and 2014.

30 Earnings per share

(a) Basic

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

	2015	2014
Profit from continuing operations attributable to equity holders of the Company	**US$302,492,000**	US$292,759,000
Profit from discontinued operation attributable to equity holders of the Company	**US$79,152,000**	–
	US$381,644,000	US$292,759,000
Weighted average number of ordinary shares in issue	**2,945,443,161**	2,924,874,180
Basic earnings per share		
– from continuing operations	**US10.27 cents**	US10.01 cents
– from discontinued operation	**US2.69 cents**	–
	US12.96 cents	US10.01 cents

(b) Diluted

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

31 Dividends

	2015 US$'000	2014 US$'000
Interim dividend paid of US2.236 cents (2014: US2.016 cents) per ordinary share	**65,748**	58,712
Final dividend proposed of US2.948 cents (2014: US1.988 cents) per ordinary share	**87,454**	58,456
Additional dividends paid on shares issued due to issue of scrip dividends and exercise of share options before the closure of register of members:		
– 2015 interim	**17**	–
– 2014 interim	**–**	533
	153,219	117,701

Note:

At a meeting held on 29 March 2016, the directors recommended the payment of a final dividend of HK22.9 cents (equivalent to US2.948 cents) per ordinary share. The proposed dividend will be payable in cash and with a scrip dividend alternative. This proposed final dividend is not reflected as dividend payable in these consolidated financial statements until it has been approved at the annual general meeting, but will be reflected as an appropriation of retained profits for the year ending 31 December 2016.

32 Retirement benefit costs

The retirement benefit costs charged to the consolidated income statement represent contributions payable by the Group to the retirement benefit schemes and amounted to US$9,165,000 (2014: US$9,774,000). Contributions totaling US$1,573,000 (2014: US$1,647,000) were payable to the retirement benefit schemes as at 31 December 2015 and were included in trade and other payables. No forfeited contributions were available as at 31 December 2015 and 2014 to reduce future contributions.

33 Directors' and management's emoluments

(a) Directors' emoluments

The aggregate amounts of emoluments paid to directors of the Company during the year are set out as follows:

	2015 US$'000	2014 US$'000
Fees	**282**	282
Salaries, housing and other allowances	**1,403**	1,595
Benefits in kind	**4**	58
Bonuses	**308**	284
Contributions to retirement benefit schemes	**2**	2
	1,999	2,221

Directors' fees disclosed above include US$216,000 (2014: US$222,000) paid to independent non-executive directors. The Company did not grant any share options during the year ended 31 December 2015 and 2014.

As at 31 December 2015, one (2014: one) director of the Company had 500,000 (2014: 500,000) share options which are exercisable at HK$19.30 per share granted by the Company under the 2003 Share Option Scheme.

For the year ended 31 December 2015, no (2014: Nil) share option was exercised.

Details and movements of share options granted and exercised during the year are set out in note 21 to the consolidated financial statements.

33 Directors' and management's emoluments (Continued)

(a) Directors' emoluments (Continued)

The directors' emoluments are analysed as follows:

		Year ended 31 December 2015								
Name of directors	Note	Fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Housing and other allowances US$'000	Estimated money value of other benefits US$'000	Contributions to retirement benefit schemes US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	As management (note e) US$'000	Total US$'000
Mr. WAN Min	(i)	–	–	–	–	–	–	–	–	–
Mr. QIU Jinguang	(ii)	–	716	77	18	–	–	–	–	811
Mr. DENG Huangjun	(iii)	–	53	–	10	–	–	–	–	63
Mr. TANG Runjiang		15	–	–	–	–	–	–	–	15
Mr. FENG Bo		15	–	–	–	–	–	–	–	15
Mr. WANG Wei		15	–	–	–	–	–	–	–	15
Mr. WANG Haimin	(iv)	15	21	77	2	4	–	–	–	119
Mr. ZHANG Wei	(v)	6	–	–	–	–	–	–	–	6
Dr. WONG Tin Yau, Kelvin		–	356	77	18	–	2	–	–	453
Dr. FAN HSU Lai Tai, Rita		50	–	–	–	–	–	–	–	50
Mr. Adrian David LI Man Kiu		57	–	–	–	–	–	–	–	57
Mr. IP Sing Chi		41	–	–	–	–	–	–	–	41
Mr. FAN Ergang		34	–	–	–	–	–	–	–	34
Mr. LAM Yiu Kin	(v)	17	–	–	–	–	–	–	–	17
Mr. LI Yunpeng	(vi)	–	–	–	–	–	–	–	–	–
Mr. FENG Jinhua	(viii)	–	200	77	9	–	–	–	–	286
Mr. Timothy George FRESHWATER	(ix)	17	–	–	–	–	–	–	–	17
		282	1,346	308	57	4	2	–	–	1,999

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

		Year ended 31 December 2014 (Restated)								
Name of directors	Note	Fees US$'000	Salary US$'000	Discretionary bonuses US$'000	Housing and other allowances US$'000	Estimated money value of other benefits US$'000	Contributions to retirement benefit schemes US$'000	Remunerations paid or receivable in respect of accepting office as director US$'000	As management (note e) US$'000	Total US$'000
Mr. WAN Min	(i)	15	–	–	–	–	–	–	–	15
Mr. QIU Jinguang	(ii)	–	250	80	18	–	–	–	–	348
Mr. TANG Runjiang		15	–	–	–	–	–	–	–	15
Mr. FENG Bo		15	–	–	–	–	–	–	–	15
Mr. WANG Wei		15	–	–	–	–	–	–	–	15
Mr. WANG Haimin	(iv)	–	250	15	18	5	–	–	–	288
Dr. WONG Tin Yau, Kelvin		–	352	71	18	–	2	–	–	443
Dr. FAN HSU Lai Tai, Rita		50	–	–	–	–	–	–	–	50
Mr. Adrian David LI Man Kiu		57	–	–	–	–	–	–	–	57
Mr. IP Sing Chi		41	–	–	–	–	–	–	–	41
Mr. FAN Ergang		34	–	–	–	–	–	–	–	34
Mr. LI Yunpeng	(vi)	–	–	–	–	–	–	–	–	–
Dr. WANG Xingru	(vii)	–	414	103	7	53	–	–	–	577
Mr. FENG Jinhua	(viii)	–	250	15	18	–	–	–	–	283
Mr. Timothy George FRESHWATER	(ix)	40	–	–	–	–	–	–	–	40
		282	1,516	284	79	58	2	–	–	2,221

33 Directors' and management's emoluments (Continued)

(a) Directors' emoluments (Continued)

Notes:

(i) appointed as Chairman of the Board on 21 January 2015

(ii) appointed as Vice Chairman of the Board and Managing Director on 21 January 2015

(iii) appointed on 16 October 2015

(iv) re-designated from an executive director to a non-executive director and resigned as a Deputy Managing Director on 21 January 2015

(v) appointed on 14 August 2015

(vi) resigned on 21 January 2015

(vii) resigned on 4 July 2014

(viii) resigned on 16 October 2015

(ix) retired on 14 May 2015

The above analysis includes two (2014: two) directors whose emoluments were among the five highest in the Group.

(b) Management's emoluments

Details of the aggregate emoluments paid to three (2014: three) individuals whose emoluments were the highest in the Group and have not been included in the directors' emoluments above are set out below:

	2015 US$'000	2014 US$'000
Salaries and other allowances	**884**	911
Bonuses	**239**	258
Contributions to retirement benefit schemes	**6**	8
	1,129	1,177

The emoluments of the highest paid individuals fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
US$322,498–US$386,996 (HK$2,500,001–HK$3,000,000)	**2**	1
US$386,997–US$451,496 (HK$3,000,001–HK$3,500,000)	**1**	2
	3	3

(c) During the year, no emolument had been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

(d) No significant transactions, arrangements and contracts in relation to the group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(e) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes and housing allowance.

34 Financial guarantee contracts

The financial guarantees issued by the Group as at 31 December 2015 are analysed as below:

	2015 **US$'000**	2014 US$'000
Bank guarantees to an associate	–	13,613

The directors of the Company consider that it is not probable for a claim to be made against the Group under any of these guarantees as at the balance sheet date.

