

Stock Code: 000022/200022

Stock Abbr.: Chiwan Wharf A / Chiwan Wharf B

Public Announcement No.: 2016-012



## SHENZHEN CHIWAN WHARF HOLDINGS LIMITED

### THE ABSTRACT OF THE 2015 ANNUAL REPORT

#### I. Important information

This Abstract is based on the full text of the Annual Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by the China Securities Regulatory Commission.

This Abstract is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Non-standard auditor's opinion

Applicable  Inapplicable

Preliminary plan for profit distribution to the common shareholders or turning the capital reserve into the share capital for the reporting period, which has been reviewed and approved at the board meeting

Applicable  Inapplicable

Share capital increase from the capital reserve

Yes  No

Preliminary plan for profit distribution to the common shareholders for the reporting period which has been reviewed and approved at the board meeting: Based on the total shares of 644,763,730, a cash dividend of RMB4.10 (tax included) will be distributed to all the shareholders for every 10 shares that they hold. No bonus shares will be granted and no capital reserve will be turned into share capital.

Preliminary plan for profit distribution to the preference shareholders for the reporting period which has been reviewed and approved at the board meeting

Applicable  Inapplicable

Company profile

Stock abbr.	Chiwan Wharf A, Chiwan Wharf B	Stock code	000022, 200022
Stock exchange	Shenzhen Stock Exchange		
Contact information	Company Secretary	Securities Affairs Representative	
Name	Mr. Wang Yongli	Ms. Hu Jingjing & Ms. Chen Dan	
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#### II. Brief introduction to the main business or products in the reporting period

The Company is principally engaged in the handling, warehousing and transportation of containers and bulk cargoes, as well as the provision of related services. The Company has 6 container berths and 7 bulk cargo berths in Chiwan Port (Shenzhen), 3 container berths in Mawan Port (Shenzhen) and 5 bulk cargo berths in Machong Port (Dongguan). The Company also have an investment in Laizhou Wharf in Shandong Province.

In the reporting period, shrinking growth in port transportation demand caused by low international trade demand as well as fiercer competition due to overcapacity urged faster transformation by upgrading and integration of regional resources. New technology such as the Internet and the Internet of Things boosted the shift of port

enterprises to a comprehensive service provider. As a regional hub for container and bulk cargo carriers, the Company enjoyed sound business results as well as a firm and improving market position.

### III. Accounting and financial highlights

#### 1. Accounting and financial highlights for the past three years

Does the Company adjust retrospectively or restate the accounting data of previous years due to changes in the accounting policy or corrections of accounting errors?

Yes  No

Unit: RMB Yuan

Item	2015	2014	Increase/decrease of current year over last year	2013
Operating revenues	1,872,608,596.16	1,804,766,176.31	3.76%	1,780,774,836.30
Net profits attributable to shareholders of the parent	527,751,492.42	417,594,271.33	26.38%	502,894,547.79
Net profits attributable to shareholders of the parent after extraordinary gains and losses	528,043,530.88	417,628,589.12	26.44%	502,469,158.84
Net cash flows from operating activities	977,850,737.45	818,315,147.74	19.50%	897,178,297.23
Basic EPS (RMB Yuan/share)	0.819	0.648	26.39%	0.780
Diluted EPS (RMB Yuan/share)	0.819	0.648	26.39%	0.780
Weighted average ROE (%)	12.34%	10.36%	1.98%	13.26%
Item	As at 31 Dec. 2015	As at 31 Dec. 2014	Increase/decrease of current year-end than last year-end	As at 31 Dec. 2013
Total assets	6,913,772,876.99	6,935,824,199.68	-0.32%	7,346,529,214.70
Net assets attributable to shareholders of the Company	4,439,600,537.05	4,115,298,831.59	7.88%	3,947,846,392.77

#### 2. Accounting highlights by quarter

Unit: RMB Yuan

Item	Q1	Q2	Q3	Q4
Operating revenues	407,974,820.55	472,813,188.23	509,817,001.86	482,003,585.52
Net profits attributable to shareholders of the parent	102,580,695.58	139,396,676.76	175,532,433.81	110,241,686.27
Net profits attributable to shareholders of the parent after extraordinary gains and losses	104,753,391.40	139,009,690.31	175,272,326.54	109,008,122.63
Net cash flows from operating activities	161,160,849.20	204,361,665.51	279,497,564.39	332,830,658.35

Any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports?

