

# China Shipping Container Lines Company Limited 中海集裝箱運輸股份有限公司

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

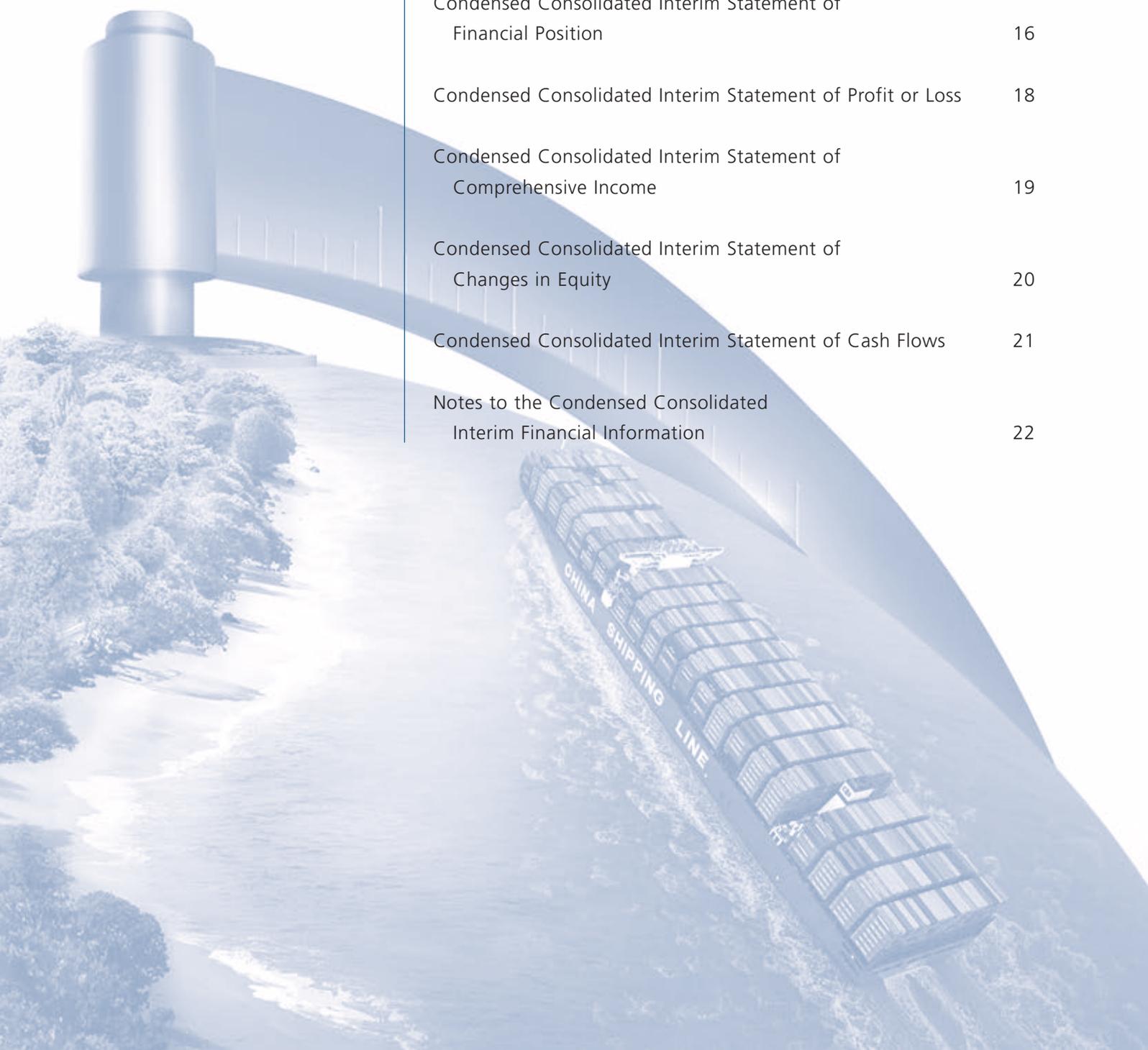
Stock Code : 2866

## 2014 INTERIM REPORT PURSUING SUSTAINABLE OPPORTUNITIES



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## CORPORATE INFORMATION

### DIRECTORS

#### EXECUTIVE DIRECTORS

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

#### NON-EXECUTIVE DIRECTORS

Ms. Su Min  
Mr. Ding Nong  
Mr. Liu Xihan  
Mr. Yu Zenggang  
Mr. Chen Jihong

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Zhang Nan  
Mr. Teo Siong Seng  
Mr. Chen Lishen  
Mr. Guan Yimin  
Mr. Shi Xin

### SUPERVISORS

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

### INVESTMENT STRATEGY COMMITTEE

Mr. Zhang Guofa (*Chairman*)  
Mr. Huang Xiaowen  
Mr. Zhao Hongzhou  
Mr. Yu Zenggang  
Ms. Zhang Nan  
Mr. Teo Siong Seng  
Mr. Shi Xin

### NOMINATION COMMITTEE

Ms. Zhang Nan (*Chairman*)  
Mr. Zhang Guofa  
Mr. Yu Zenggang  
Mr. Teo Siong Seng  
Mr. Shi Xin

### REMUNERATION COMMITTEE

Mr. Chen Lishen (*Chairman*)  
Mr. Yu Zenggang  
Mr. Shi Xin

### AUDIT COMMITTEE

Mr. Guan Yimin (*Chairman*)  
Ms. Su Min  
Ms. Zhang Nan

### CHIEF ACCOUNTANT

Mr. Zhang Mingwen

### JOINT COMPANY SECRETARIES

Mr. Yu Zhen/Ms. Ng Sau Mei

### AUTHORISED REPRESENTATIVES

Mr. Huang Xiaowen  
Mr. Yu Zhen

### LEGAL ADDRESS IN THE PRC

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

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

628 Minsheng Road  
Pudong New Area  
Shanghai  
The PRC

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

