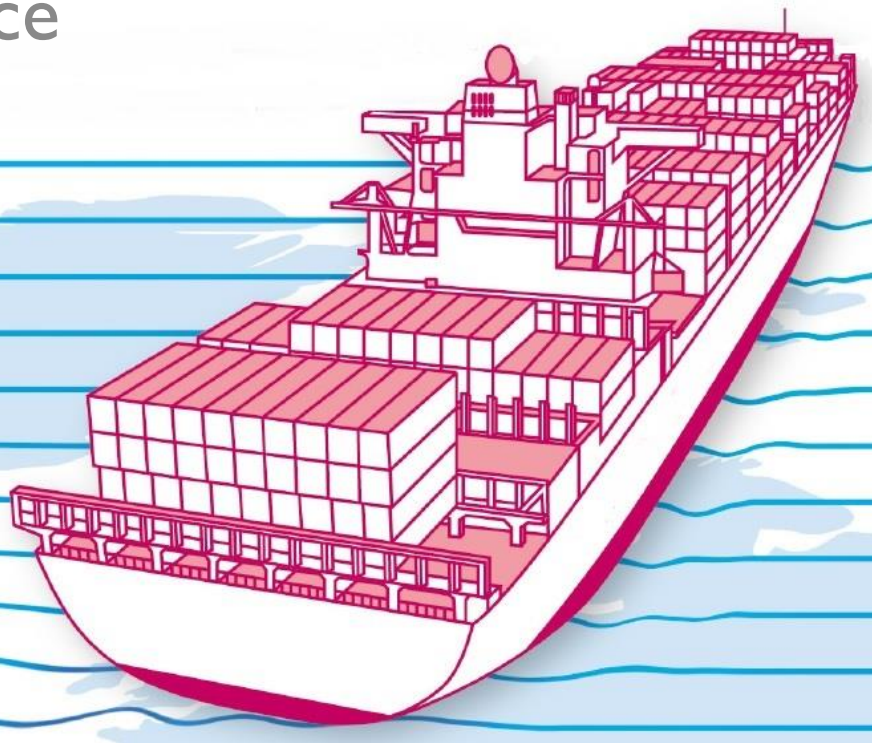
中遠國際控股有限公司
COSCO International Holdings Limited
股份代號 Stock Code: 00517

CORPORATE PRESENTATION

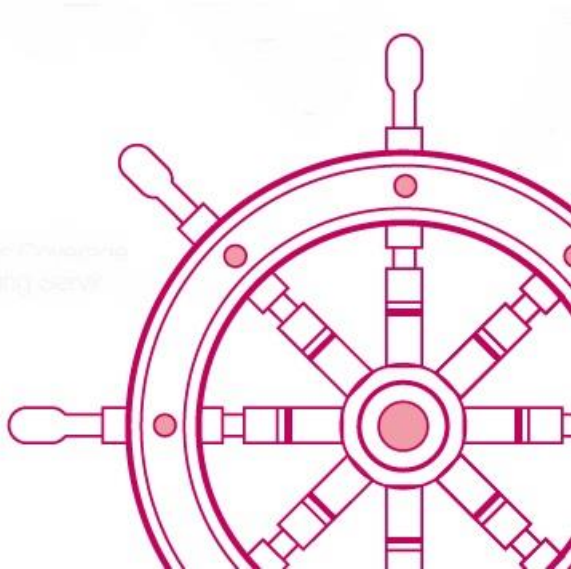
HSBC China Conference

16 May 2016

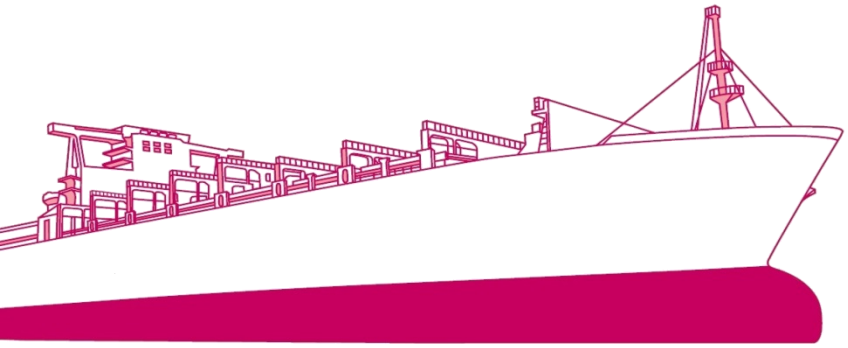


Agenda

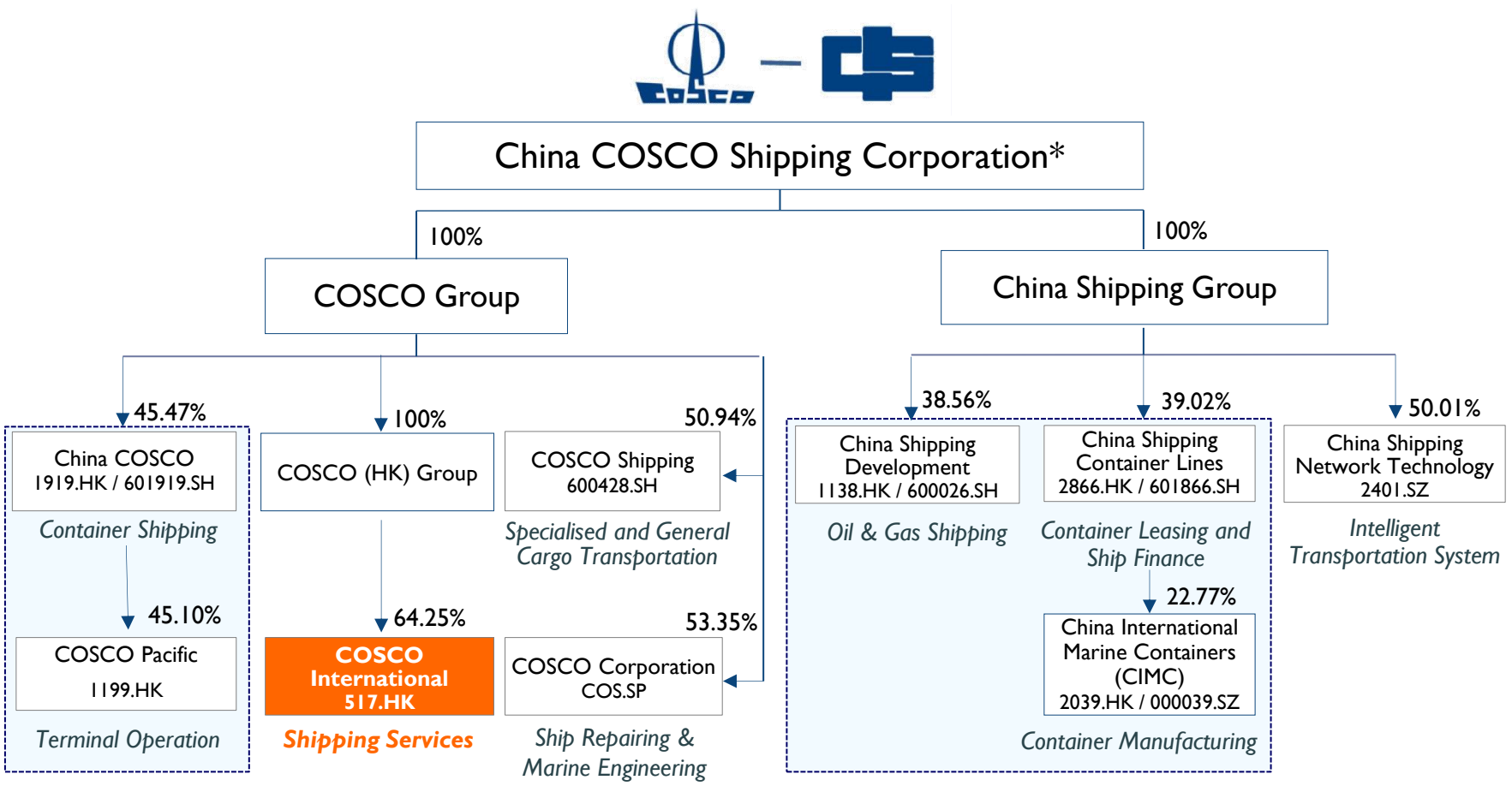
- Corporate Profile
- Investment Highlights
- 2015 Annual Results
  - Financial Review
  - Business Review
- Outlook
- Appendix



Corporate Profile



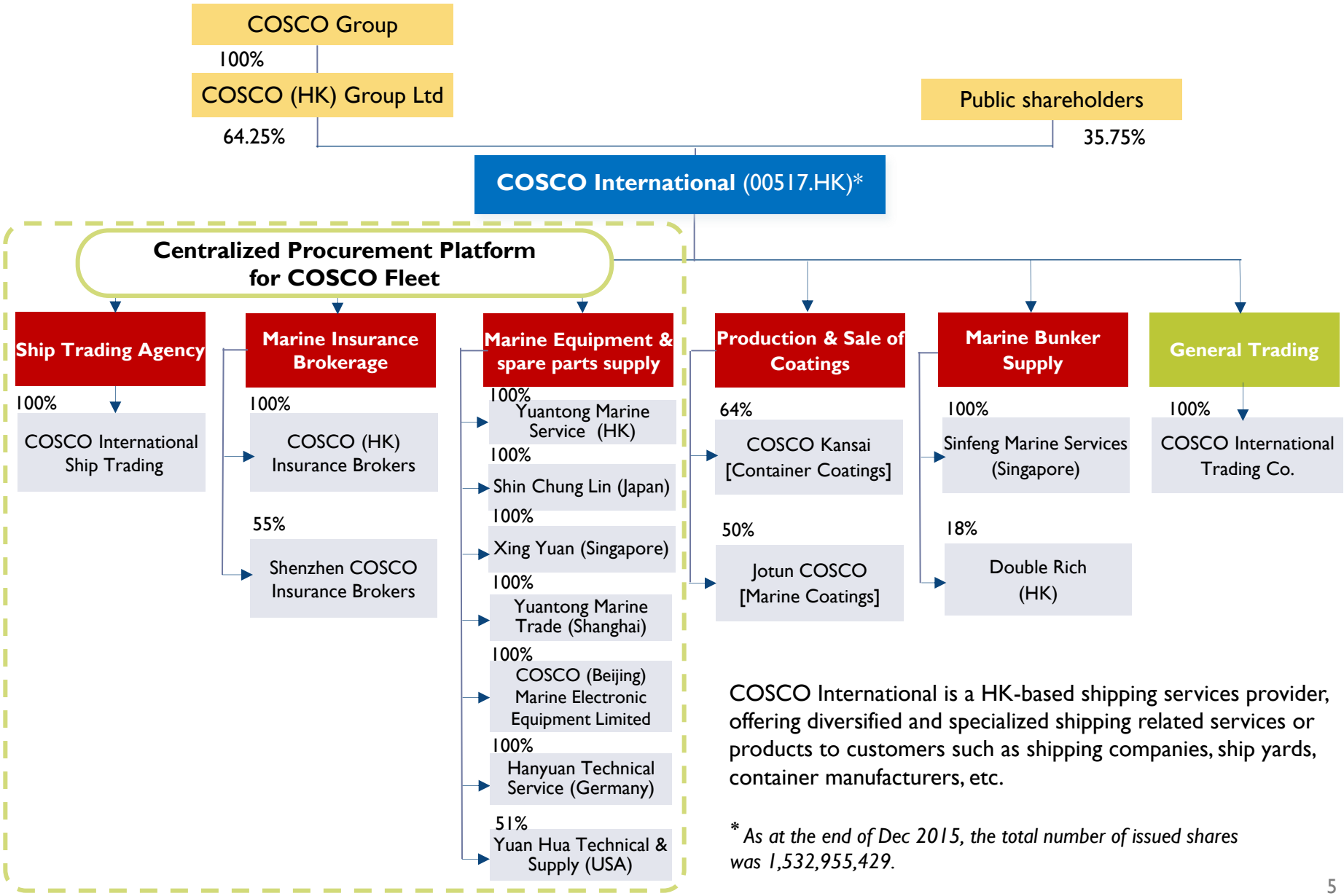
Position in China COSCO Shipping Corporation