The fair value of the guarantee contracts is not material and has not been recognised.

35 Contingent Liabilities

A statement of claim was issued on 19 October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("ADK") against the Company and Piraeus Container Terminal S.A. ("Piraeus Terminal"), a wholly-owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff had claimed approximately Euro 5,800,000 (equivalent to approximately US$6,300,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 November 2010.

The Court of First Instance of Athens had issued and pronounced judgment on the case and had dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and had awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$33,000) against the plaintiff (ADK). The plaintiff had filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law.

The Athens Court of Appeals had issued and pronounced judgment on ADK's appeal and had dismissed the aforementioned appeal in its entirety and had upheld fully the judgment of the Court of First Instance. In addition, the Court of Appeals had awarded to the Company and Piraeus Terminal part of the legal expenses with respect to the appellate proceedings in the amount of Euro 600 (equivalent to approximately US$700) against the appellant (ADK). The aforesaid Court of Appeal's judgment was final and was subject only to an appeal before the Supreme Court, which had to be exclusively based on legal grounds. The time limit for the filing of such an appeal before the Supreme Court by the losing party (ADK) was 30 days from the date that an official copy of the aforesaid decision, legalised by the Court itself, was served on the ADK by bailiff of the Court. Such a copy of the judgement was served on ADK on 31 August 2015 and hence, the deadline for ADK to file an appeal was 30 September 2015. After confirming with its Greek legal counsel, the Group understands that ADK did not file an appeal during the aforementioned period. Therefore, the Court of Appeal's judgment was final and irrevocable. The Company and Piraeus Terminal had won the case and the ADK lawsuit was officially closed.

36 Capital commitments

The Group has the following significant capital commitments as at 31 December 2015:

	2015 US$'000	2014 US$'000
Contracted but not provided for		
– Containers	–	21,619
– Investments (note)	529,906	566,195
– Other property, plant and equipment	314,729	185,486
	844,635	773,300

The Group's share of capital commitments of the joint ventures themselves not included in the above are as follows:

	2015 US$'000	2014 US$'000
Contracted but not provided for	5,636	9,789

Note:

The capital commitments in respect of investments of the Group as at 31 December 2015 are as follows:

	2015 US$'000	2014 US$'000
Contracted but not provided for		
Investments in:		
– Qingdao Qianwan Container Terminal Co., Ltd.	64,997	64,997
– Antwerp Gateway NV	39,726	49,063
– Dalian Port Container Terminal Co., Ltd.	44,967	47,720
– Tianjin Port Euroasia International Container Terminal Co., Ltd.	108,106	114,725
– Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	92,399	98,055
– Others	113,162	121,012
	463,357	495,572
Terminal projects in:		
– Shanghai Yangshan Port Phase II	61,599	65,370
– Others	4,950	5,253
	66,549	70,623
	529,906	566,195

37 Operating lease arrangements/commitments

(a) Operating lease arrangements – where the Group is the lessor

As at 31 December 2015, the Group had future minimum lease receipts under non-cancellable operating leases as follows:

	2015 US$'000	2014 US$'000
Containers		
– not later than one year	**203,549**	256,171
– later than one year and not later than five years	**494,068**	608,601
– later than five years	**165,745**	276,401
	863,362	1,141,173
Generator sets		
– not later than one year	**366**	666
– later than one year and not later than five years	**546**	448
– later than five years	**21**	87
	933	1,201
Plant and machinery		
– not later than one year	**452**	23
– later than one year and not later than five years	**52**	78
	504	101
Buildings, leasehold land and land use rights		
– not later than one year	**3,040**	2,493
– later than one year and not later than five years	**1,396**	1,290
– later than five years	**350**	973
	4,786	4,756
Investment properties		
– not later than one year	**155**	657
– later than one year and not later than five years	**77**	1,093
	232	1,750
	869,817	1,148,981

The future lease receipts above do not include those lease contracts with the amount of future lease receipts depends on the timing of pick up and drop off of containers by lessees during the lease period of the contracts.

37 Operating lease arrangements/commitments (Continued)

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

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

	2015 US$'000	2014 US$'000
Buildings, leasehold land and land use rights		
– not later than one year	**6,227**	3,040
– later than one year and not later than five years	**4,637**	4,361
– later than five years	**2**	–
	10,866	7,401
Plant and machinery		
– not later than one year	**42**	93
– later than one year and not later than five years	**13**	37
	55	130
Containers (note)		
– not later than one year	**34,036**	44,059
– later than one year and not later than five years	**49,510**	81,226
	83,546	125,285
Concession (note 16)		
– not later than one year	**46,878**	41,690
– later than one year and not later than five years	**275,389**	228,268
– later than five years	**2,311,156**	3,526,157
	2,633,423	3,796,115
	2,727,890	3,928,931

Note:

The Group had entered into certain operating lease agreements from 2008 to 2014 for the disposal of certain containers and agreed to lease back these containers from the purchasers with the lease terms of five to six years for each agreement. The rental charges were determined based on terms agreed among the parties.

Pursuant to the operating lease agreement entered into in 2008, the lessor has granted a lease extension option to the Group, which is exercisable at least six months but not more than eight months before the original expiry date. If exercised, the lease term of all containers under the operating lease agreement will be extended for a further term of five years from the original expiry date. During 2012, the Group has exercised the lease extension option with same terms. The new expiry date of this operating lease agreement is in July 2018.

38 Notes to the consolidated cash flow statement

(a) Reconciliation of profit before income tax to cash generated from operations

	2015 US$'000	2014 US$'000
Profit before income tax including discontinued operation	**443,866**	351,882
Write back of provision	**(79,152)**	–
Depreciation and amortisation	**210,117**	211,725
Interest expenses	**58,711**	66,415
Amortised amount of		
– discount on issue of notes	**253**	275
– transaction costs on bank loans and notes	**3,158**	3,342
Other incidental borrowing costs and charges	**2,131**	2,474
Provision for impairment of trade receivables	**1,022**	1,078
Provision for inventories	**1,204**	7,568
Write off of inventories	**10**	–
Gain on disposal of property, plant and equipment and intangible assets, net	**(1,186)**	(7,187)
Dividend income on an available-for-sale financial asset	**(2,214)**	(2,034)
Net gain on liquidation of subsidiaries	**–**	(811)
Revaluation (surplus)/deficit of investment properties	**(1,219)**	289
Write back of provision for impairment of trade receivables	**(895)**	(786)
Interest income	**(21,127)**	(25,738)
Share of profits less losses of		
– joint ventures	**(107,581)**	(99,729)
– associates	**(73,559)**	(71,496)
Operating profit before working capital changes	**433,539**	437,267
Increase in finance lease receivables	**(9,833)**	(16,852)
Increase in prepaid agency fee for finance lease	**(16)**	(16)
Decrease in inventories	**15,208**	40,049
Increase in trade and other receivables	**(27,271)**	(3,257)
Increase in restricted bank deposits	**(48)**	(24)
(Increase)/decrease in amounts due from fellow subsidiaries	**(458)**	362
(Increase)/decrease in amount due from an associate	**(108)**	1,641
Decrease/(increase) in amount due from a joint venture	**47**	(68)
Decrease/(increase) in amounts due from non-controlling shareholders	**1,303**	(361)
Decrease in trade and other payables	**(10,002)**	(127)
Increase/(decrease) in amounts due to fellow subsidiaries	**160**	(153)
Decrease in amounts due to joint ventures	**(145)**	(47)
Increase in amounts due to related companies	**304**	6
Increase in amounts due to non-controlling shareholders of subsidiaries	**697**	1,455
Increase in other long term liabilities	**2,164**	9,444
Cash generated from operations	**405,541**	469,319

38 Notes to the consolidated cash flow statement (Continued)

(b) Analysis of the balances of cash and cash equivalents

	2015 US$'000	2014 US$'000
Total time deposits, bank balances and cash (note i)	**909,287**	1,116,479
Restricted bank deposits included in current assets	**(220)**	(172)
	909,067	1,116,307
Representing:		
Time deposits	**701,527**	948,401
Bank balances and cash	**137,734**	146,049
Balance placed with COSCO Finance (note iv)	**69,806**	21,857
	909,067	1,116,307

Notes:

(i) As at 31 December 2015, time deposits and bank balances of US$91,326,000 (2014: US$278,214,000) of the Group denominated in Renminbi and US dollar were held by certain subsidiaries with accounts placed in financial institutions operating in the PRC where exchange controls apply.