**INTERNATIONAL AUDITOR**

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

**DOMESTIC AUDITOR**

Baker Tilly China

**LEGAL ADVISER**

Clifford Chance (Hong Kong Laws)  
Zhong Lun Law Firm (PRC Laws)

**HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE**

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

**PRINCIPAL BANKERS**

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

**TELEPHONE NUMBER**

86 (21) 6596 6105

**FAX NUMBER**

86 (21) 6596 6813

**COMPANY WEBSITE**

www.cscl.com.cn

**H SHARE LISTING PLACE**

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

**LISTING DATE**

16 June 2004

**NUMBER OF H SHARES IN ISSUE**

3,751,000,000 H Shares

**BOARD LOT**

1,000 shares

**STOCK EXCHANGE STOCK CODE**

02866

**A SHARE LISTING PLACE**

Shanghai Stock Exchange

**LISTING DATE**

12 December 2007

**NUMBER OF A SHARES IN ISSUE**

7,932,125,000 A Shares

**BOARD LOT**

100 shares

**SHANGHAI STOCK EXCHANGE STOCK CODE**

601866

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

**RESULTS AND BUSINESS HIGHLIGHTS UNDER HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")****Unaudited Interim Results For The Six Months ended 30 June 2014**

	<b>1H 2014</b> <i>RMB</i> <b>(Unaudited)</b>	1H 2013 <i>RMB</i> (Unaudited)	<b>Change</b> (%)
Revenue	<b>17,406,834,000</b>	16,037,068,000	8.5%
Operating income/(loss)	<b>619,245,000</b>	(1,041,935,000)	(159.4%)
Profit/(loss) attributable to owners of the parent	<b>431,637,000</b>	(1,258,077,000)	(134.3%)
Basic earnings/(loss) per share	<b>0.04</b>	(0.11)	(134.3%)
Gross profit margin	<b>(0.7%)</b>	(5.4%)	(87.0%)
Gearing ratio	<b>57.1%</b>	47.0%	21.5%