* *China COSCO Shipping Corporation Limited ("China COSCO Shipping Corporation"), a merger of COSCO Group and China Shipping Group, was established on 5 Feb 2016 in Shanghai. It comprises 1,114 vessels with a capacity of 85.32 mn DWT, ranking No.1 in the world. The vision of China COSCO Shipping is to build a world-leading business entity that provides integrated logistics and supply chain services.*

The initial mega restructuring plan among the relevant listed companies of COSCO Group and China Shipping Group was passed on 1 Feb 2016.

Corporate Structure



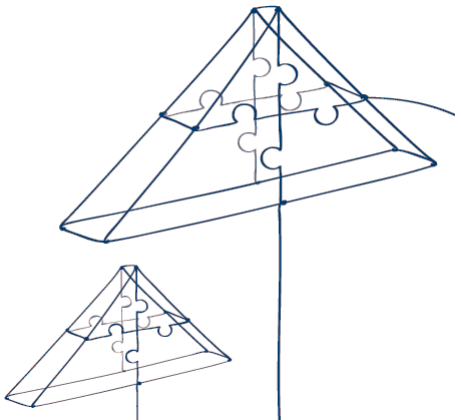
COSCO International is a HK-based shipping services provider, offering diversified and specialized shipping related services or products to customers such as shipping companies, ship yards, container manufacturers, etc.

* *As at the end of Dec 2015, the total number of issued shares was 1,532,955,429.*

Business Overview

	Ship Trading Agency	Marine Insurance Brokerage	Marine Equipment & Spare Parts Supply	Coatings	Marine Bunker Supply
General Description	As the "sole agent" for COSCO fleet to provide centralized procurement, and about 70% of the total revenue from these three segments are from the services to COSCO fleet			■ Two JVs produce and sell container coatings (COSCO Kansai, 64%-owned), and marine coatings (Jotun COSCO, 50%-owned) ■ Container coatings are delivered in about one week upon order, and newbuilding marine coatings are delivered during the shipbuilding process, i.e. 1-3 years after the contracting ■ Major raw materials are petroleum refined products	■ Sinfeng (100%-owned) and Double Rich (18%-owned) help ship operators arrange bunkering in Singapore and Hong Kong respectively ■ Business model of earning fixed dollar margin and not taking inventory make the net profit free from oil price fluctuation
	■ Represents ship owners to negotiate with shipyards in shipbuilding projects, and provides agency services in trading of secondhand vessels and demolition of obsolete vessels ■ Majority of commission income is generated from newbuilding, which is based on ship price	■ Provides insurance intermediary services to vessels on behalf of ship owners, including risk assessment, designing insurance policies, placing insurance cover, advice on loss prevention, claims handling, etc. ■ Brokerage commission is generally based on insurance premium	■ Helps ship owners purchase, install and repair marine equipment and spare parts ■ Provides procurement and technical service upon order		
Customers	About 80-90% revenue comes from COSCO Group	About 60% revenue comes from COSCO Group	About 80% revenue comes from COSCO Group	■ Container manufacturers ■ Major Chinese shipyards	Ship owners and operators outside COSCO Group
Driving Factors	■ Ship owners' regular demand for vessel replacement and ship trading every year so as to maintain competitive shipping capacity ■ Ship owners pursue larger, younger, and more advanced ships to improve efficiency and profitability	■ Existing shipping capacity ■ Threats on the safety of ship operation, such as war affairs and pirates activity	■ 90% revenue comes from maintenance demand of existing shipping capacity	■ Demand & ASP of container coatings is driven by the output & ASP of newbuild containers in China ■ Contracting volume of marine coatings is driven by the newbuilding contracts at Chinese shipyards, while income is recognized upon the coatings delivery	Consumption of marine bunker by ships calling at the ports in Singapore and Hong Kong
Business Highlights	■ **High earnings visibility:** commission income from newbuilding is fixed in the shipbuilding contract, and will be recognized at 5 stages along with the whole shipbuilding progress, while major commission upon newbuilding delivery	■ **Proved stable growth:** most marine insurance policies must be renewed on yearly basis ■ **Development of new insurance products** contributes to the growth in recent years	■ **Owns a global network** of sales, procurement, and technical service in Asia, Europe and the USA ■ **Capitalizes on the economies of scale** from business volume with COSCO Group	■ **Both coating products occupy the No. 1 market share in China for years** ■ **Proprietary and advanced technology** make both brands as market leaders ■ Two new plants in Qingdao and Shanghai commenced operation and production in 2015	Prudent operational strategy and stringent risk management

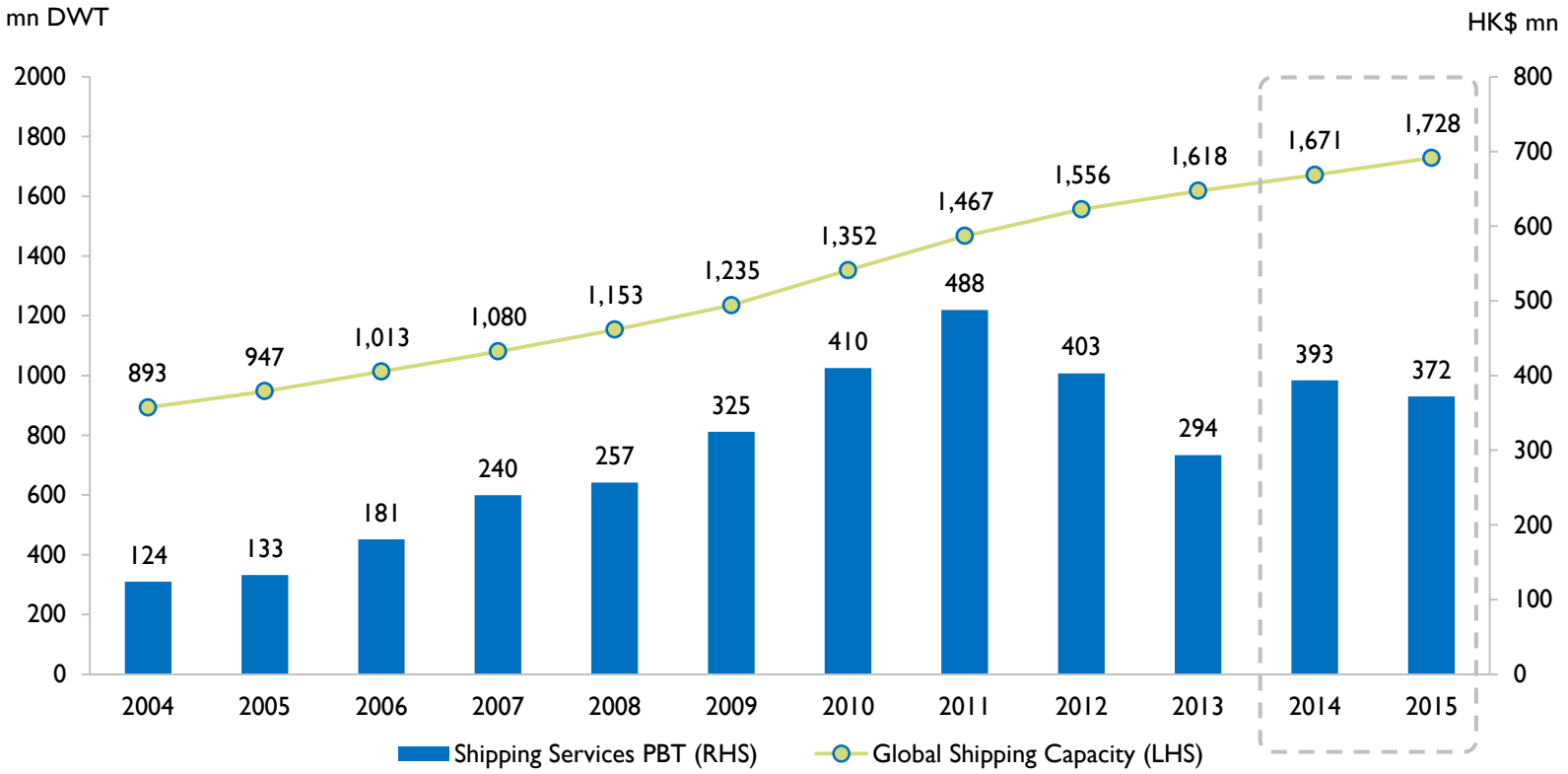
Investment Highlights



Investment Highlights (1): Beneficiary of Shipping Capacity

Shipping services is

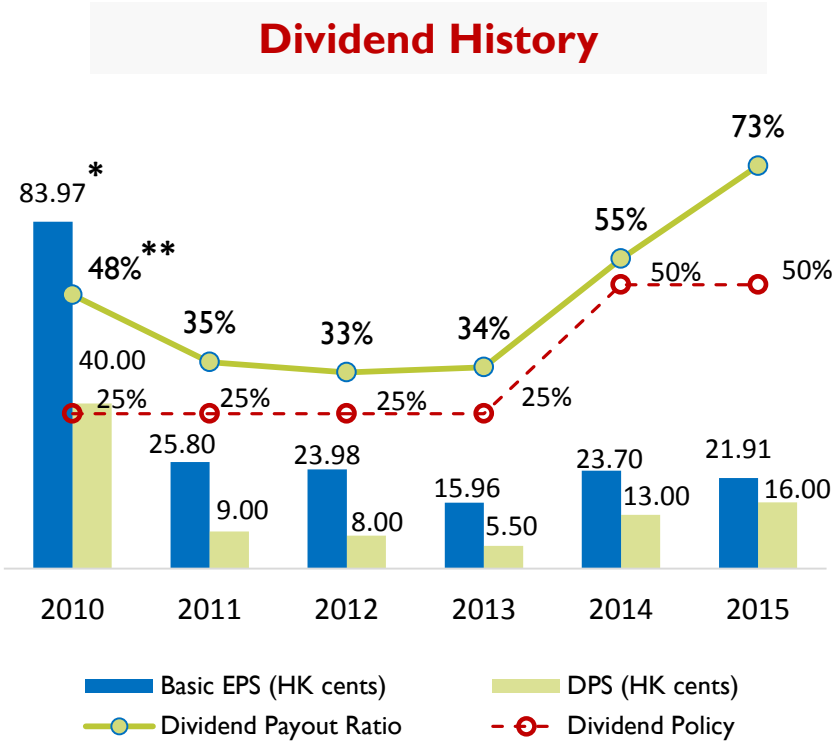
- **driven by shipping capacity growth and ship owners' fleet restructuring activity**
- **not affected by short-term fluctuation of freight rate, distinct from shipping companies**