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

	2015 US$'000	2014 US$'000
US dollar	**435,474**	516,228
Renminbi	**412,262**	482,175
Euro	**15,922**	64,083
Hong Kong dollar	**43,770**	53,657
Other currencies	**1,639**	164
	909,067	1,116,307

(iii) Under the circumstances that the terms and conditions as included in the loan agreement were not met, bank balances of US$14,692,000 (2014: US$36,706,000) would be pledged as security for a banking facility granted to the Group (note 22(g)). As at 31 December 2015, there was no violation of the terms and conditions of this loan and thus such bank balances were not pledged.

(iv) Balances placed with COSCO Finance, a fellow subsidiary of the Group, bear interest at prevailing market rates.

39 Related party transactions

The Group is controlled by China COSCO which owns 44.83% of the Company's shares as at 31 December 2015. The parent company of China COSCO is COSCO.

COSCO is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO and its subsidiaries, other government related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO as well as their close family members.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO group companies for the interests of financial statements' users, although certain of those transactions which are individually or collectively not significant, and are exempted from disclosure upon adoption of HKAS 24 (Revised). The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

In addition to those disclosed elsewhere in the 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 year.

39 Related party transactions (Continued)

(a) Sales/purchases of goods, services and investments

	2015 US$'000	2014 US$'000
Container rental income from fellow subsidiaries (note i, xiv)		
– long term leases	**170,325**	172,877
– short term leases	**883**	197
Compensation for loss of containers from a fellow subsidiary (note ii, xiv)	**383**	528
Handling, storage and transportation income from fellow subsidiaries (note iii, xiv)	**1,672**	1,927
Management fee and service fee income from (note iv, xiv)		
– joint ventures	**4,373**	4,298
– associates	**616**	625
– an investee company	**100**	102
Terminal handling and storage income received from (note v, xiv)		
– fellow subsidiaries	**39,717**	42,159
– a non-controlling shareholder of a subsidiary	**42,106**	43,292
Container freight charges to subsidiaries of CIMC (note vi)	**(878)**	(1,588)
Container handling and logistics service fees to non-controlling shareholders of subsidiaries (note vii, xiv)	**(16,513)**	(19,985)
Electricity and fuel expenses paid to (note viii, xiv)		
– a fellow subsidiary	**(932)**	(611)
– non-controlling shareholders of subsidiaries	**(5,126)**	(5,385)
Approved continuous examination program fees to a fellow subsidiary (note ix, xiv)	**(1,300)**	–
Purchase of containers from subsidiaries of CIMC (note x)	**(163,883)**	(250,371)
Handling, storage and maintenance expenses paid to fellow subsidiaries (note xi, xiv)	**(1,081)**	(1,565)
High-frequency communication fee to non-controlling shareholders of subsidiaries (note xii, xiv)	**(128)**	(161)
Rental expenses paid to (note xiii, xiv)		
– a fellow subsidiary	**(1,726)**	(1,569)
– non-controlling shareholders of subsidiaries	**(5,176)**	(3,053)

Notes:

(i) The Group conducts long term container leasing business with COSCON. During the two years ended 31 December 2014 and 2015, the Group entered into new long term container leasing contracts/arrangements with COSCON. The Group's long term container leasing transactions with COSCON during the year were conducted by reference to, if applicable, the average of the available leasing rates quoted from five (2014: five) independent container leasing companies and in the ordinary and normal course of the business of the Group.

The other container leasing businesses with COSCON and other subsidiaries of COSCO were conducted at terms as agreed between the Group and respective parties in concern.

(ii) During the year the Group had compensation received and receivable of US$383,000 (2014: US$528,000) from COSCON for the loss of containers under operating leases, resulting in a profit of US$48,000 (2014: a loss of US$60,000).

(iii) The handling, storage and transportation income received from fellow subsidiaries of the Group were at terms as set out in the agreements entered into between the Group and these fellow subsidiaries.

(iv) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited, a joint venture of the Group, during the year. Management fee was charged and agreed at HK$20,000,000 (equivalent to US$2,580,000) (2014: HK$20,000,000 (equivalent to US$2,579,000)) per annum.

Other management fee and service fee income charged to joint ventures, associates and an investee company were agreed between the Group and the respective parties in concern.

39 Related party transactions (Continued)

(a) Sales/purchases of goods, services and investments (Continued)

(v) The terminal handling and storage income received from fellow subsidiaries and a non-controlling shareholder of a subsidiary in relation to the cargoes shipped from/to Zhangjiagang, Yangzhou, Quanzhou, Jinjiang, Xiamen and Nansha were charged at rates by reference to rates as set out by the Ministry of Communications of the PRC.

The container terminal handling and storage income received from fellow subsidiaries in relation to the cargoes shipped from/to Piraeus Ports were charged at rates as mutually agreed.

(vi) The container freight charges paid to subsidiaries of CIMC for container repositioning services rendered to the Group were charged at rates as mutually agreed.

(vii) The container handling and logistics service fees paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(viii) Electricity and fuel expenses paid to a fellow subsidiary and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(ix) Approved continuous examination program fees of US$1,300,000 to COSCON in connection with the containers leased to COSCON on a long term basis were agreed between the Group and COSCON for the year ended 31 December 2015.

(x) The purchases of containers from subsidiaries of CIMC were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.

(xi) Handling, storage and maintenance expenses paid to fellow subsidiaries were charged at rates as mutually agreed.

(xii) High-frequency communication fee paid to non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(xiii) Rental expenses paid to a fellow subsidiary and non-controlling shareholders of subsidiaries were charged at rates as mutually agreed.

(xiv) The transactions represent continuing connected transactions which has complied with the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules").

(b) Balances with state-owned banks

	2015 US$'000	2014 US$'000
Bank deposit balances		
– in Mainland China	**21,519**	116,358
– outside Mainland China	**668,950**	770,469
Long term bank loans		
– in Mainland China	**258,027**	382,316
– outside Mainland China	**1,006,918**	765,634
Short term bank loans		
– in Mainland China	**15,400**	9,806
– outside Mainland China	**76,075**	–
Committed and undrawn bank borrowing facilities		
– in Mainland China	**327,912**	357,546
– outside Mainland China	**529,376**	18,148

The deposits and loans with state-owned banks were in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern.

39 Related party transactions (Continued)

(c) Balances with government related entities

	2015 US$'000	2014 US$'000
Other payable to a government port authority	**6,429**	10,074

The balance represented the port construction levies collected by a subsidiary of the Group on behalf of the port authority in Zhangjiagang pursuant to a notice issued by the Ministry of Communications of the PRC. The balance is unsecured, interest free and have no fixed terms of repayment.

(d) Key management compensation

	2015 US$'000	2014 US$'000
Fees	**15**	–
Salaries, bonuses and other allowances	**3,147**	3,445
Contributions to retirement benefit schemes	**13**	13
	3,175	3,458

Key management includes directors of the Company and four (2014: four) senior management members of the Group.

The emoluments of the senior management members fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
US$257,998–US$322,497 (HK$2,000,001–HK$2,500,000)	**1**	–
US$322,498–US$386,996 (HK$2,500,001–HK$3,000,000)	**2**	2
US$386,997–US$451,496 (HK$3,000,001–HK$3,500,000)	**1**	2
	4	4

40 Events after the reporting period

On 18 March 2016, the Company completed its acquisition of all the shares in China Shipping Ports Development Co., Limited ("CSPD") for a total consideration of approximately US$1,163,770,000 (subject to completion accounts adjustments). The Company acquired 51% and 49% of the shares in CSPD from China Shipping (Hong Kong) Holdings Co., Limited and China Shipping Container Lines Company Limited, respectively. CSPD therefore became a wholly owned subsidiary of the Company subsequent to the end of the financial year ended 31 December 2015.