Yes  No

## IV. Share capital and shareholders

### 1. Numbers of the common shareholders and the preference shareholders with resumed voting rights as well as the shareholdings of the top 10 shareholders

Unit: share

Total number of common shareholders at period-end	37,528, including 28,103 A-shareholders and 9,425 B-shareholders	Total number of common shareholders at pervious month-end of this Report's disclosure	36,676, including 27,174 A-shareholders and 9,502 B-shareholders	Total number of preference shareholders with resumed voting rights at period-end (if any)	0	Total number of preference shareholders with resumed voting rights at pervious month-end of this Report's disclosure (if any)	0
Shareholdings of shareholders with a stake over 5% or top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at period-end	+/- in reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares
CHINA NANSHAN DEVELOPMENT (GROUP) INC.		32.52%	209,687,067	0	0	209,687,067	0
SHENZHEN MALAI STORAGE CO., LTD.		25.00%	161,190,933	0	0	161,190,933	0
KEEN FIELD ENTERPRISES LIMITED	Foreign-funded	8.58%	55,314,208	0	0	55,314,208	Unknown
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign-funded	7.43%	47,914,954	0	0	47,914,954	Unknown
CMBNA/STICHTING PENS FND ABP	Foreign-funded	0.54%	3,463,503	0	0	3,463,503	Unknown
GIC PRIVATE LIMITED	Foreign-funded	0.52%	3,360,777	0	0	3,360,777	Unknown
TEMPLETON ASIAN GROWTH FUND	Foreign-funded	0.41%	2,657,852	0	0	2,657,852	Unknown
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign-funded	0.41%	2,617,518	21,600	0	2,617,518	Unknown
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	Foreign-funded	0.37%	2,368,067	0	0	2,368,067	Unknown
TEMPLETON EMERGING MKTS FUND INC	Foreign-funded	0.33%	2,126,967	0	0	2,126,967	Unknown
Shareholdings of top 10 non-restricted share holders							
Name of shareholder	Number of non-restricted shares held at period-end			Type of shares			
				Type	Number		
CHINA NANSHAN DEVELOPMENT (GROUP) INC.	209,687,067			A share	209,687,067		
SHENZHEN MALAI STORAGE CO., LTD.	161,190,933			A share	161,190,933		

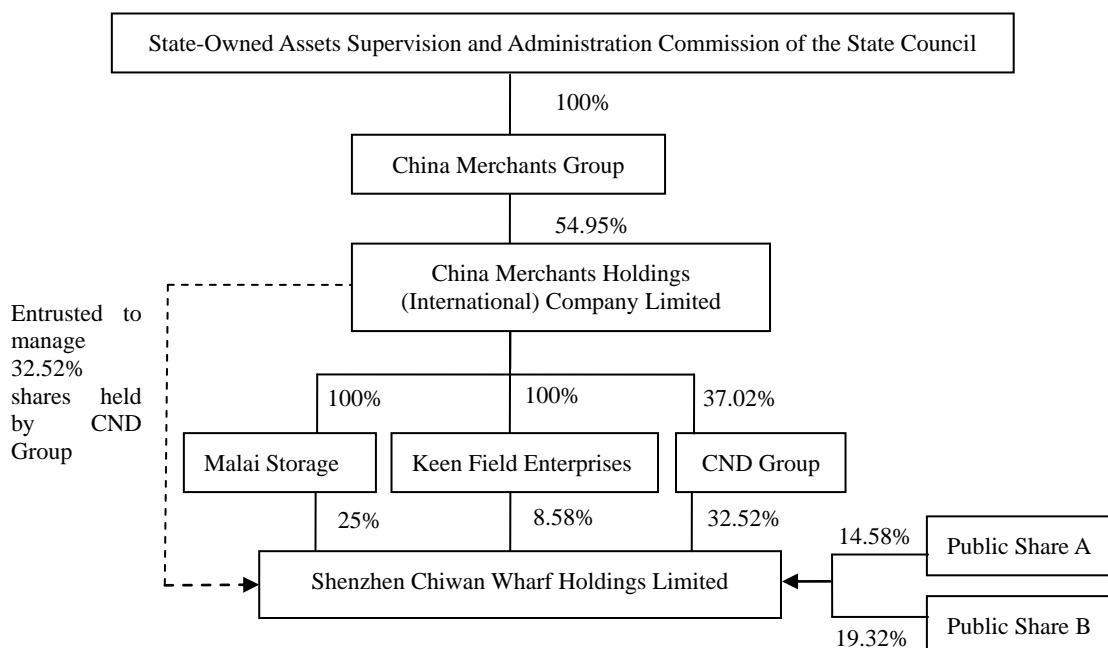
KEEN FIELD ENTERPRISES LIMITED	55,314,208	B share	55,314,208
CMBSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	47,914,954	B share	47,914,954
CMBNA/STICHTING PENS FND ABP	3,463,503	B share	3,463,503
GIC PRIVATE LIMITED	3,360,777	B share	3,360,777
TEMPLETON ASIAN GROWTH FUND	2,657,852	B share	2,657,852
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	2,617,518	B share	2,617,518
KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	2,368,067	B share	2,368,067
TEMPLETON EMERGING MKTS FUND INC	2,126,967	B share	2,126,967
Related or acting-in-concert parties among top 10 shareholders	China Merchants Holdings (International) Company Limited (“CMHI”) is a shareholder of China Nanshan Development (Group) Inc. (“CND Group”), Shenzhen Malai Storage Co., Ltd. (“Malai Storage”) is a wholly-funded subsidiary of China Merchants Holdings (International) Company Limited, and Keen Field Enterprises Limited is also a wholly-funded subsidiary of China Merchants Holdings (International) Company Limited. Other than that, the Company does not know whether the other non-restricted shareholders are related parties or not.		
Top 10 common shareholders conducting securities margin trading (if any)	Inapplicable		