Note: Prolonged trough of shipping market resulted in tightened cost control measures and deferral in the replacement of obsolete vessels by ship owners., which reduced the demand for shipping services, e.g. during the period from 2011 to 2013

Source: Company Data, Clarkson Research

Investment Highlights (2) Increased Dividend Payout Ratio



Starting from Mar 2015, the dividend policy of the Company is to pay no less than 50% of the profit attributable to equity holders of the Company as annual dividend, prior to practical progress in major investment project in the future.

In case, after the Company publishes major transaction announcement in relation to investment project, the annual dividend payout ratio will maintain at the level of no less than 25% of net profit, subject to the results, availability of distributable reserves and cash flow of the Company at that time.

In 2010,

* *COSCO International disposed the shares of a non-core business, Sino-Ocean Land (3377.HK), and recorded the net proceeds of HK$5.23 bn in Dec.*

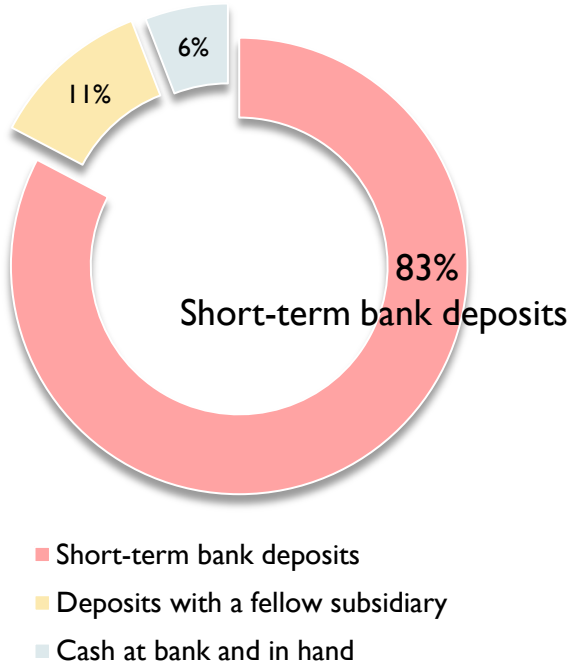
** *A one-off special dividend of 35 HK cents per share or 10% of the net proceeds in relation to the disposal was paid out.*

Investment Highlights (3) Strong Cash Position

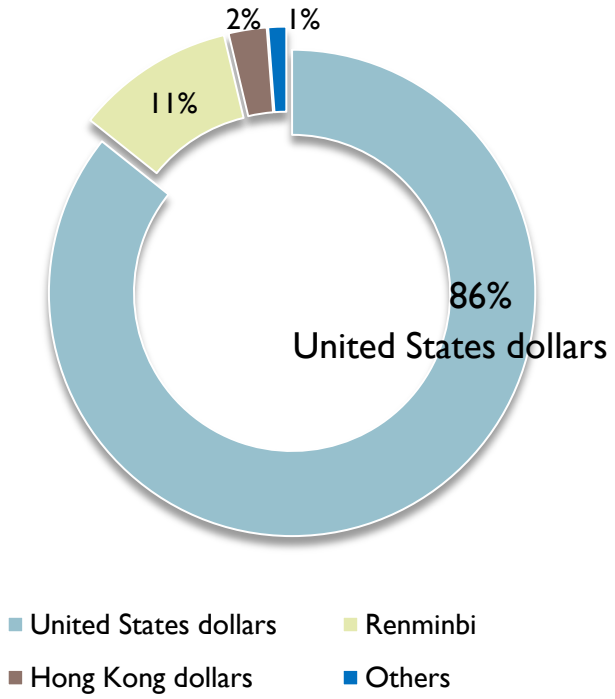
Net cash of HK$6.2 bn* on hand to support future acquisition and business expansion

- 83% of the cash was allocated as short-term bank deposits with an annual yield of 1.86% in 2015.
- 86% of the Group's total deposits and cash and cash equivalents are denominated in United States dollars.

Breakdown of Cash by Deployment

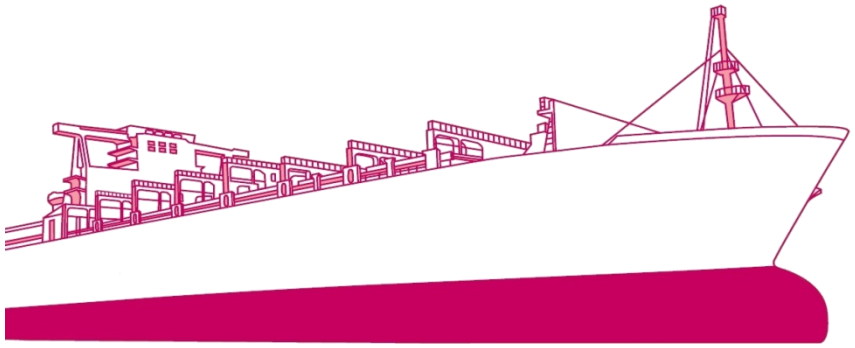


Breakdown of Cash by Currency



** As at 31 Dec 2015*

2015 Annual Results-
Financial Review



Financial Summary

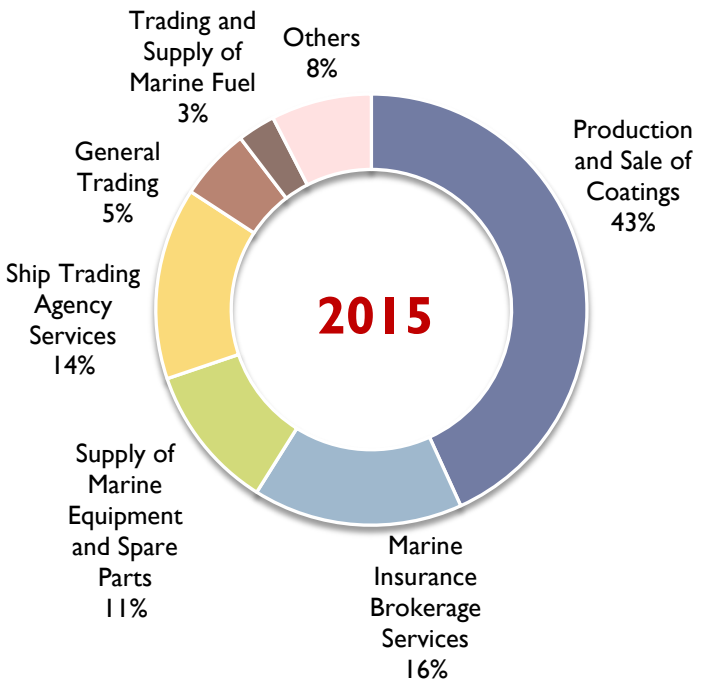
(HK$ mn)	2015	2014	Changes
Revenue	6,000	7,588	-21%
Gross profit	691	804	-14%
Gross profit margin	11.5%	10.6%	+0.9ppt
Other income and gains	86[1]	40	+115%
Selling, administrative and general expenses	(537)	(578)	-7%
Other expenses and losses	(44)[2]	(21)	+110%
Operating profit	195	246	-21%
Finance income	115	143	-19%
Finance costs	(4)	(3)	+28%
Share of profits of joint ventures	110	65	+69%[3]
Share of profits of associates	12	17	-32%
Profit before income tax	428	468	-9%
Income tax expenses	(66)	(73)	-10%
Profit for the year	362	394	-8%
Profit attributable to:			
Equity holders of the Company	336	359	-6%
Non-controlling interests	26	36	-27%
Basic earnings per share (HK cents)	21.91	23.70	-8%

Note:1. Including government subsidy income of HK$50.47 mn granted to the coatings subsidiary COSCO Kansai, which was to compensate for all the relevant additional costs incurred during the relocation of the old plant due to the urban planning of Shanghai, and a reversal of provision for impairment of certain other receivables of HK$18.66 mn made by COSCO International Trading Co. under the general trading segment

2. Including net exchange loss of HK$41.82mn

3. Increase in share of profits of joint ventures was mainly from the significant growth in the share of profit from Jotun COSCO

Profit Breakdown



Profit Before Income Tax (HK$ mn)	2015	2014	Changes
Shipping Services	372	393	-5%
Ship Trading Agency Services	62	89	-31%
Marine Insurance Brokerage Services	67	64	+5%
Supply of Marine Equipment and Spare Parts	46	41	+12%
Production and Sale of Coatings	185	179	+3%
Trading and Supply of Marine Fuel	12	20	-39%
General Trading	23	3	+673%
Others*	33	72	-55%
Total	428	468	-9%

*: *Including net corporate finance income deducting corporate expenses*

Financial Position & Financial Ratio Highlights

(HK$ mn)	As at 31 Dec 2015	As at 31 Dec 2014	Changes
Total assets	9,467	9,665	-2%
Trade receivables (net)	769	943	-18%
Total deposits and cash	6,261	6,134	+2%
Total liabilities	1,368	1,557	-12%
Bank borrowings	36	26	+38%
Equity (excluding non-controlling interests)	7,729	7,739	-0.1%
Net cash	6,225	6,108	+2%
NAV per share (HK$)	5.04	5.05	-0.2%
Net cash per share (HK$)	4.06	3.99	+2%

	2015	2014	Changes
Return on total assets (ROA)	3.5%	3.8%	-0.3ppt
Ex-cash ROA	6.6%	6.5%	+0.1ppt
Return on equity (ROE)	4.3%	4.7%	-0.4ppt
Ex-cash ROE	14.3%	15.4%	-1.1ppts