On 24 March 2016, the Company completed the disposal of all the shares in Florens Container Holdings Limited ("FCHL", representing the container leasing, management and sales, and related businesses of the Group) to China Shipping Container Lines (Hong Kong) Co., Limited ("CSCLHK") for a total consideration of approximately US$1,223,725,000 (subject to completion accounts adjustments). The results arising from the disposal depending on the net asset value and the exchange reserves to be released, with reference to the completion accounts. The completion audit was not finished at the report date. The FCHL's shareholder's loans in the aggregate sum of US$285,000,000 were transferred on the same day to CSCLHK at the consideration of US$285,000,000. Upon completion of the disposal, FCHL ceased to be a subsidiary of the Company.

Upon completion of the above transactions, a special cash dividend of HK80 cents per share is committed to be distributed.

41 Balance sheet and reserve movement of the Company

(a) Balance sheet of the Company

	Note	2015 US$'000	2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**186**	73
Subsidiaries		**2,898,539**	2,105,964
Amounts due from subsidiaries		**91,710**	563,419
		2,990,435	2,669,456
Current assets			
Other receivables		**2,417**	3,924
Amounts due from subsidiaries		**1,823,706**	1,534,035
Cash and cash equivalents		**389,310**	736,821
		2,215,433	2,274,780
Total assets		**5,205,868**	4,944,236
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**38,090**	37,753
Reserves	(b)	**3,282,478**	3,198,088
Total equity		**3,320,568**	3,235,841
LIABILITIES			
Non-current liabilities			
Long term borrowings		**395,600**	–
Current liabilities			
Other payables		**9,214**	1,941
Current income tax liabilities		**–**	79,152
Loan due to a subsidiary		**296,610**	296,610
Amounts due to subsidiaries		**1,183,876**	1,150,692
Current portion of long term borrowings		**–**	180,000
		1,489,700	1,708,395
Total liabilities		**1,885,300**	1,708,395
Total equity and liabilities		**5,205,868**	4,944,236

On behalf of the Board

QIU Jinguang
Vice Chairman and Managing Director

WONG Tin Yau, Kelvin
Executive Director and Deputy Managing Director

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

(b) Reserve movement of the Company

	Share Premium US$'000	Contributed surplus (note) US$'000	Share option reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2015	**1,609,779**	**414,214**	**8,419**	**1,165,676**	**3,198,088**
Profit for the year	**–**	**–**	**–**	**175,129**	**175,129**
Issue of shares on settlement of scrip dividends	**33,482**	**–**	**–**	**–**	**33,482**
Transfer of reserve upon lapse of share options	**–**	**–**	**(165)**	**165**	**–**
Dividends					
– 2014 final	**–**	**–**	**–**	**(58,456)**	**(58,456)**
– 2015 interim	**–**	**–**	**–**	**(65,765)**	**(65,765)**
At 31 December 2015	**1,643,261**	**414,214**	**8,254**	**1,216,749**	**3,282,478**
Representing:					
Reserves	**1,643,261**	**414,214**	**8,254**	**1,129,295**	**3,195,024**
2015 final dividend proposed	**–**	**–**	**–**	**87,454**	**87,454**
At 31 December 2015	**1,643,261**	**414,214**	**8,254**	**1,216,749**	**3,282,478**
At 1 January 2014	1,572,097	414,214	8,514	1,140,624	3,135,449
Profit for the year	–	–	–	140,550	140,550
Issue of shares on settlement of scrip dividends	37,682	–	–	–	37,682
Transfer of reserve upon lapse of share options	–	–	(95)	95	–
Dividends					
– 2013 final	–	–	–	(56,383)	(56,383)
– 2014 interim	–	–	–	(59,245)	(59,245)
Unclaimed dividend forfeited	–	–	–	35	35
At 31 December 2014	1,609,779	414,214	8,419	1,165,676	3,198,088
Representing:					
Reserves	1,609,779	414,214	8,419	1,107,220	3,139,632
2014 final dividend proposed	–	–	–	58,456	58,456
At 31 December 2014	1,609,779	414,214	8,419	1,165,676	3,198,088

Note:

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital and the net asset value of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders.

42 Details of subsidiaries

Details of the subsidiaries as at 31 December 2015 are as follows:

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/paid-up capital	Group equity interest 2015	2014
2	Allgood International Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
	Cheer Hero Development Limited	Hong Kong	Hong Kong	Container handling, storage and stevedoring	HK$100,000 divided into 10,000 ordinary shares	**77.00%**	77.00%
	COSCO Container Services Limited	Hong Kong	Hong Kong	Investment holding, depot handling, storage and container repairing	HK$2 divided into 2 ordinary shares	**100.00%**	100.00%
1, 2, 3	COSCO Pacific (China) Investments Co., Ltd.	PRC	PRC	Investment holding	US$147,000,000	**100.00%**	100.00%
1	COSCO Pacific Finance (2003) Company Limited	British Virgin Islands	Hong Kong	Financing	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO Pacific Finance (2013) Company Limited	British Virgin Islands	Hong Kong	Financing	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO Pacific Logistics Company Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO Pacific Management Company Limited	Hong Kong	Hong Kong	Investment holding and provision of management services	HK$2 divided into 2 ordinary shares	**100.00%**	100.00%
1, 2	COSCO Pacific Nominees Limited	British Virgin Islands	Hong Kong	Provision of nominee services	1 ordinary share of US$1	**100.00%**	100.00%
	COSCO Pacific Property Limited	British Virgin Islands	Hong Kong	Property holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (ACT) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Antwerp) NV	Belgium	Belgium	Investment holding	Euro61,500 divided into 2 shares with no face value	**100.00%**	100.00%
	COSCO Ports (Belgium) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share	**100.00%**	100.00%
2	COSCO Ports (Dalian) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Dalian RoRo) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Europe) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Fuzhou) Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO Ports (Greece) S.à r.l.	Luxembourg	Luxembourg	Investment holding	Euro512,500	**100.00%**	100.00%
2	COSCO Ports (Guangzhou) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Haikou) Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
1	COSCO Ports (Holdings) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Hong Kong) Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO Ports (Istanbul) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share	**100.00%**	–
2	COSCO Ports (Lian Yun Gang) Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Nanjing) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%

42 Details of subsidiaries (Continued)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/paid-up capital	Group equity interest 2015	2014
	COSCO Ports (Nansha) Limited	British Virgin Islands	Hong Kong	Investment holding	US$10,000	**66.10%**	66.10%
2	COSCO Ports (Netherlands) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Ningbo Beilun) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Panama) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Port Said) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Pudong) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Qianwan) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Qingdao) Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Quanzhou) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Quanzhou Jinjiang) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2, 4	COSCO Ports (Rotterdam) Coöperatief U.A.	Netherlands	Netherlands	Inactive	–	**100.00%**	100.00%
2	COSCO Ports (Services) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Singapore) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
	COSCO Ports (Taiwan Kaohsiung) Limited	Hong Kong	Hong Kong	Investment holding	HK$1 divided into 1 ordinary share	**100.00%**	100.00%
2	COSCO Ports (Tianjin) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Tianjin North Basin) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Xiamen Haicang) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
1, 2	COSCO Ports (Yangshan) Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Yangzhou) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Yingkou) Limited	British Virgin Islands	Hong Kong	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%
2	COSCO Ports (Zhenjiang) Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
	COSCO Ports (Zhenjiang Terminal) Limited	Hong Kong	Hong Kong	Inactive	HK$1 divided into 1 ordinary share	**100.00%**	100.00%
1	CPL Treasury Limited	British Virgin Islands	Hong Kong	Provision of treasury services	1 ordinary share of US$1	**100.00%**	100.00%
	Crestway International Limited	British Virgin Islands	Hong Kong	Investment holding	50,000 ordinary shares of US$1 each	**100.00%**	100.00%
1, 2	Elegance Investment Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
	Fairbreeze Shipping Company Limited	Hong Kong	Hong Kong	Property investment	HK$500,000 divided into 5,000 ordinary shares	**100.00%**	100.00%
2	Famous International Limited	British Virgin Islands	Worldwide	Investment holding	1 ordinary share of US$1	**100.00%**	100.00%