**BUSINESS HIGHLIGHTS**

- Shipping volume of China Shipping Container Lines Company Limited (the "Company") and its subsidiaries (the "Group") reached 3,953,287TEU in the first half of 2014, representing an increase of 1.4% over that of the same period of 2013.
- Revenue of the Group amounted to RMB17,406,834,000 in the first half of 2014, representing an increase of RMB1,369,766,000 or 8.5% as compared with the same period of 2013.
- Shipping capacity of the Group reached 669,452TEU as at 30 June 2014, representing a net increase of 58,810TEU as compared with that at the end of 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING ENVIRONMENT

In the first half of 2014, the world's major economies showed slow recovery while demand for global container transportation increased steadily. However, given the continuous increase in shipping capacity of containers, freight rates of main trade lanes showed no substantial recovery and the pace of recovery of the container transportation market was still fragile. In face of such volatile market, the Group responded in a steady manner and seized the opportunities to increase trade lanes efficiency by accurately assessing market conditions. As a result, we were able to achieve improved operating results as compared with the same period of last year.

### PERFORMANCE ANALYSIS

During the six months ended 30 June 2014 (the "Period"), the Group's loaded container volume was 3,953,287TEU, increased by 1.4% as compared with the same period of 2013, and revenue was RMB17,406,834,000, representing an increase of RMB1,369,766,000 or 8.5% as compared with the same period of 2013.

### LOADED CONTAINER VOLUME BY TRADE LANES

<i>Principal Markets</i>	<b>1H 2014</b> <b>(TEU)</b>	1H 2013 (TEU)	Change (%)
Pacific trade lanes	<b>649,140</b>	640,131	1.4%
Europe/Mediterranean trade lanes	<b>760,273</b>	722,023	5.3%
Asia Pacific trade lanes	<b>931,621</b>	878,629	6.0%
China domestic trade lanes	<b>1,562,384</b>	1,623,499	(3.8%)
Other trade lanes	<b>49,869</b>	33,000	51.1%
<b>Total</b>	<b>3,953,287</b>	3,897,282	1.4%

### BREAKDOWN OF REVENUE

<i>Principal Markets</i>	<b>1H 2014</b> <b>(RMB'000)</b>	1H 2013 (RMB'000)	Change (%)
Pacific trade lanes	<b>4,473,300</b>	4,893,404	(8.6%)
Europe/Mediterranean trade lanes	<b>4,402,181</b>	3,923,373	12.2%
Asia Pacific trade lanes	<b>2,968,948</b>	2,911,244	2.0%
China domestic trade lanes	<b>2,885,645</b>	2,881,592	0.1%
Other trade lanes	<b>446,823</b>	297,239	50.3%
Logistics and other businesses	<b>2,229,937</b>	1,130,216	97.3%
<b>Total</b>	<b>17,406,834</b>	16,037,068	8.5%

During the Period, while the Group consolidated domestic market share, the domestic shipping capacity was reasonably allocated, domestic freight volume thus reduced by 3.8% as compared to the corresponding period of last year. On the other hand, the Group flexibly adjusted shipping capacity allocated to international lanes based on market demand, which led to an increase of freight volume of international lanes by 5.2% as compared to the corresponding period of last year. Due to the factors above, during the Period, the number of loaded containers of the Group amounted to 3,953,287TEU, representing an increase of 1.4% as compared to the corresponding period of 2013.

Despite the Company's effort to recover the freight rate in the first half of this year, the imbalance between supply and demand in the international shipping market was still profound and suppressed freight rate rising. The freight rate of international trade lanes bumped up and down and towards a downward trend. Average freight rate per TEU for international trade lanes amounted to RMB5,141, representing a decrease of 2.8% as compared with the same period of last year. Average freight rate per TEU for domestic trade lanes amounted to RMB1,847, representing an increase of 4.1% as compared with the same period of last year, mainly due to the Company constantly optimizing design for domestic trade lanes and increase of their freight rate.