Note:

1. *The Ex-cash ROA is calculated as dividing the profit attributable to equity holders which excludes the net finance income by the average total assets which excludes the net cash.*
2. *The Ex-cash ROE is calculated as dividing the profit attributable to equity holders which excludes the net finance income by the average shareholder's equity which excludes the net cash.*

Cash Flow Summary

(HK$ mn)	2015	2014
Cash & Cash Equivalents - Beginning	1,165	1,699
Cash Inflow/(outflow)		
Net cash generated from/(used in) operating activities	421	(155)
Net cash used in investing activities	(190)	(286)
Net cash used in financing activities	(254)	(91)
Net decrease in cash and cash equivalents	(22)	(532)
Exchange loss	(27)	(2)
Cash & Cash Equivalents – Ending	1,115	1,165
Plus: cash investments with maturity more than three months from date of placement	5,145	4,955
Plus: restricted bank deposits	0.6	14
Total Deposits and Cash & Cash Equivalents - Ending	6,261	6,134

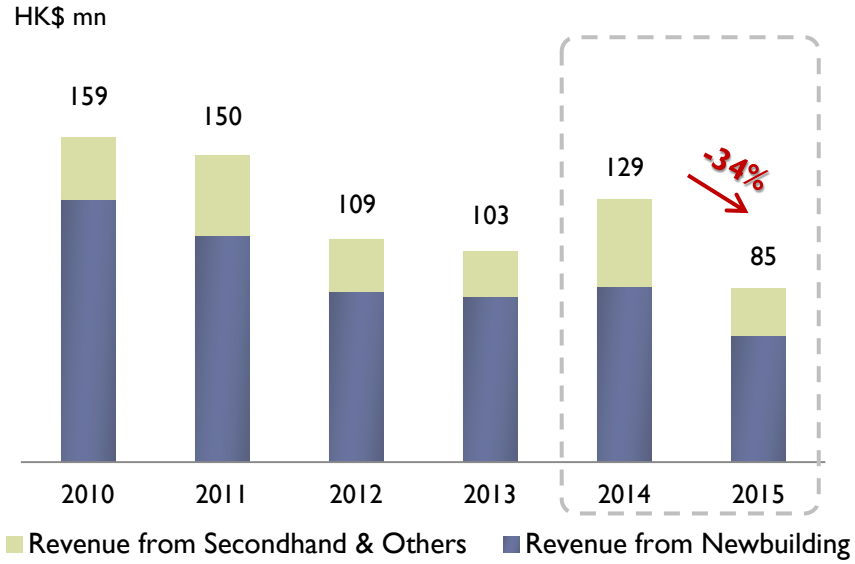
2015 Annual Results-
Business Review



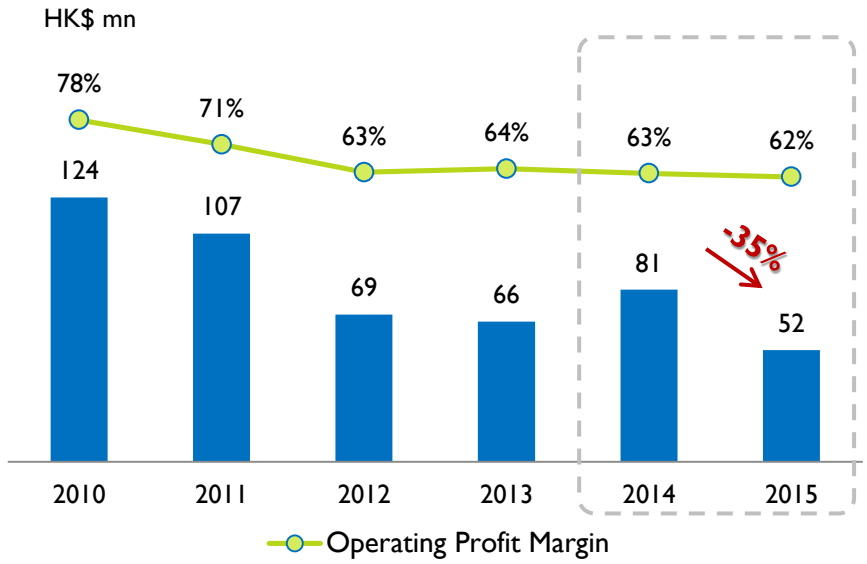
Business Review: Shipping Services (cont'd)

1. Ship Trading Agency Services

Revenue



Operating Profit



Orders through COSCO International Ship Trading Co.	2013		2014		2015	
	No. of vessels	mn DWT	No. of vessels	mn DWT	No. of vessels	mn DWT
Newbuild delivery	22	1.50	18	1.86	17	2.42
Newbuild contracts	18	2.39	58	5.15	30	3.79
Secondhand vessels	67	3.21	82	3.98	45	3.71
Orderbook on hand *	45	6.03	85	9.32	96	10.57

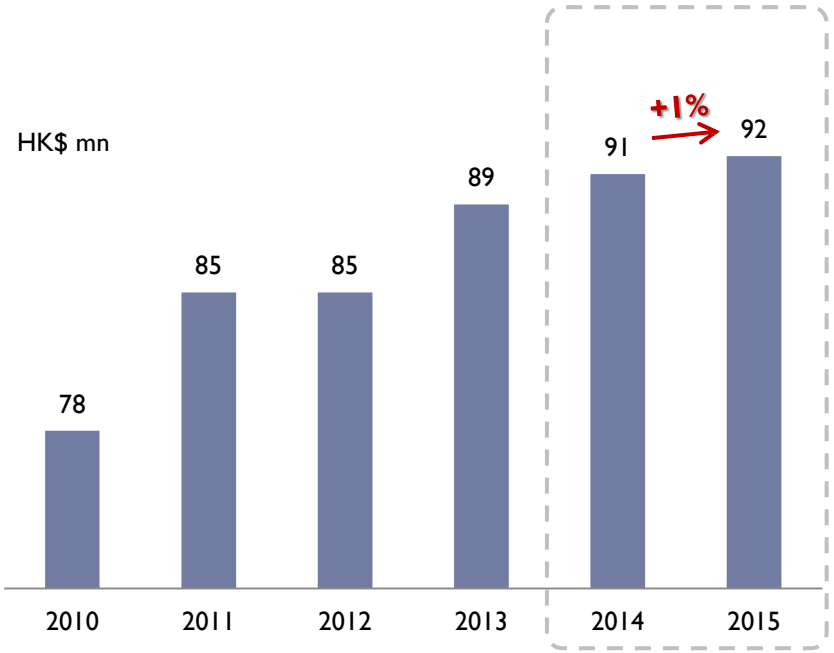
- *The significant declines in both revenue and operating profit were attributable to the decreases in the commission income from both newbuild and secondhand vessels.*
- *Orderbook on hand reached 96 vessels or 10.57 mn DWT as at the end of Dec 2015, which were scheduled for delivery over the coming 3 years.*

* *As at the end of year*

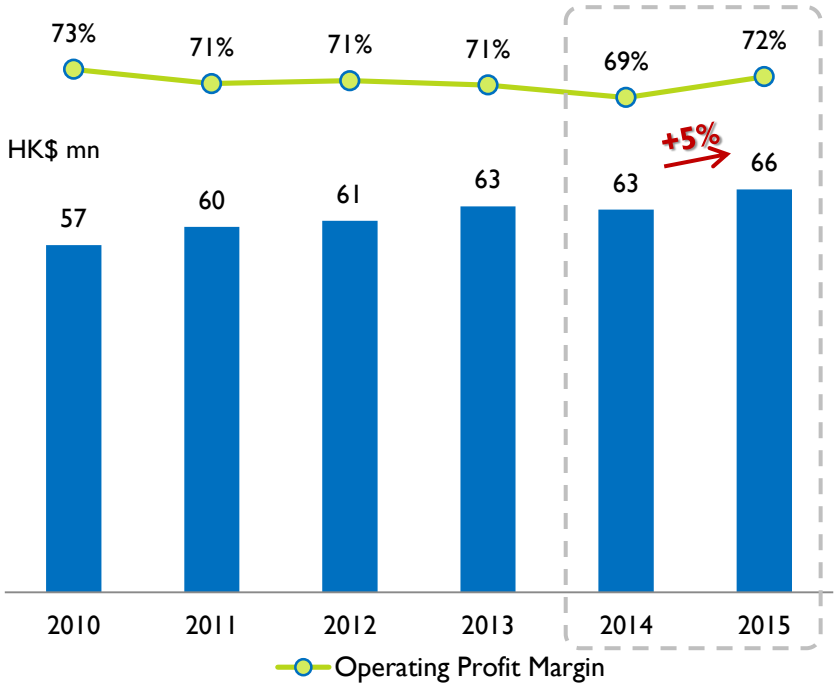
Business Review: Shipping Services (cont'd)

2. Marine Insurance Brokerage Services

Revenue



Operating Profit

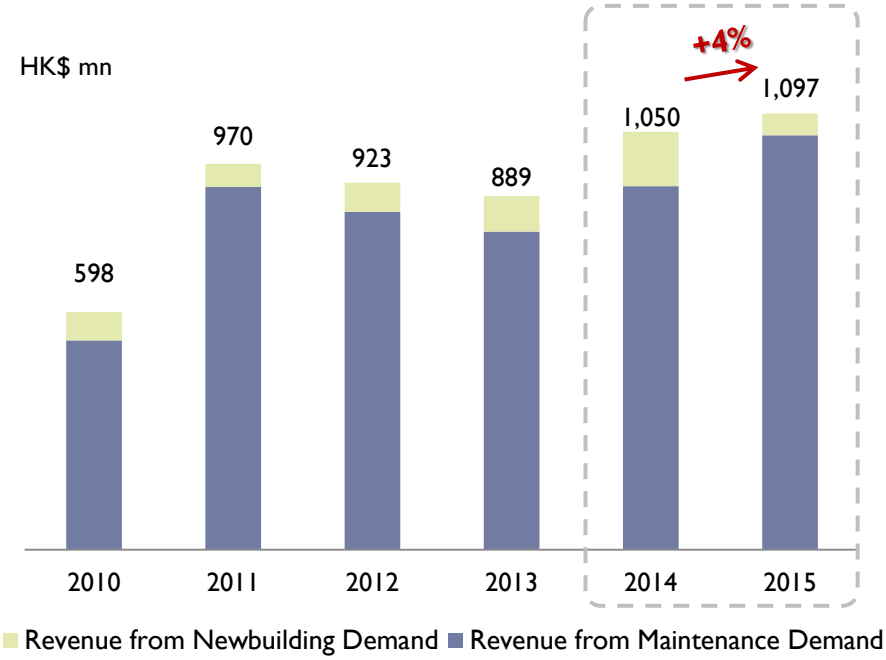


- *COSCO Insurance Brokers has strived to increase business volume by developing new customers outside COSCO Group and innovating services for new non-marine insurance products, such as ship repairer's liability and ship builder's risks insurance, motor vehicle insurance, terminal insurance, and shipping agent liability insurance, etc.*
- *COSCO Insurance Brokers launched the online tracking system in 2015 to improve customers experience and operational efficiency.*