42 Details of subsidiaries (Continued)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/paid-up capital	Group equity interest 2015	2014
2, 3	Florens (China) Company Limited	PRC	PRC	Container leasing and resale of old containers	US$12,800,000	**100.00%**	100.00%
2, 3, 5	Florens (Tianjin) Finance Leasing Co., Ltd.	PRC	PRC	Financing leasing	US$50,000,000	**50.00%**	50.00%
5	Florens Capital Management Company Limited	Hong Kong	Hong Kong	Investment holding	HK$2,000 divided into 2,000 ordinary shares	**50.00%**	50.00%
	Florens Container (Macao Commercial Offshore) Limited	Macau	Worldwide	Sale of containers and administration of marine shipping container activities	1 quota of MOP100,000	**100.00%**	100.00%
	Florens Container Corporation S.A.	Panama	Worldwide	Container leasing	100 ordinary shares of US$100 each	**100.00%**	100.00%
1	Florens Container Holdings Limited	British Virgin Islands	Hong Kong	Investment holding	22,014 ordinary shares of US$1 each	**100.00%**	100.00%
	Florens Container Inc.	United States of America	United States of America	Investment holding and container leasing	1 ordinary share of US$1	**100.00%**	100.00%
	Florens Container, Inc. (1998)	United States of America	United States of America	Leasing of generator sets	100 ordinary shares of US$1 each	**100.00%**	100.00%
6	Florens Container Inc. (1999)	United States of America	United States of America	Leasing of generator sets	100 ordinary shares of US$1 each	**–**	100.00%
6	Florens Container, Inc. (2000)	United States of America	United States of America	Information technology development and software maintenance	100 ordinary shares of US$1 each	**–**	100.00%
6	Florens Container, Inc. (2001)	United States of America	United States of America	Container leasing	1 ordinary share of US$1	**–**	100.00%
	Florens Container, Inc. (2002)	United States of America	United States of America	Sale of old containers	1 ordinary share of US$1	**100.00%**	100.00%
	Florens Container, Inc. (2003)	United States of America	United States of America	Sale of old containers	1 ordinary share of US$1	**100.00%**	100.00%
	Florens Container Services Company Limited	Hong Kong	Worldwide	Provision of container management services	HK$100 divided into 100 ordinary shares	**100.00%**	100.00%
2	Florens Container Services (Australia) Pty Limited	Australia	Australia	Provision of container management services	100 ordinary shares of AUD1 each	**100.00%**	100.00%
2	Florens Container Services (Deutschland) GmbH.	Germany	Germany	Provision of container management services	2 shares of Euro12,782.30 each	**100.00%**	100.00%
2	Florens Container Services (Italy) S.R.L.	Italy	Italy	Provision of container management services	20,000 quotas of Euro 0.52 each	**100.00%**	100.00%
2, 3	Florens Container Services (Shenzhen) Co., Ltd.	PRC	PRC	Container leasing, sale, management and auxiliary services	US$500,000	**100.00%**	100.00%
	Florens Container Services (Singapore) Pte., Ltd.	Singapore	Singapore	Provision of container management services	1,000 ordinary shares of SGD1 each	**100.00%**	100.00%
2	Florens Container Services (UK) Limited	United Kingdom	United Kingdom	Provision of container management services	183,610 ordinary shares of GBP1 each	**100.00%**	100.00%
	Florens Container Services (USA), Ltd.	United States of America	United States of America	Container manager and provision of container management services	1,000 ordinary shares of US$0.001 each	**100.00%**	100.00%
1, 2	Florens Industrial Holdings Limited	Bermuda	Hong Kong	Inactive	12,000 ordinary shares of US$1 each	**100.00%**	100.00%
	Florens Management Services (Macao Commercial Offshore) Limited	Macau	Macau	Provision of container management services	1 quota of MOP100,000	**100.00%**	100.00%
	Florens Maritime Limited	Bermuda	Worldwide	Container leasing	12,000 ordinary shares of US$1 each	**100.00%**	100.00%
	Florens Shipping Corporation Limited	Bermuda	Worldwide	Container leasing	12,000 ordinary shares of US$1 each	**100.00%**	100.00%
2	Fota Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%

42 Details of subsidiaries (Continued)

	Name	Place of incorporation/ establishment	Place of operation	Principal activities	Issued share capital/paid-up capital	Group equity interest 2015	2014
2	Frosti International Limited	British Virgin Islands	Hong Kong	Investment holding	2 ordinary shares of US$1 each	**100.00%**	100.00%
	Greating Services Limited	Hong Kong	Hong Kong	Transportation of containers	HK$250,000 divided into 250,000 ordinary shares	**100.00%**	100.00%
2, 3	Guangzhou South China Oceangate Container Terminal Company Limited	PRC	PRC	Operation of container terminals	RMB1,928,293,400	**39.00%**	39.00%
1, 2	Hang Shing Investment Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
2, 3	Jinjiang Pacific Ports Development Co., Ltd.	PRC	PRC	Operation of terminals	US$49,900,000	**80.00%**	80.00%
2	Loson Investment Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
1	Piraeus Container Terminal S.A.	Greece	Greece	Operation of container terminals	Euro77,299,800	**100.00%**	100.00%
2	Plangreat Limited	British Virgin Islands	Hong Kong	Investment holding	100 ordinary shares of US$1 each	**100.00%**	100.00%
2, 3	Quan Zhou Pacific Container Terminal Co., Ltd.	PRC	PRC	Operation of terminals	US$80,770,000	**82.35%**	82.35%
1, 2	Topview Investment Limited	British Virgin Islands	Hong Kong	Inactive	1 ordinary share of US$1	**100.00%**	100.00%
	Win Hanverky Investments Limited	Hong Kong	Hong Kong	Investment holding	HK$100,000 divided into 10,000 ordinary shares	**100.00%**	100.00%
2, 3	Xiamen Haitou Tongda Terminal Co., Ltd.	PRC	PRC	Operation of container terminals	RMB150,000,000	**70.00%**	70.00%
2, 3	Xiamen Ocean Gate Container Terminal Co., Ltd.	PRC	PRC	Operation of container terminals	RMB1,627,480,000	**70.00%**	70.00%
2, 3	Yangzhou Yuanyang International Ports Co., Ltd.	PRC	PRC	Operation of terminals	US$69,600,000	**55.59%**	55.59%
2, 3	Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	PRC	PRC	Operation of container terminals	US$36,800,000	**51.00%**	51.00%
2, 3	上海蛙遠實業有限公司	PRC	PRC	Investment holding	RMB200,000	**100.00%**	–

1 Shares held directly by the Company.

2 Subsidiaries not audited by PricewaterhouseCoopers.

3 COSCO Pacific (China) Investments Co., Ltd., Florens (China) Company Limited, Florens (Tianjin) Finance Leasing Co., Ltd. and Florens Container Services (Shenzhen) Co., Ltd. are wholly foreign-owned enterprises. Guangzhou South China Oceangate Terminal Company Limited, Jinjiang Pacific Ports Development Co., Ltd., Quan Zhou Pacific Container Terminal Co., Ltd., Xiamen Haitou Tongda Terminal Co., Ltd., Xiamen Ocean Gate Container Terminal Co., Ltd., Yangzhou Yuanyang International Ports Co., Ltd. and Zhangjiagang Win Hanverky Container Terminal Co., Ltd. are sino-foreign equity joint ventures established in the PRC.

4 As at 31 December 2015, there is no issued share capital and paid up capital for this subsidiary.

5 The directors of the Company considered that the Group remains to have control through its representatives on the board of directors of Florens Capital Management Company Limited ("FCMCL") and Florens (Tianjin) Finance Leasing Co., Ltd. ("FFLTJ") and therefore classified FCMCL and FFLTJ as subsidiaries as at 31 December 2015 and 2014.