**2. Number of the preference shareholders and the shareholdings of the top 10 of them**

Applicable  Inapplicable

No preference shareholders in the reporting period

**3. Relationship between the Company and its actual controller in the form of diagram**



## V. Discussion and analysis by the management

### 1. Business review for the reporting period

In 2015, the global economy developed slowly amid polarization and adjustments, leading to falling commodity prices and weak international trade demand. With its economic structure in an upgrade period, China's economic growth in the year slowed down to 6.9%. Its gross value of imports and exports went down by 7.0% due to multiple factors such as low foreign demand, fading conventional competitive edges and trade protectionism. Substantial development of the Belt and Road Initiative, start of the supply-front structural reform as well as implementation and spread of the free trade zone policies caused a shrinking growth in port transportation demand and urged a faster pace in resource integration in the port industry. Meanwhile, new technology such as the Internet and the Internet of Things boosted the shift of port enterprises to a comprehensive service provider.

In 2015, strictly following the principle of "Recognize the Situation, Solidify What We Have and Innovate for Breakthroughs", the Company overcame difficulties and forged ahead. As a result, the business plan for the year has been fully accomplished.

#### (1) Continuous growth in business results

Affected by the sluggish macro-economy, growth in the throughput of China's ports kept falling. In 2015, throughput of China's coastal wharfs above the designated size stood at 7.84 billion tons, only 1.0% higher than that of last year. In the reporting period, the Company achieved a throughput of 66.618 million tons, a year-on-year increase of 5.7%, higher than the national average, which generated operating revenues of RMB1.87 billion, up 3.8% from last year; total profits of RMB730 million, up 8.3% on a year-on-year basis; and net profits attributable to the Company (excluding subsidiaries) of RMB530 million, representing a 26.4% growth from the year earlier.

The container handling business remained relatively stable. In 2015, shipping prices dropped further since the supply and demand imbalance in shipping was not improving with low international container shipping demand. To deal with the depression, shipping companies were trying to cut down their operating costs through shipping route adjustment and alliance cooperation. In 2015, container throughput of main ports in South China declined 1.4% year on year. Ports in Shenzhen achieved a container throughput of 24.21 million TEU, up 0.7% from the year earlier, staying No. 3 in the global ranking. As the Company mainly handled international containers and its clients were relatively centralized, the shipping route adjustments by its core clients caused more fluctuations in its business. In the reporting period, the Company handled 4.76 million TEU of containers, down 4.0% from last year, accounting for approximately 20% of the Shenzhen market, about the same with last year. Meanwhile, we made full use of our information platform—"Smart Port"—to vigorously promote the barge sideline. As a result, the 15.4% throughput growth in the barge business from containers from the Pearl River Delta effectively offset the decline in the international transit business. The company also attracted 16 new shipping routes. By the end of 2015, we had a total of 54 international liner routes to work with. In addition, we have applied the same customs clearance procedure for Chiwan Wharf and Mawan Wharf and effectively improved the wharf environment.