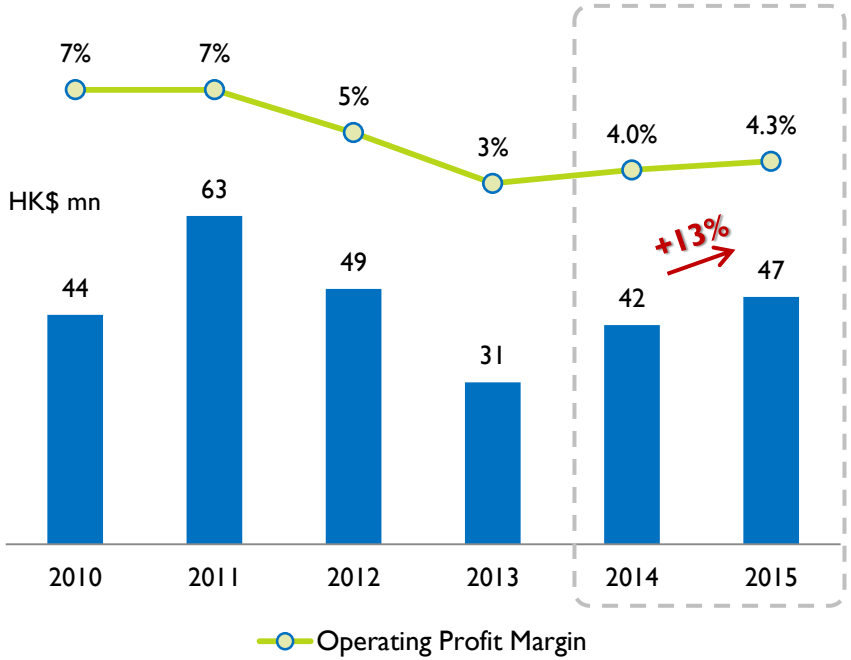
Business Review: Shipping Services (cont'd)

3. Supply of Marine Equipment and Spare Parts

Revenue



Operating Profit

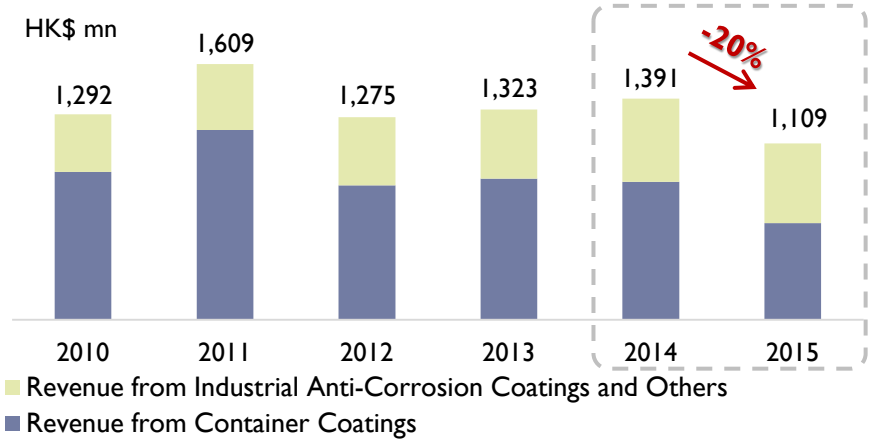


- *The increase in operating profit was attributable to marked results in expanding non-COSCO business which boosted sales volume of spare parts for operating vessels.*

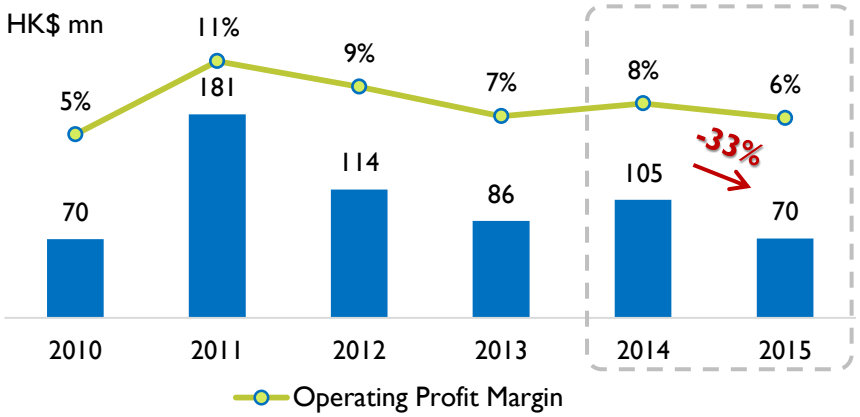
Business Review: Shipping Services (cont'd)

4. Production and Sale of Coatings: (1). Container & Industrial Anti-Corrosion Coatings by COSCO Kansai*

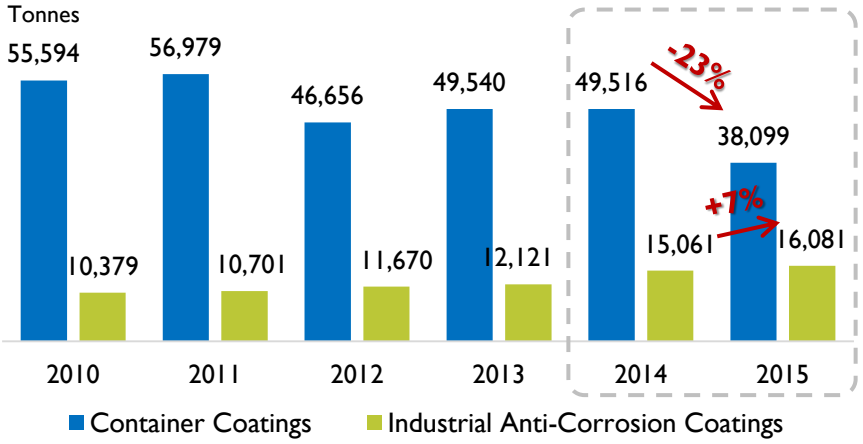
Revenue



Operating Profit



Sales Volume



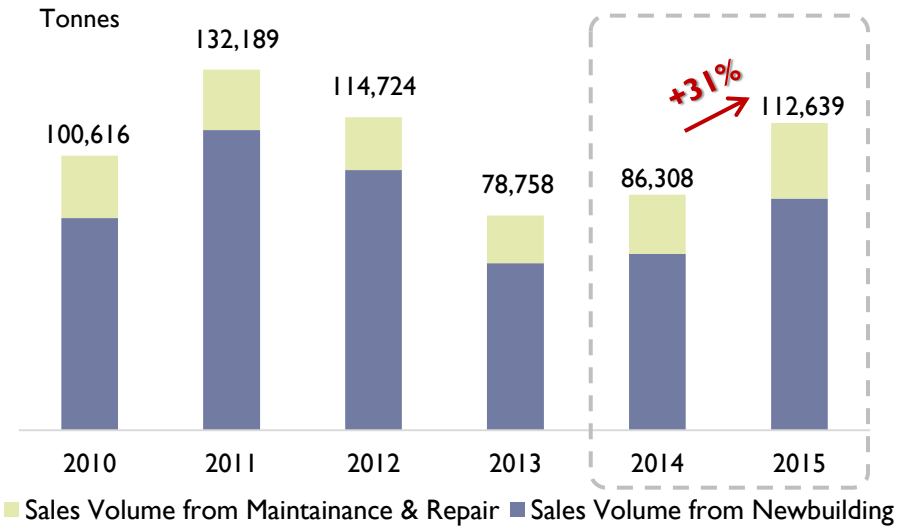
- *The decreases in both revenue and operating profit were mainly caused by: (1). decline in sales of container coatings; (2). the operating profit in 2014 included reversal of provision for impairment of trade receivables (net) of HK$22.18 mn.*
- *The overall gross profit margin of COSCO Kansai in 2015 was managed to maintain stable with that in 2014.*

** 64%-owned subsidiaries with three plants in Tianjin, Shanghai and Zhuhai of China*

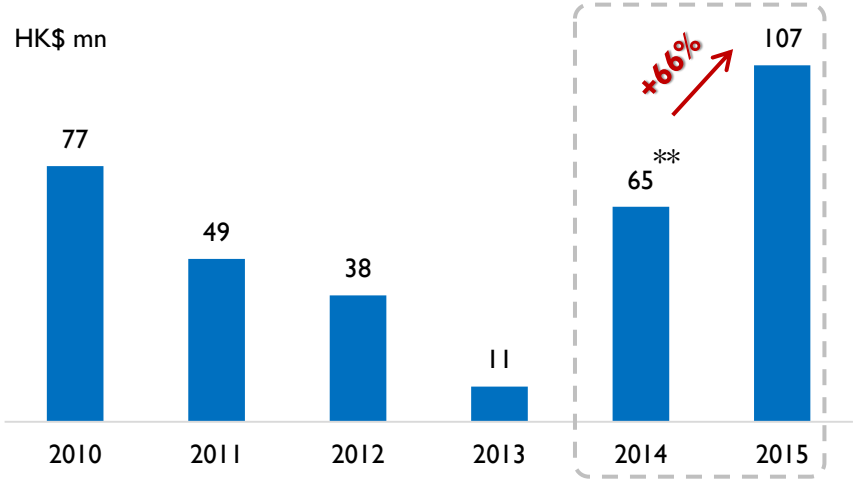
Business Review: Shipping Services (cont'd)

4. Production and Sale of Coatings:
(2). Marine Coatings by Jotun COSCO*

Sales Volume



Share of Profit



- *The significant increase in the share of profit was attributable to:*
  (1). marked increase in the delivery of newbuilding marine coatings, resulted from a large number of shipbuilding projects in China commencing construction during the year;
  (2). the decrease in raw materials price which further improved gross profit margin during the year.
- *As at the end of Dec 2015, Jotun COSCO had marine coatings contracts on hand for vessels of 37.4 mn DWT, which were scheduled for delivery over the coming 2 years.*