6 Subsidiaries merged to Florens Container, Inc. (1998) during 2015.

43 Details of joint ventures

Details of the principal joint ventures as at 31 December 2015, which principally affect the results and/or net assets of the Group, are as follows:

Name	Place of incorporation/ establishment	Principal activities	Paid-up capital	Percentage of interest in ownership/voting power/profit sharing 2015	2014
Cheer Dragon Investment Limited (note i)	Hong Kong	Investment holding	HK$3 divided into 3 ordinary shares	**33.33%**	33.33%
China Ports Shipping Consortium Coöperatief U.A. (note ii)	Netherlands	Financial holdings	–	**–**	33.33%
COSCO-HIT Terminals (Hong Kong) Limited	Hong Kong	Operation of container terminals	HK$20 divided into 2 "A" ordinary shares HK$20 divided into 2 "B" ordinary shares HK$40 divided into 4 non-voting 5% deferred shares	**50.00%**	50.00%
COSCO-HPHT ACT Limited (note iii)	British Virgin Islands	Investment holding	1,000 ordinary shares of US$1 each	**50.00%**	50.00%
Qingdao Port Dongjiakou Ore Terminal Co., Ltd.	PRC	Operation of iron ore terminal	RMB1,400,000,000	**25.00%/ 22.22%/ 25.00%**	25.00% 22.22%/ 25.00%
COSCO-PSA Terminal Private Limited	Singapore	Operation of container terminals	SGD65,900,000	**49.00%/ 50.00%/ 49.00%**	49.00%/ 50.00%/ 49.00%
Euro-Asia Oceangate S.à r.l. (note iv)	Luxembourg	Investment holding	US$30,000	**40.00%**	–
Nanjing Port Longtan Container Co., Ltd.	PRC	Operation of container terminals	RMB1,544,961,839	**16.14%/ 22.20%/ 16.14%**	20.00%/ 22.20%/ 20.00%
Ningbo Yuan Dong Terminals Limited	PRC	Operation of container terminals	RMB2,500,000,000	**20.00%**	20.00%
Panama International Terminals, S.A.	Panama	Inactive	300 ordinary shares with no face value	**50.00%**	50.00%
Piraeus Consolidation and Distribution Centre S.A.	Greece	Storage, consolidation and distribution	Euro1,000,000	**50.00%/ 60.00%/ 50.00%**	50.00%/ 60.00%/ 50.00%
Qingdao Qianwan Container Terminal Co., Ltd.	PRC	Operation of container terminals	US$308,000,000	**20.00%/ 18.18%/ 20.00%**	20.00%/ 18.18%/ 20.00%
Shanghai Pudong International Container Terminals Limited	PRC	Operation of container terminals	RMB1,900,000,000	**30.00%**	30.00%
Tianjin Port Euroasia International Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB1,260,000,000	**30.00%/ 28.60%/ 30.00%**	30.00%/ 28.60%/ 30.00%
Xiamen Haicang Free Trade Port Zone Container Inspection Co., Ltd.	PRC	Container stevedoring, storage, inspection and auxiliary services	RMB10,000,000	**22.40%/ 33.33%/ 22.40%**	22.40%/ 33.33%/ 22.40%
Yingkou Container Terminals Company Limited	PRC	Operation of container terminals	RMB8,000,000	**50.00%/ 57.14%/ 50.00%**	50.00%/ 57.14%/ 50.00%

43 Details of joint ventures (Continued)

Notes:

(i) Cheer Dragon Investment Limited ("Cheer Dragon") effectively holds 30% equity interest in Kao Ming Container Terminal Corp., which engages in container terminal operations in Taiwan, and is considered as an associate of Cheer Dragon.

(ii) This joint venture was dissolved during the year.

(iii) COSCO-HPHT ACT Limited ("COSCO-HPHT ACT") effectively holds 80% equity interest in Asia Container Terminals Limited, which engages in the operation, management and development of container terminals in Hong Kong, and is considered as a subsidiary of COSCO-HPHT ACT.

(iv) Euro-Asia Oceangate S.à r.l. effectively holds 65% equity interest in Kumport Terminal, which engages in container terminal operations in Turkey, and is considered as a subsidiary of Euro-Asia Oceangate S.à r.l..

44 Details of associates

Details of the associates as at 31 December 2015, which principally affect the results and/or net assets of the Group, are as follows:

Name	Place of establishment/ operation	Principal activities	Issued share capital/registered capital	Group equity interest	
				2015	2014
Antwerp Gateway NV	Belgium	Operation of container terminals	Euro17,900,000	**20.00%**	20.00%
Dalian Automobile Terminal Co., Ltd.	PRC	Construction and operation of automobile terminals	RMB320,000,000	**30.00%**	30.00%
Dalian Port Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB730,000,000	**20.00%**	20.00%
Dawning Company Limited	British Virgin Islands	Investment holding	200 "A" shares of US$1 each and 800 "B" shares of US$1 each	**20.00%**	20.00%
Sigma Enterprises Limited (note)	British Virgin Islands	Investment holding	2,005 "A" shares of US$1 each and 8,424 "B" shares of US$1 each	**16.49%**	16.49%
Suez Canal Container Terminal S.A.E.	Egypt	Operation of container terminals	1,856,250 ordinary shares of US$100 each	**20.00%**	20.00%
Taicang International Container Terminal Co., Ltd.	PRC	Operation of container terminals	RMB450,800,000	**39.04%**	39.04%
Wattrus Limited (note)	British Virgin Islands	Investment holding	32 "A" shares of US$1 each and 593 "B" shares of US$1 each	**5.12%**	5.12%

Note:

The directors of the Company considered that the Group has significant influence over Sigma and Wattrus through its representatives on the boards of directors of Sigma and Wattrus with 20% voting rights respectively and therefore classified Sigma and Wattrus as associates as at 31 December 2015 and 2014.

Five-Year Financial Summary

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenues	**798,151**	870,091	798,626	735,500	599,159
Operating profit after finance income and costs	**183,574**	180,657	180,392	159,336	126,051
Share of profits less losses of					
– joint ventures	**107,581**	99,729	81,406	96,461	96,638
– associates (note 3)	**73,559**	71,496	95,563	126,577	179,290
Net gain on disposal of a joint venture/ an associate (note 4)	**–**	–	393,411	–	12,557
Write back of provision (note 5)	**79,152**	–	–	–	–
Gain on release of exchange reserve upon reclassification from a joint venture to a subsidiary	**–**	–	–	–	11,841
Profit before income tax	**443,866**	351,882	750,772	382,374	426,377
Income tax expenses	**(41,153)**	(38,995)	(33,497)	(27,905)	(28,771)
Profit for the year	**402,713**	312,887	717,275	354,469	397,606
Profit attributable to:					
Equity holders of the Company	**381,644**	292,759	702,676	342,194	388,771
Non-controlling interests	**21,069**	20,128	14,599	12,275	8,835
	402,713	312,887	717,275	354,469	397,606
Dividends	**153,219**	117,701	282,253	138,474	155,416
Basic earnings per share (US cents)	**12.96**	10.01	24.95	12.51	14.34
Dividend per share (US cents)	**5.184**	4.004	9.980	5.004	5.736

	As at 31 December				
	2015	2014	2013	2012	2011
	US$'000	US$'000	US$'000	US$'000	US$'000
Total assets	**7,671,574**	7,616,710	7,551,304	7,363,858	6,472,184
Total liabilities	**(2,498,714)**	(2,558,048)	(2,707,810)	(3,146,465)	(2,592,025)
Net assets	**5,172,860**	5,058,662	4,843,494	4,217,393	3,880,159

Notes:

1 The consolidated results of the Group for the two years ended 31 December 2015 and the assets and liabilities of the Group as at 31 December 2015 have been extracted from the audited consolidated financial statements of the Group as set out on pages 112 to 118 of the annual report.