The bulk cargo handling business continued to grow. In 2015, China imported a lot more fertilizer and grain from quite many countries and regions. We seized the opportunity, closely followed hot trends in the market, adopted flexible business strategies in dealing with the fierce market competition and immediately responded to clients' needs. As a result, we achieved a remarkable result in market expansion, stabilizing the rates and further optimizing our business mix. In the reporting period, the Company achieved a bulk cargo throughput of 19.283 million tons, up 27.4% year on year, including 7.49 million tons from Chiwan Wharf (a year-on-year increase of 36.1%) as well as 11.793 million tons from Machong Wharf (a year-on-year increase of 22.4%). The Company saw a steadily expanding market share in its bulk cargo handling business, with a leading position in the Pearl River Delta in regard to handling exported grain and feedstuff as well as a leading position in the country regarding handling imported compound fertilizer.

Business highlights of the Company for the past three years are set out as follows:

Business highlight	2015	2014	2013
Total throughput (thousand tons)	66,618	63,002	65,894
Among which: Container throughput	4,760	4,958	5,346

(thousand TEU)			
Chiwan Wharf	3,414	3,712	3,990
Mawan Wharf (joint venture)	1,346	1,246	1,356
Bulk cargo throughput (thousand tons)	19,283	15,139	13,311
Chiwan Wharf	7,490	5,502	7,223
Machong Wharf	11,793	9,637	6,088
Hours charged for tow trucks (thousand hours)	1,129	1,170	1,230
Hours charged for tugboats (hour)	34,098	28,642	30,247

### (2) Continuous optimization of resource allocation

Pursuant to our development strategy, we pushed forward container berth upgrade, launched a berth upgrade and storage yard alteration project for Chiwan Wharf, and accelerated the construction in Machong Wharf. These effective improvements in our resource capacity have laid a solid foundation for our future business development.

In the reporting period, container berths 12# and 13# in Chiwan Wharf and container berths 6# and 7# in Mawan Wharf finished upgrading and were put into use; bulk cargo storage yard 14# in Chiwan Wharf finished expansion and went into operation, the Chiwan Wharf bulk cargo berth 7# alteration project entered the construction phase and the silo technique continued to improve; in Machong Wharf, berths 2# and 3# were upgraded upon approval to conditional 70,000-ton-level berths, the 100,000-ton mechanized horizontal warehouse was completed and put into use in November, construction started for the expansion of the 225,000-ton bulk grain warehouse, and preparations for the bulk grain silo phase III project proceeded smoothly as scheduled.

### (3) Effective increase of our management capability

In the reporting period, we continued to push forward lean management and enhanced the application of the statistic analysis tool in management via theoretical training and practice. Our management capability was further increased through our efforts in adjusting our management architecture, optimizing our debt structure, bringing in a competitive mechanism for contractors, spreading our technical innovation achievements, etc. Innovative measures such as encouraging innovation of our business models, technical innovation and optimizing operation procedures helped increase our input-output efficiency and achieve improvement in efficiency, quality and earnings. Despite rising land rents and labor cost, controllable costs were effectively controlled and operating costs grew slower than the business volume did.

## 2. Outlook of the Company's future development

### (1) Outlook and trends of the industry

2016 is expected to continue to see a faltering recovery in the global economy as well as a slow development pace in global shipping. In the opening year for the 13<sup>th</sup> Five Year Plan for National Economic and Social Development, China continues to carry forward its market-oriented reform on its economy and shifts its economic growth to a medium and high speed. China's port industry is still under the pressure of overcapacity. In the meantime, costs are rising due to the government's adjustment to the policy governing port rates, rigid growth in labor cost, increasing requirements for port functions, etc. Competition among ports will become fiercer. All these are accelerating resource allocation in ports.

In terms of container handling, container throughput in the Pearl River Delta is expected to remain stable, the trend of larger ships and shipping alliances has become normal, and the risk of business fluctuations may become higher as clients have become more centralized. As a local hub port for container carriers, our market position and throughput will remain relatively stable and may grow as we enhance market expansion.

As for bulk cargo handling, regional demand is growing steadily and resource capacity of Chiwan Port and Machong Port has increased steadily. Meanwhile, due to operation for both foreign and domestic trade with a large and balanced variety of cargo, we enjoy strong competitiveness in the market. Therefore, throughput of our bulk cargo handling business will expectedly keep growing.