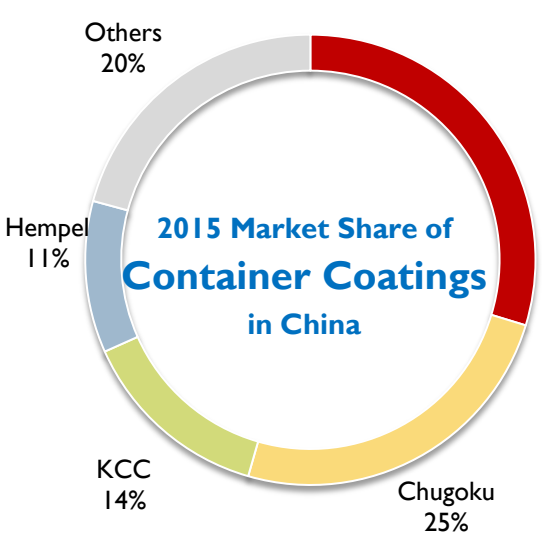
** A 50%-owned joint venture with a plant in Qingdao*
*** Including a one-off exchange gain of HK$14.3 mn realized upon the liquidation of Jotun COSCO's subsidiary in Guangzhou*

Business Review – Shipping Services (cont'd)

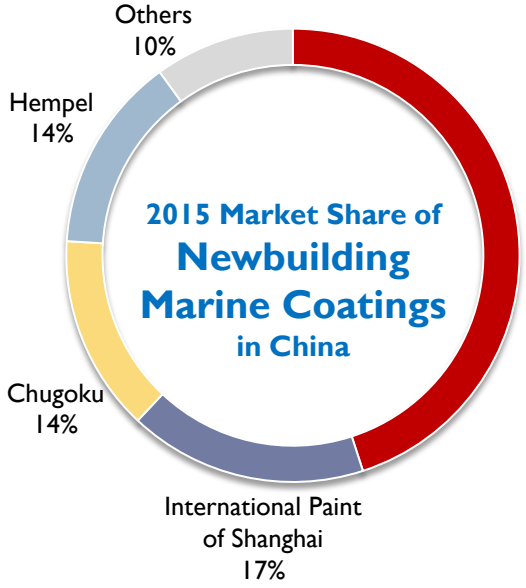
4. Production and Sale of Coatings (cont'd)

COSCO Kansai and Jotun COSCO
have maintained the No. 1 market share in China for years

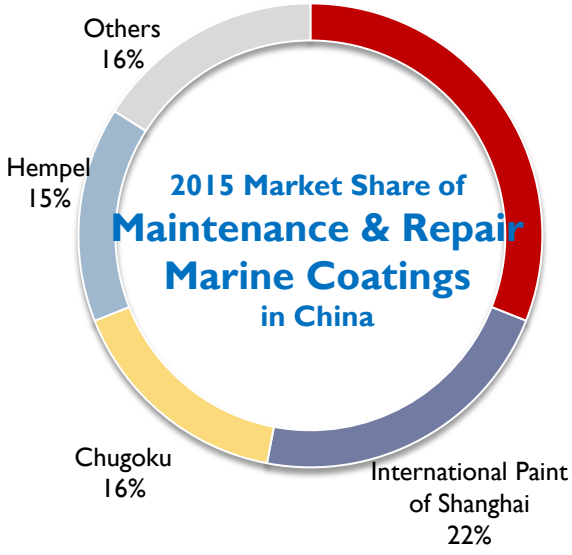
COSCO Kansai
30%



Jotun COSCO
45%



Jotun COSCO
31%

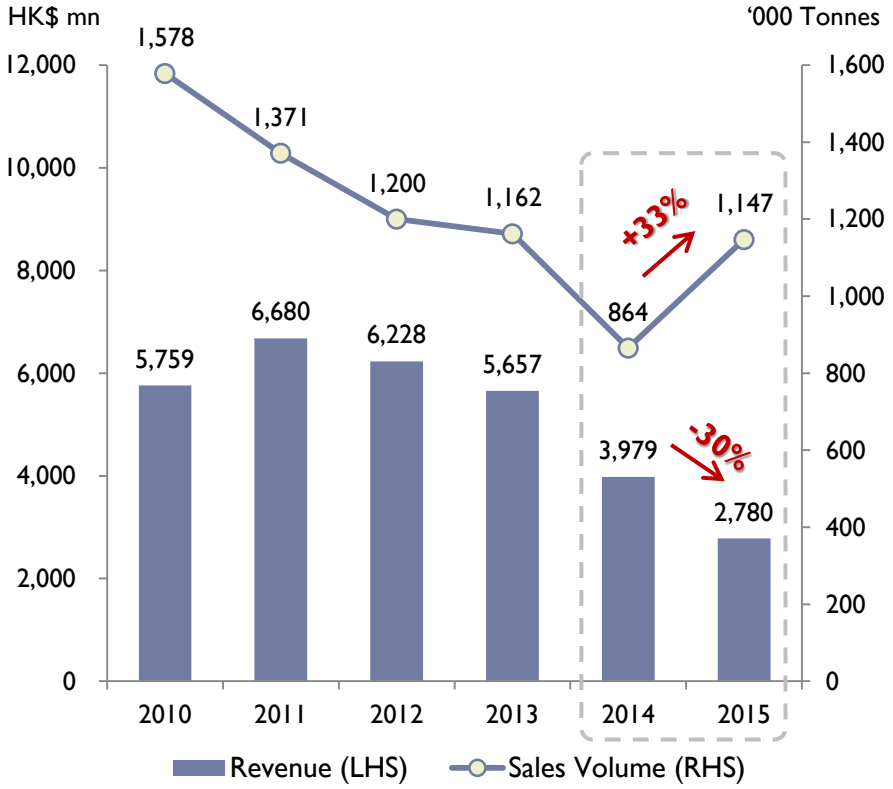


Source: Company Statistical Data

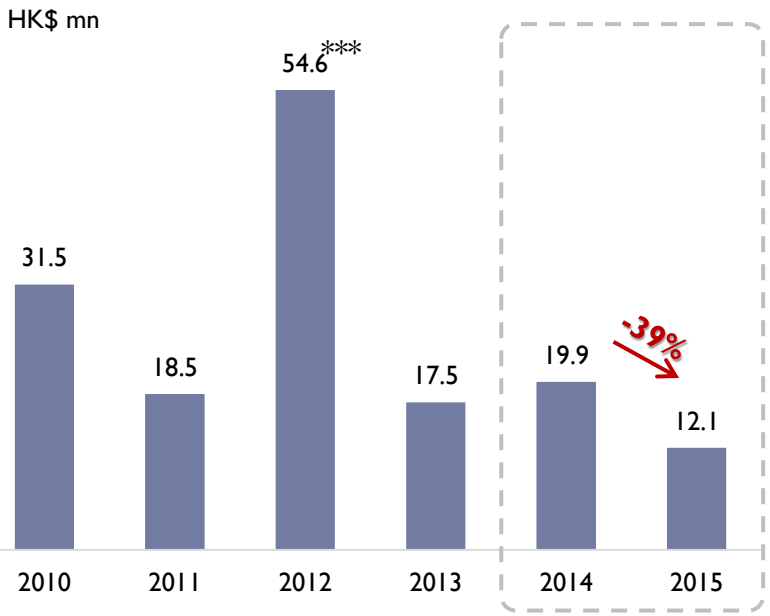
Business Review: Shipping Services (cont'd)

5. Trading and Supply of Marine Fuel

Revenue and Sales Volume*



Segment PBT**



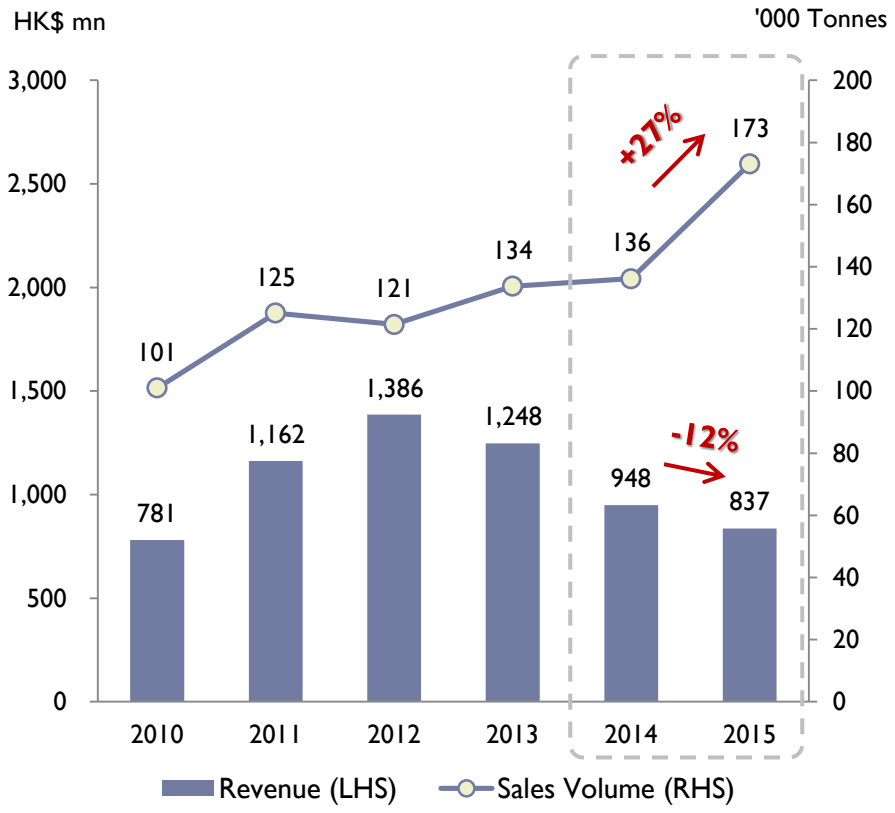
- *The decline in revenue was mainly due to the year-on-year decrease in average selling price of marine fuel.*