2 The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) on 26 July 1994.

3 Balances included share of profit of CIMC, which was classified as a discontinued operation in 2013.

4 Balances included the net gain on disposal of CIMC in 2013 which was classified as discontinued operation in 2013.

5 The balance represents the write back of provision for the disposal of 21.8% equity interest in CIMC in 2013.

Historical Statistics Summary

Operating statistics		2006	2007
Consolidated income statement	US$M		
Revenues			
Terminals		20.9	43.3
Container leasing, management, sale and related businesses		269.0	247.9
Container handling, transportation and storage		7.6	7.7
Elimination of inter-segment		–	–
Total		297.5	298.9
EBITDA		462.6	574.2
Depreciation & amortisation		(88.1)	(84.0)
EBIT		374.5	490.2
Interest expenses		(43.4)	(49.9)
Interest income		12.6	10.5
Profit before income tax		343.7	450.8
Operating profit after finance income and costs		169.5	172.8
Profit attributable to equity holders of the Company		291.1	427.8
Breakdown of profit attributable to equity holders of the Company			
Terminals and related businesses		100.6	120.6
Container leasing, management, sale and related businesses		166.4	92.3
Container manufacturing and related businesses		16.9 Note 1	123.5 Note 1
Logistics and related businesses		18.4	19.7
Other operations		12.8	98.4
Net corporate finance income/(costs)		(13.3)	(14.5)
Net corporate income/(expenses)		(10.7)	(12.2)
Total		291.1	427.8
Consolidated balance sheet			
Consolidated total assets		2,987.2	3,871.6
Consolidated total liabilities		779.0	1,096.9
Consolidated net assets		2,208.2	2,774.7
Consolidated total debts		531.6	914.0
Consolidated cash balances		224.7	387.4
Consolidated net debts		306.9	526.6
Per share data			
Capital and reserves attributable to the equity holders of the Company per share	US$	0.97	1.21
Basic earnings per share	US cents	13.14	19.09
Dividend per share	US cents	8.847	9.406
Net asset value per share	US$	0.99	1.24
Net asset value per share	HK$	7.704	9.637
Share price (as at 31 December)	US$	2.349	2.668
	HK$	18.26	20.80
Ratios			
P/E (as at 31 December)	Times	17.9	14.0
Dividend payout ratio	%	56.6 Note 2	56.6 Note 2
Return on total assets	%	10.0	12.5
Return on net assets	%	14.2	17.2
Return on equity holders of the Company	%	14.4	17.5
Net debt-to-total equity ratio	%	13.9	19.0
Interest coverage	Times	8.8	10.0
Other information			
Total number of shares issued (as at 31 December)	M	2,228.7	2,244.9
Weighted average number of ordinary shares issued	M	2,214.7	2,240.3
Market capitalisation (as at 31 December)	US$M	5,234.1	5,988.4

Notes:

1. The amount in 2006 & 2007 included the financial effect of put options associated with the CIMC share reform.

2. The financial effect of put options associated with the CIMC share reform was excluded in the calculation of dividend payout ratio of year 2006 & 2007.

3. The comparative figures from 2006 to 2008 for the breakdown of profit attributable to equity holders of the Company as presented above have been restated as a result of the adoption of Hong Kong financial Reporting Standard 8 "Operating Segments" issues.

2008	2009	2010	2011	2012	2013	2014	2015
78.7	114.9	190.8	320.1	398.5	452.2	514.7	483.8
252.6	229.8	250.9	276.5	336.2	347.7	357.1	315.7
6.7	4.7	4.8	3.3	3.7	2.9	2.3	2.9
–	–	–	(0.7)	(2.9)	(4.2)	(4.0)	(4.2)
338.0	349.4	446.5	599.2	735.5	798.6	870.1	798.2
413.6	321.4	516.6	621.9	618.3	1,007.7	610.4	697.2
(92.6)	(98.3)	(111.8)	(142.2)	(167.9)	(190.5)	(211.7)	(210.1)
321.0	223.1	404.8	479.7	450.4	817.2	398.7	487.1
(52.7)	(39.8)	(29.4)	(58.4)	(77.3)	(84.5)	(72.5)	(64.3)
6.9	6.0	6.5	5.1	9.2	18.1	25.7	21.1
275.2	189.3	381.9	426.4	382.3	750.8	351.9	443.9
120.0	66.1	90.4	126.1	159.3	180.4	180.7	183.6
274.7	172.5	361.3	388.8	342.2	702.7	292.8	381.6
120.6	83.5	119.9	184.9	189.0	186.8	221.0	233.7
115.0	71.4	96.3	116.5	139.5	125.2	95.8	82.8
39.3	30.9	91.9	119.8	61.9	416.5	–	79.2
25.0	25.6	84.7	–	–	–	–	–
–	–	–	–	–	–	–	–
(9.7)	(9.6)	(1.9)	(0.6)	(1.9)	10.7	32.0	27.7
(15.5)	(29.3)	(29.6)	(31.8)	(46.3)	(36.5)	(56.0)	(41.8)
274.7	172.5	361.3	388.8	342.2	702.7	292.8	381.6
4,213.2	4,635.3	5,251.9	6,472.2	7,363.9	7,551.3	7,616.7	7,671.6
1,566.9	1,776.9	1,758.0	2,592.0	3,146.5	2,707.8	2,558.0	2,498.7
2,646.3	2,858.4	3,493.9	3,880.2	4,217.4	4,843.5	5,058.7	5,172.9
1,424.3	1,604.3	1,558.8	2,168.0	2,601.7	2,046.2	1,860.2	2,022.4
429.0	405.8	524.3	581.1	849.3	1,237.6	1,116.5	909.3
995.3	1,198.5	1,034.5	1,586.9	1,752.4	808.6	743.7	1,113.1
1.14	1.21	1.23	1.34	1.42	1.56	1.61	1.64
12.24	7.66	14.17	14.34	12.51	24.95	10.01	12.96
4.896	3.061	5.668	5.736	5.004	9.980	4.004	5.184
1.18	1.26	1.29	1.43	1.51	1.66	1.72	1.74
9.135	9.796	10.015	11.115	11.732	12.895	13.342	13.514
1.021	1.281	1.742	1.167	1.424	1.372	1.421	1.102
7.91	9.93	13.54	9.07	11.04	10.64	11.02	8.54
8.3	16.7	12.3	8.1	11.4	5.5	14.2	8.5
40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
6.8	3.9	7.3	6.6	4.9	9.4	3.9	5.0
10.1	6.3	11.4	10.5	8.5	15.5	5.9	7.5
10.4	6.5	11.9	11.1	9.0	16.5	6.3	7.9
37.6	41.9	29.6	40.9	41.6	16.7	14.7	21.5
6.2	5.8	14.0	8.3	5.9	9.9	5.9	7.9
2,245.0	2,262.5	2,711.5	2,711.8	2,786.1	2,912.3	2,940.4	2,966.6
2,245.0	2,252.9	2,550.4	2,711.8	2,735.1	2,816.2	2,924.9	2,945.4
2,291.3	2,897.3	4,723.5	3,166.4	3,968.5	3,996.4	4,178.3	3,268.9