## **(2) Development strategy**

With our main goal being “Based on Main Business of Port Service, Be a Local Standard; Expand Comprehensive Service for Business Upgrade”, we strive to build a company featuring excellent management, great efficiency, potential for sustained development and the ability to create constant value for its shareholders, employees, clients and the society.

1) Main business of port service: We will consolidate our position as a hub port for container carries and a priority port for handling imported and exported grain and feedstuff in the Pearl River Delta, build a local standard, increase our brand value, ensure a steady and growing market share and solidify the foundation for development.

2) Comprehensive service: Leveraging on the Internet and Internet of Things technology, seizing opportunities in the transformation of traditional ports and making use of our existing competitive edges, we will expand to the upstream and downstream of the industrial chain and value chain, cultivate new profit growth points and try to transform from a wharf operator to a comprehensive service provider.

3) Investment: Seizing opportunities in the reform of state-owned enterprises and the integration of local ports, we will give full play to our function as a capital operation platform, obtain other resources through asset reorganization and integration, and further expand and improve our port network so as to increase return on our assets.

## **(3) Business plans for 2016**

In face of the complex and changeable market in 2016, we will adhere to the guideline of “Recognize the Situation, Based on the Main Business and Create a Bright Future” and vigorously respond to challenges so as to achieve sound growth in our business results. Our main business plans are as follows:

1) To ensure development of our main business of port services and consolidate our competitive business lines

In order for a steady growth in our business scale, we will actively deal with changes in the shipping market, enhance business expansion, improve our anti-risk capability, maintain flexible business strategies as well as solidify and increase our local market position.

2) To accelerate construction projects so as to increase our resource capability

We will actively work with the government in expansion of Tonggu Channel Phase II to cater for bigger ships. Meanwhile, upon completion of the upgrade on Berth 7# in Chiwan Port, we will continue to push forward alteration of the storage yards in the port. As for Machong Port, we will speed up construction of supporting facilities such as Phase II Silo and Phase III Silo so as to fully improve the economy of resources as well as the market competitiveness.

3) To enhance lean management and innovation to drive growth

Lean management and innovation will be pushed forward in the form of projects and we will also attach importance to application of the Internet technology in our port business. Meanwhile, we will set up an innovation system and incentive mechanism to encourage innovation and enhance application and spread of our innovation achievements in our actual operation.

4) To look for investment and cooperation opportunities for synergistic effect

In the current reform of state-owned enterprises as well as integration in the industry, we will keep looking for opportunities for resource integration and business expansion so as to expand our business network, achieve synergistic effect and even a leap-frog development.

## **(4) Capital needs and expenditure plan for 2016**

To implement our future development strategies and achieve the business goals we have set, a capital expenditure of RMB477,809,700 is planned for 2016, of which RMB372,631,000 will be invested in wharfs and warehouses, RMB70,883,000 in mechanical equipment and technical improvement projects, RMB30,267,200 in computer projects and RMB4,028,500 in administration and other. The said capital expenditures will be mainly funded by cash inflows from operating activities of the Company and bank borrowings.

## **3. Significant changes in the main business in the reporting period**

Yes     No

**4. Products contributing over 10% of the main business revenue or profit**

Applicable  Inapplicable

**5. Seasonal or periodic characteristics in the operating performance that need special attention**

Yes  No

**6. Significant YoY changes in the operating revenues, operating costs and net profits attributable to the common shareholders or their composition**

Applicable  Inapplicable

**7. Listing suspension or termination**

Applicable  Inapplicable

**VI. Issues related to the financial report**

**1. YoY changes in the accounting policy, accounting estimation and measurement methods**

Applicable  Inapplicable

No changes

**2. Retrospective restatements due to correction of significant accounting errors in the reporting period**

Applicable  Inapplicable

No such cases

**3. YoY changes in the consolidation scope**

Applicable  Inapplicable

The consolidation scope narrowed for the Company merged in subsidiary. For details, see Note (VI) “Changes in consolidation scope” to the consolidated financial statements in “Section X. Auditor’s Report”.

**4. Explanation by the Board of Directors and the Supervisory Committee concerning the “non-standard auditor’s report” issued by the CPAs firm for the reporting period**

Applicable  Inapplicable

For and on behalf of the Board

Shi Wei

Chairman

Shenzhen Chiwan Wharf Holdings Limited

Dated 28 March 2016