中遠國際 COSCO International

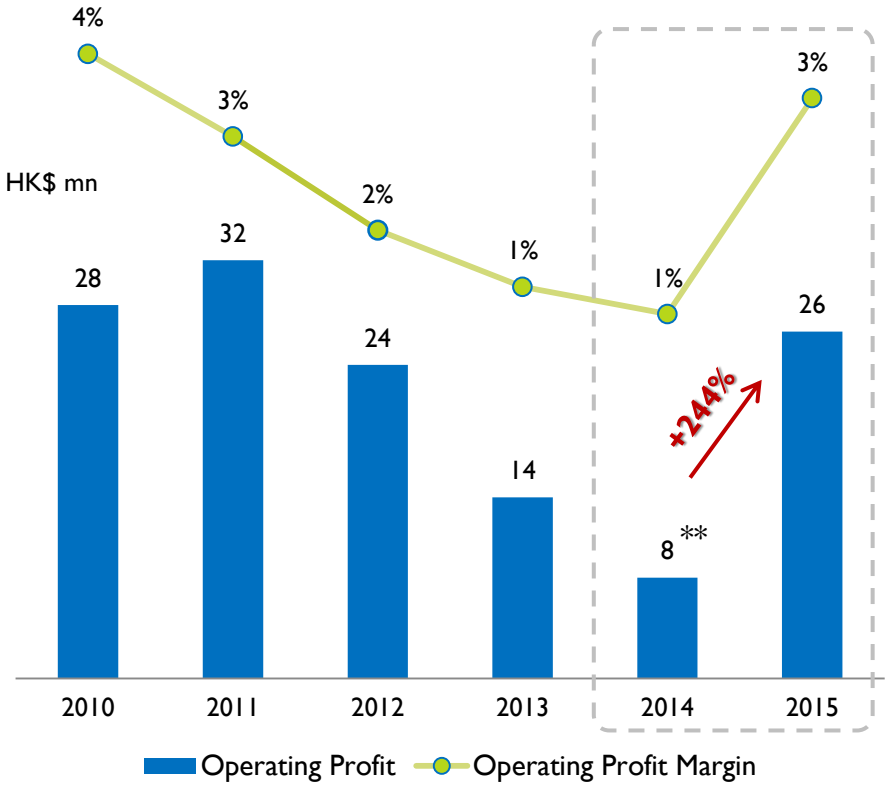
** Both revenue and sales volume are from the wholly-owned subsidiary, Sinfeng Marine Services, in Singapore*
*** Including the share of profit from a 18%-owned associate, Double Rich, in Hong Kong*
**** Including a reversal of provision for impairment of trade receivables of HK$29.65 mn*

Business Review: General Trading

Revenue* and Asphalt Sales Volume



Operating Profit

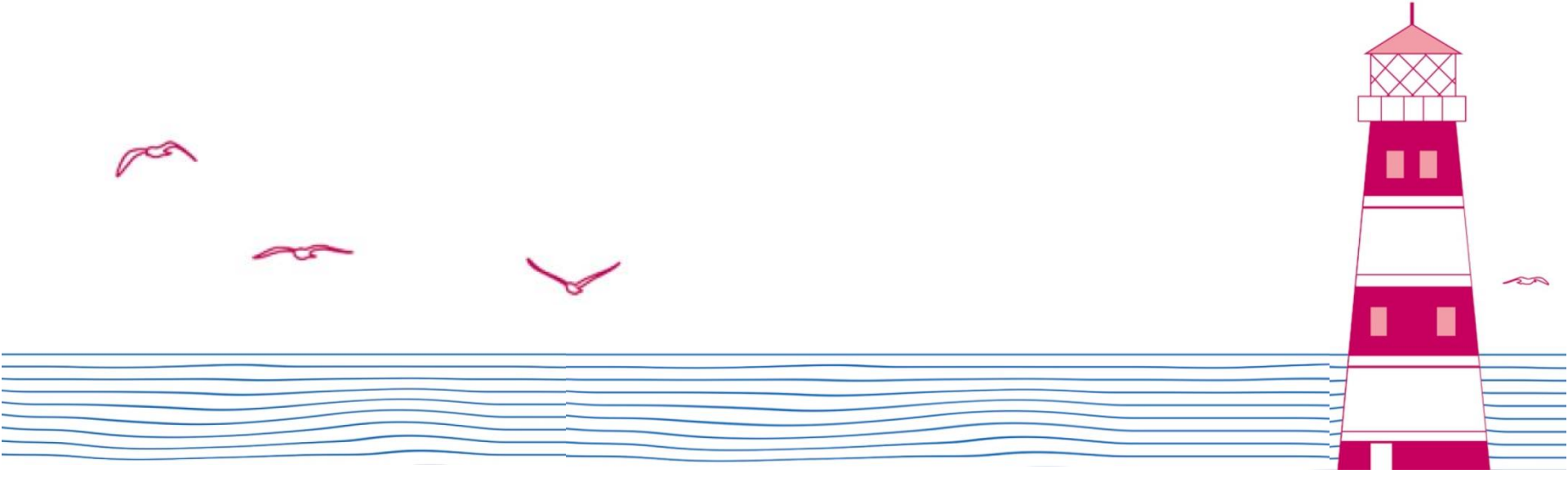


- *The decline in revenue was mainly due to the drop in selling price of asphalt, a petroleum refined product.*
- *The sharp rebound in operating profit was mainly from the reversal of provision for impairment of certain other receivables of HK$18.66 mn in 2015.*

中遠國際 COSCO International

** Including revenue from trading of asphalt and other comprehensive trading*
*** Including a provision for impairment of trade receivables of HK$18.94 mn*

Outlook



Outlook in 2016

Global Economy & Shipping Market

- Global economic recovery will continue at a slow rate while world trade volume is likely to remain weak.
- Oversupply situation of global shipping capacity will be unchanged and the road to recovery is expected to remain bumpy and challenging.
- Ship owners will continue to take stringent cost control measures in a weak shipping market.

Opportunities

- 2016 is the beginning year of China's "13th Five-Year Plan", while more opportunities will arise from the implementation of strategic plans of "One Belt, One Road" and "Supply-side Structural Reform".
- New features of centralised fleet capacity management, strong alliance, economies of scale and low operating costs have been evolved in global shipping. The establishment of new shipping giant, China COSCO Shipping Corporation, is expected to enhance its market influence and competitiveness in global shipping sphere, and build a new pattern of China's shipping industry. This will bring more opportunities to COSCO International for the development of "Shipping Services Industrial Cluster".

Development Strategy

- **Vision: To build a "Shipping Services Industrial Cluster"**

中国远洋海运集团有限公司
CHINA COSCO SHIPPING CORPORATION LIMITED

1,114 vessels, 85.32 mn DWT

" 6+1" Industrial Clusters

" 6 " Industrial Clusters :
- Shipping
- Logistics
- Finance
- Equipment Manufacturing
- Shipping Services
- Socialized

"1" Industrial Cluster :
Internet+ business based on business model innovation

- To fully support the operation of the mega fleet of new shipping giant by enhancing the scope and core competence of existing shipping services businesses
  - To help shipowners carry out their newbuilding and ship scrapping plans smoothly
  - To develop more new products and provide customised and value-added services
  - To enhance the management of suppliers to lower procurement cost
  - To maintain market leadership in container coatings and marine coatings in China
- To develop new customers outside the new group
- To expand the cluster by future acquisition of potential targets

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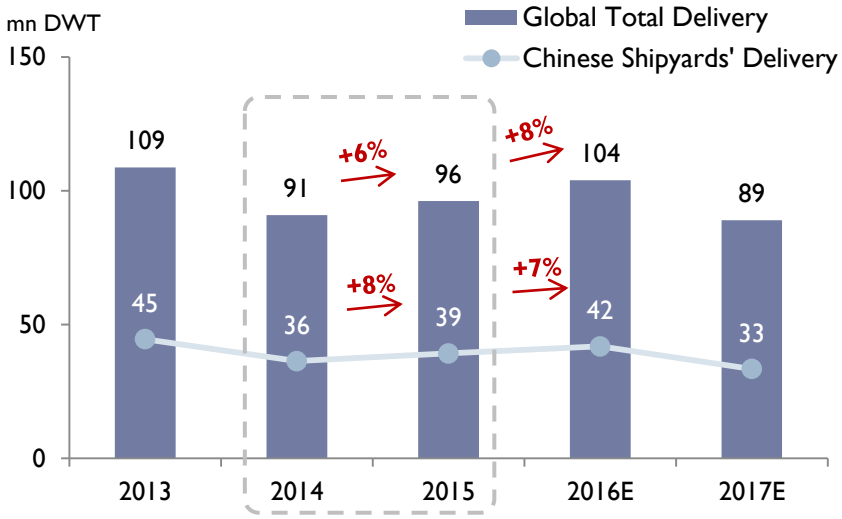
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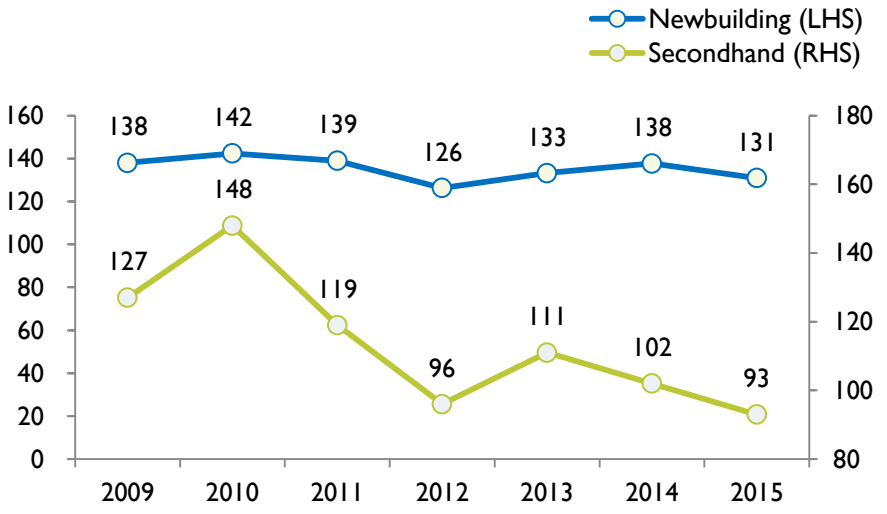
Appendix