#### **COST ANALYSIS**

During the Period, the Group's operational costs totalled RMB17,523,018,000, representing an increase of RMB626,906,000 or 3.7% as compared with the same period of 2013.

The increase in total operational costs was due to the following reasons:

- During the Period, container and cargo costs amounted to RMB6,545,885,000, representing an increase of 8.7% as compared with the same period of last year. Of which, port charges amounted to RMB970,014,000, representing an increase of 2.2% as compared with the same period of last year. The Group's stevedore charges for loaded and empty containers amounted to RMB3,874,695,000 during the Period, representing an increase of 8.5% as compared with the same period of last year. Container management and cargo arrangement expenses amounted to RMB1,701,176,000, representing an increase of 13.3% as compared to the same period of last year, mainly due to an increase in loaded cargo volume for international trade lanes, empty container allocation fee and container stevedore charges.
- Vessel and voyage costs for the Period amounted to RMB5,768,900,000 representing a decrease of 15.5% as compared with the same period of 2013, mainly due to decrease in fuel costs. During the Period, fuel costs amounted to RMB3,499,168,000, representing a decrease of 20.4% as compared with the same period of last year. This was mainly due to the reduction in international oil price in the first half of 2014, which caused the unit price of fuel consumption of the Company to decrease by 6.2% as compared with the same period of last year, and along with the Company's effort to continue to reinforce fuel saving measures, which led to the fuel consumption reduced by 15.2% as compared with the corresponding period of last year.
- During the Period, the costs of logistics and other businesses amounted to RMB2,054,615,000. The increase in costs was primarily due to the Company's subordinated enterprises having updated its service method for material supply which led to a change in the cost recognition method during the period, i.e. from recognition of differences to total amount recognition.
- During the Period, sub-route and other costs amounted to RMB3,153,618,000, representing an increase of 4.3% as compared with the same period of last year. The increase was mainly due to the increase in door-to-door transportation services provided by the Company, which led to an increase in the sub-route shipping volume.

## BUSINESS REVIEW

In the first half of 2014, in face of the complicated and ever changing market situation and various pressures, the Group adopted a relatively steady operating strategy that focused on cost control and increasing efficiency. The Group continued to pursue excellent operation, improve internal management and enhance overall operating standard through practical and effective measures.

In the first half of 2014, the Company implemented differentiated operation based on the characteristics of different trade lanes. For international trade lanes, it controlled contracts entered into at low price while increasing the number of contracts with small and medium value customers so as to secure stable source of customers. For domestic trade lanes, the Company stepped up marketing efforts toward quality customers and reasonably allocated shipping capacity in accordance with market needs in order to increase trade lanes efficiency.

During the Period, the Company set up a cost management team directly led by senior management of the Company, refined the control measures for all cost items and achieved satisfactory results. In the first half of the year, all cost control measures were successfully implemented, and all cost items including fuel, stevedore, transship, container control costs as well as spare parts costs were kept within budget. In particular, fuel costs control had achieved remarkable results, fuel consumption decreased by 15.2% as compared with the same period of last year despite an increase of 1.4% in loaded containers volume year-on-year, and fuel costs decreased 20.4% as compared with the same period of last year.

The Company continued to optimize its fleet structure. In the first half of 2014, the Company took in six new vessels (each with a capacity of 10,000TEU) as well as stepped up its processing efforts in surrendering and abandoning leases of old and high fuel consumption vessels. Meanwhile, the Company also entered into leases for high efficient vessels at lower prices based on its fleet structure and trade lane operation needs. As at 30 June 2014, the total shipping capacity of the Group's fleet reached 669,000TEU, and average capacity per vessel was 4,523TEU, making it the world's No.7 largest container shipping liner in terms of shipping capacity.