Historical Statistics Summary

Operating statistics		2006	2007
Container leasing, management and sale			
Breakdown of rental income	US$M		
– COSCON		136.9	140.1
– International customers (long term lease)		60.9	32.7
– International customers (master lease)		21.8	8.5
Total		219.6	181.3
Fleet capacity	TEU	1,250,609	1,519,671
Breakdown of fleet capacity by customers			
– COSCON (included owned, sale-and-leaseback containers)	TEU	456,877	517,311
– International customers			
Owned containers	TEU	163,851	239,742
Managed containers	TEU	629,881	762,618
– COSCON (included owned, sale-and-leaseback containers)	%	36.5	34.0
– International customers			
Owned containers	%	13.1	15.8
Managed containers	%	50.4	50.2
Breakdown of fleet capacity by type			
– Dry	TEU	1,198,770	1,470,832
– Reefer	TEU	41,456	38,745
– Special	TEU	10,383	10,094
– Dry	%	95.9	96.8
– Reefer	%	3.3	2.5
– Special	%	0.8	0.7
Capital expenditure on containers	US$M	480.6	586.3
Purchase of containers	TEU	268,236	326,715
Disposal of returned containers	TEU	48,071	56,759
Fleet age	Year	4.0	3.8
Utilisation rate			
– COSCO Pacific (Florens)	%	96.2	94.5
– Industry average	%	91.8	93.0
Number of customers		270	280
Container throughput	TEU		
COSCO-HIT Terminal		1,688,697	1,846,559
Yantian Terminal		8,470,919	9,368,696
Shanghai Terminal		3,703,460	3,446,135
Zhangjiagang Win Hanverky Terminal		455,946	601,801
Qingdao Cosport Terminal		744,276	1,005,439
Dalian Port Container Co., Ltd.		2,464,208	2,873,474
Shanghai Pudong Terminal		2,650,007	2,723,722
Qingdao Qianwan Terminal		6,770,003	8,237,501
COSCO-PSA Terminal		627,894	833,892
Yangzhou Yuanyang Terminal		222,912	253,772
Yingkou Terminal		837,574	1,125,557
Nanjing Longtan Terminal		700,098	950,289
Dalian Port Terminal		421,068	850,359
Tianjin Five Continents Terminal		1,773,141	1,988,456
Antwerp Terminal		599,170	792,459
Quan Zhou Pacific Terminal		241,272	856,784
Guangzhou South China Oceangate Terminal		–	577,196
Ningbo Yuan Dong Terminal		–	331,361
Suez Canal Terminal		–	319,153
Jinjiang Pacific Terminal		–	–
Piraeus Terminal		–	–
Tianjin Euroasia Terminal		–	–
Xiamen Ocean Gate Terminal		–	–
Kao Ming Container Terminal		–	–
Taicang International Container Terminal		–	–
Asia Container Terminals Limited		–	–
Total		32,370,645	38,982,605

2008	2009	2010	2011	2012	2013	2014	**2015**
142.4	134.3	123.3	131.5	139.1	153.4	172.9	**170.9**
44.3	50.3	68.9	100.1	125.3	124.3	111.6	**105.3**
15.7	13.5	15.0	15.2	16.1	13.2	11.3	**9.3**
202.4	198.1	207.2	246.8	280.5	290.9	295.8	**285.5**
1,621,222	1,582,614	1,631,783	1,777,792	1,855,597	1,888,200	1,907,778	**1,944,654**
551,219	527,891	499,106	547,077	638,631	740,481	806,060	**866,277**
314,077	332,591	432,613	556,366	586,613	595,316	564,264	**610,230**
755,926	722,132	700,064	674,349	630,353	552,403	537,454	**468,147**
34.0	33.4	30.6	30.8	34.4	39.2	42.2	**44.5**
19.4	21.0	26.5	31.3	31.6	31.5	29.6	**31.4**
46.6	45.6	42.9	37.9	34.0	29.3	28.2	**24.1**
1,570,462	1,532,723	1,587,775	1,731,530	1,810,448	1,846,286	1,869,409	**1,908,498**
41,183	39,860	35,616	38,658	38,774	36,146	33,190	**31,474**
9,577	10,031	8,392	7,604	6,375	5,768	5,179	**4,682**
96.9	96.9	97.3	97.4	97.6	97.8	98.0	**98.2**
2.5	2.5	2.2	2.2	2.1	1.9	1.7	**1.6**
0.6	0.6	0.5	0.4	0.3	0.3	0.3	**0.2**
348.0	61.9	250.4	432.9	371.7	288.8	305.8	**204.0**
152,752	15,000	111,625	185,231	162,742	151,500	161,106	**120,414**
34,043	22,863	28,674	9,826	31,671	35,714	50,860	**22,747**
4.2	5.0	5.4	5.9	6.1	6.4	6.5	**6.9**
94.6	90.6	97.3	96.1	95.3	94.5	95.3	**95.0**
94.0	86.0	95.0	95.0	94.8	93.9	94.0	**93.0**
300	306	300	287	276	264	256	**242**
1,752,251	1,360,945	1,535,923	1,625,819	1,683,748	1,639,275	1,639,995	**1,575,858**
9,683,493	8,579,013	10,133,967	10,264,440	10,666,758	10,796,113	11,672,798	**12,165,687**
3,681,785	2,979,849	3,197,244	–	–	–	–	**–**
710,831	715,413	889,515	1,065,382	1,228,935	1,374,596	798,773	**672,295**
1,099,937	1,145,352	1,284,903	–	–	–	–	**–**
2,742,503	2,906,768	–	–	–	–	–	**–**
2,779,109	2,291,281	2,450,176	2,388,156	2,151,297	2,246,026	2,373,620	**2,508,121**
8,715,098	8,961,785	10,568,065	12,426,090	14,045,503	14,981,635	16,108,145	**16,995,934**
1,247,283	904,829	1,091,639	1,106,262	1,232,954	1,048,846	1,311,747	**1,526,328**
267,970	221,046	302,617	400,224	401,003	449,849	481,704	**482,106**
950,801	1,023,107	1,196,932	1,303,068	1,600,094	1,716,106	1,716,128	**1,560,138**
1,160,261	1,058,499	1,245,559	1,600,523	2,035,617	2,400,370	2,495,608	**2,633,753**
1,656,968	1,509,401	1,668,418	1,900,204	2,216,353	2,732,174	2,732,136	**2,495,053**
1,938,580	1,940,933	1,917,873	2,100,321	2,180,184	2,300,918	2,569,695	**2,570,233**
1,091,657	639,957	795,534	1,168,930	1,101,163	1,370,609	1,727,116	**2,015,306**
910,058	936,136	1,050,710	1,186,799	1,201,279	1,090,660	1,160,480	**1,221,692**
2,000,130	2,158,291	3,060,591	3,914,348	4,230,574	4,449,311	4,647,266	**4,486,627**
903,865	1,117,169	1,704,588	2,145,653	2,402,554	2,806,406	3,214,703	**3,040,762**
2,392,516	2,659,584	2,856,854	3,246,467	2,863,167	3,124,828	3,400,397	**2,954,080**
193,779	274,390	313,585	314,101	358,836	418,242	467,610	**347,226**
–	166,062	684,881	1,188,148	2,108,090	2,519,664	2,986,904	**3,034,428**
–	–	574,296	1,350,962	1,705,667	1,803,407	2,004,170	**2,032,389**
–	–	–	–	271,449	609,393	806,183	**1,034,753**
–	–	–	–	–	1,170,704	1,333,226	**1,525,359**
–	–	–	–	–	235,759	538,304	**539,771**
–	–	–	–	–	–	1,139,414	**1,252,815**
45,878,875	43,549,810	48,523,870	50,695,897	55,685,225	61,284,891	67,326,122	**68,670,714**

Corporate Information

Board of Directors

Mr. HUANG Xiaowen[2] *(Chairman)*
Mr. QIU Jinguang[1] *(Vice Chairman and Managing Director)*
Mr. DENG Huangjun[1]
Mr. TANG Runjiang[1]
Mr. FENG Bo[1]
Mr. WANG Wei[2]
Mr. WANG Haimin[2]
Mr. ZHANG Wei[2]
Dr. WONG Tin Yau, Kelvin[1]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. IP Sing Chi[3]
Mr. FAN Ergang[3]
Mr. LAM Yiu Kin[3]

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

General Counsel & Company Secretary

Ms. HUNG Man, Michelle

Place of Incorporation

Bermuda

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

49th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong
Telephone: +852 2809 8188
Fax: +852 2907 6088
Website: www.coscopac.com.hk

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor
Prince's Building
Hong Kong

Solicitors

Holman Fenwick Willan
Linklaters
Slaughter & May
Woo, Kwan, Lee & Lo

Principal Bankers

Bank of China (Hong Kong) Limited
China Development Bank
China Merchant Bank
Commonwealth Bank of Australia
DBS Bank Ltd
ING Bank N.V.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

Principal Registrar and Transfer Office in Bermuda

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Branch Registrar and Transfer Office in Hong Kong

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Listing Information/Stock Code

The Stock Exchange of Hong Kong Limited: 1199
Bloomberg: 1199 HK
Reuters: 1199.HK

Note

Note

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(Incorporated in Bermuda with limited liability)

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www.fsc.org

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