Market Review: (1) Delivery & Contracting of Newbuilding

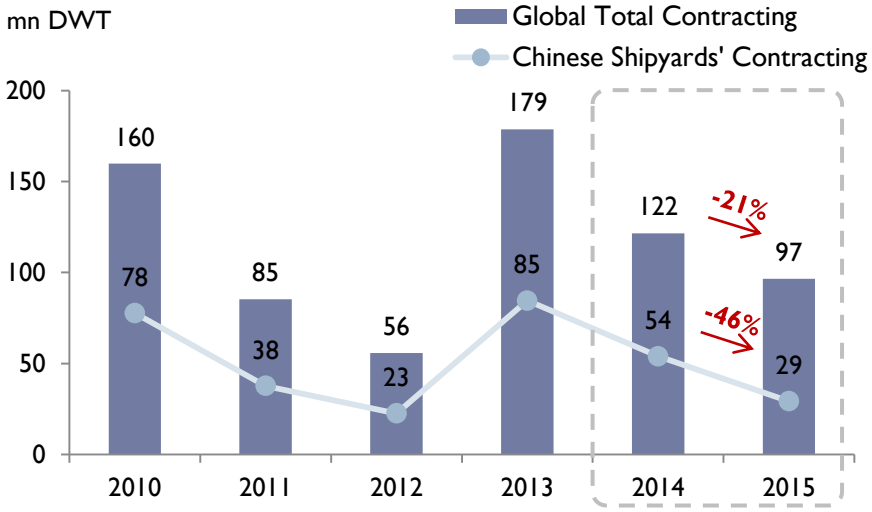
Newbuilding Delivery Trend



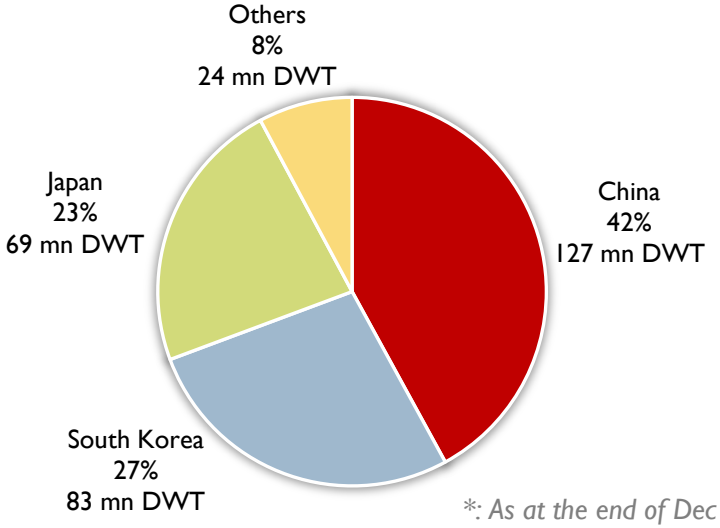
Clarkson Price Index



Newbuilding Contracting Trend



Breakdown of Orderbook by Builder Country*

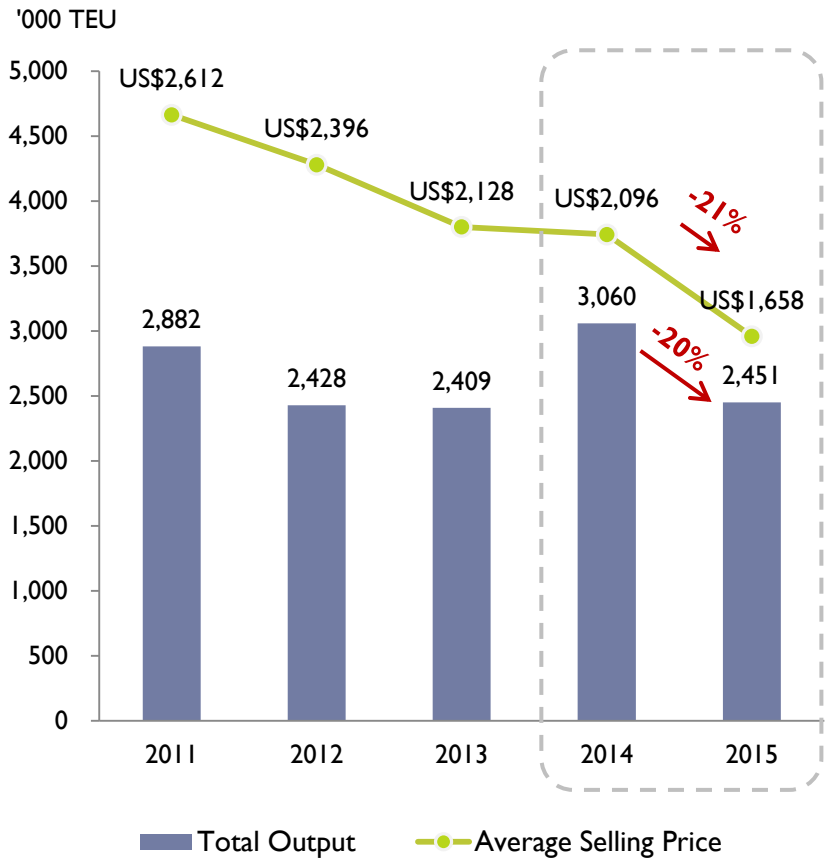


*: As at the end of Dec 2015
Source: Clarkson Research

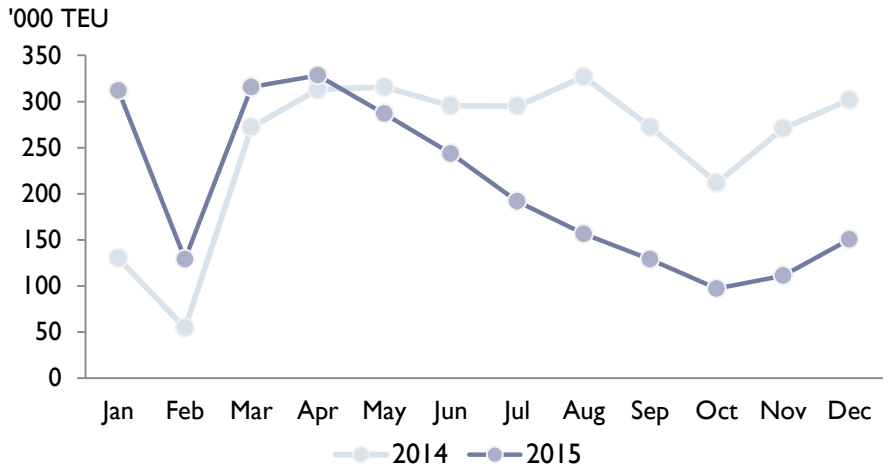
Market Review: (2) Output & ASP of Newbuild Containers

Drivers of Container Coatings' Demand & ASP

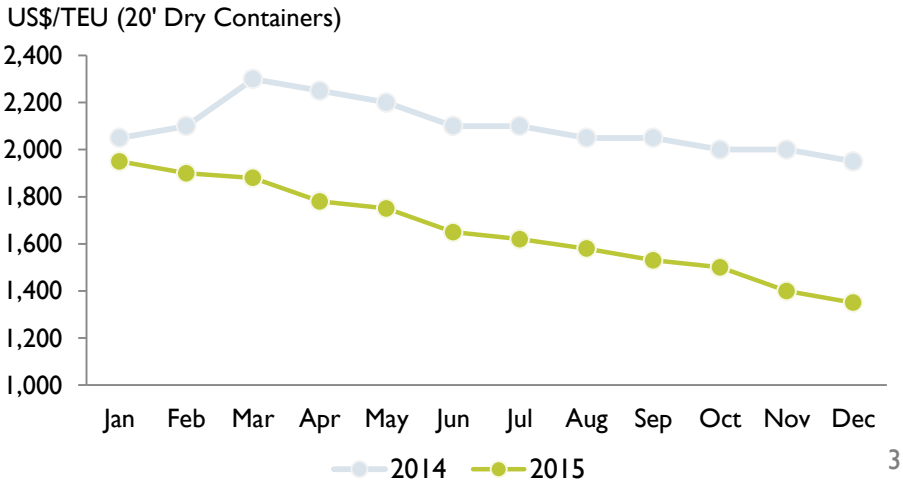
Output and Average Selling Price of Newbuild Containers in China



Monthly Output of Newbuild Containers in China



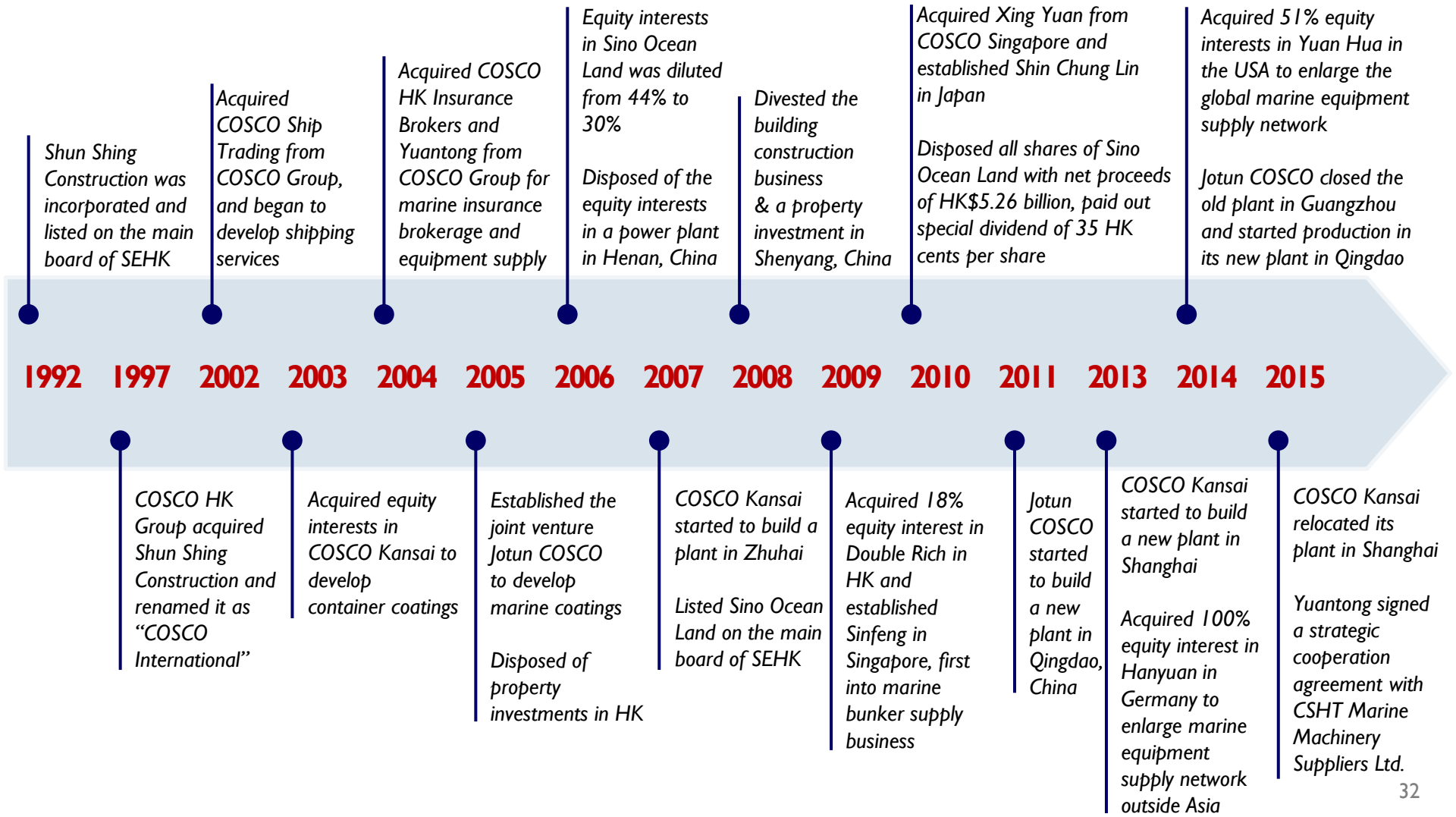
Monthly ASP of Newbuild Containers in China



Source: Company Statistical Data

Development Milestones

Strategic Transformation into a Shipping Services Provider



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