Moreover, in order to address the different market situation and operation needs of each trade lane, the Company constantly explored collaboration opportunities with other container liners. Through joint bidding for vessels, swapping shipping space, buying and selling of shipping space and other means, our trade lane products, service coverage and service quality were enhanced.

## FUTURE PROSPECT

In the second half of 2014, the global economic fundamentals display a continuous improving trend, which is expected to boost the steady recovery of container transportation demand. However, due to the imbalance in the overall supply and demand in the industry, whether freight rate will be able to maintain at a reasonable level is still unknown and faces tremendous challenges and resistance. The shipping transportation market is subject to the influence of the global economic recovery pace, fuel price fluctuation, regional political situation as well as changes in strategic alliance among the container liners and other factors. In view of the numerous uncertainties, it is too early to say that the overall situation is optimistic for the shipping industry.

Confronted with such severe market environment, the Group will take all efforts to refine trade lane management and increase trade lane efficiency by pursuing excellent standard, with an aim to push the overall standards of operation onto a new stage. In the second half of 2014, the Group will focus on the implementation of the following measures: actively explore cargo source, strengthen returning cargoes, local cargoes and high value added cargoes canvassing, improve cargo source structure; practically strengthen refined management of operation costs by exploring every possibility to reduce cost and increase cost competitiveness; explore collaboration with other container liners to improve trade lane distribution based on the principles of "equality, openness and mutual benefit"; actively and steadily adjust fleet structure, optimize fleet planning and flexibility in allocation of capacity; adhere to service-based culture, strengthen and improve service standard to provide convenient and quality services to customers; further improve fiscal and taxation management and enhance capital operation ability.

In addition, the Group will strive to enhance innovative thinking, actively identify effective ways for transformation and development as well as press forward the development of new operating mode for e-commerce for the shipping industry in an "active, steady, safe and compliant" manner. Meanwhile, the Company will also strengthen the systemization, processlization and standardization of internal management to increase the risk prevention ability of the Company.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's principal sources of working capital are the operating cash inflow and short-term bank borrowings. Cash is mainly used in operation cost expenses, repayment of loans, construction of new vessels and the purchase of containers. During the Period, the Group's net operating cash inflow was RMB608,470,000. As at 30 June 2014, the Group's cash balance in banks was RMB8,216,036,000.

As at 30 June 2014, the Group's total bank borrowings were RMB20,090,738,000. The maturity profile is spread over a period between 2014 to 2026 with RMB10,970,773,000 repayable within one year, RMB2,854,447,000 repayable within the second year, RMB3,892,692,000 repayable within the third to the fifth year, and RMB2,372,826,000 repayable after the fifth year. The Group's long-term bank borrowings are mainly used to finance the construction of vessels.

As at 30 June 2014, the Group's long-term bank borrowings were secured by mortgages over certain container vessels and vessels under construction with a book value of RMB7,736,311,000 (as at 31 December 2013: RMB5,942,678,000).

As at 30 June 2014, the Group's obligations under finance leases amounted to RMB206,757,000, with maturity profile ranging from 2014 to 2019. The amount repayable within one year is RMB36,131,000, the amount repayable within the second year is RMB38,309,000, the amount repayable within the third to the fifth year is RMB113,430,000 and the amount repayable after the fifth year is RMB18,887,000. The Group's obligations under the finance leases are all used in the lease of new containers.

As at 30 June 2014, the Group's bonds payable in ten-year period amounted to RMB1,792,755,000, and all proceeds raised from the bonds were used in the construction of vessels. The issuance of such bonds is guaranteed by Bank of China, Shanghai branch. The Group's RMB borrowings at fixed interest rates amounted to RMB600,000,000. USD borrowings at fixed interest rates amounted to USD55,933,000 (equivalent to RMB344,147,000) and USD borrowings at floating interest rates amounted to USD3,111,850,000 (equivalent to RMB19,146,591,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are also primarily denominated in RMB and US dollars.

It is expected that capital needs for regular cash flow and capital expenditure can be funded by the internal cash flow of the Group or external financing. The Board will review the operating cash flow of the Group from time to time. It is the intention of the Group to maintain an appropriate composition of equity and debt to constantly achieve an effective capital structure.

## GEARING RATIO

As at 30 June 2014, the gearing ratio of the Group (i.e. the ratio of net interest-bearing financial liabilities less cash and cash equivalents over total equity) was 57.1%, which is higher than that of 49.3% as at 31 December 2013. The increase was primarily due to the increase of interest-bearing financial liabilities during the Period.

## FOREIGN EXCHANGE RISK AND HEDGING

Most of the Group's revenues and operating expenses are settled or denominated in US dollars. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. During the Period, the Group recorded an exchange loss of approximately RMB13,787,000 in the income statement, and the exchange difference which directly charged to equity amounted to approximately RMB55,067,000 during the Period. The Group has continued to monitor the RMB exchange rate fluctuation, and convert net cash inflow from operating activities into RMB in a timely manner so as to minimise the losses brought by foreign exchange fluctuations. The Group will continue to implement the policy of timely conversion of foreign monetary assets, reduce the monetary net assets denominated in foreign currency, and consider appropriate measures, including hedging instruments such as forward exchange contracts when necessary and appropriate, based on the actual needs of the Group's operation in order to minimise the Group's exposure to foreign exchange risk.

## CAPITAL COMMITMENT

As at 30 June 2014, the Group's capital commitments and investment commitments which had been contracted but not provided for and which had been authorised by the Board but not contracted for, in relation to vessels under construction amounted to RMB3,695,550,000 and nil, respectively. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers, were RMB308,235,000 and RMB8,620,634,000, respectively.

## CONTINGENT LIABILITY

As at 30 June 2014, the Group had a provision of RMB25,000,000 for legal claims. The provision was related to legal claims brought against the Group by customers of the Group. After taking legal advice, the Board is of the view that the outcome of the legal claims should not give rise to any significant loss beyond the amounts provided for as at 30 June 2014.

**SHARE CAPITAL**

As at 30 June 2014, the share capital of the Company was as follows:

<b>Types of shares</b>	<b>Number of issued shares</b>	<b>Percentage (%)</b>
A Shares	7,932,125,000	67.89
H Shares	3,751,000,000	32.11
<b>Total</b>	<b>11,683,125,000</b>	<b>100.00</b>

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

As at 30 June 2014, the interests or short positions of the Directors, Supervisors or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

**(I) INTERESTS IN THE SHARES OF THE COMPANY**

<b>Name</b>	<b>Number of underlying H shares interested in</b>	<b>Capacity in which underlying H shares were held</b>	<b>Percentage in the issued H share capital</b>
<b>Director</b> Teo Siang Seng	200,000(L)	Beneficial owner	0.005%

(L) – long position

**(II) INTERESTS IN THE SHARES OF THE COMPANY UNDER THE RIGHTS SCHEME<sup>(1)</sup>**

<b>NAME</b>	<b>Number of Underlying H shares</b>	<b>Capacity</b>	<b>Percentage in total H share capital</b>
<b>Directors:</b>			
Zhang Guofa	2,218,050(L)	Beneficial owner	0.059%
Huang Xiaowen	3,334,050(L)	Beneficial owner	0.089%
Zhao Hongzhou	2,604,000(L)	Beneficial owner	0.069%
Wang Daxiong <sup>(2)</sup>	1,240,000(L)	Beneficial owner	0.033%
<b>Supervisors:</b>			
Tu Shiming	246,450(L)	Beneficial owner	0.007%
Wang Xiuping <sup>(3)</sup>	1,395,000(L)	Beneficial owner	0.037%

(L) – long position

*Notes:*

1. In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's second Special General Meeting held on 12 October 2005, the Company implemented a H share share appreciation rights scheme (the "Scheme") as appropriate incentive policy. Details of the original Scheme were set out in the Company's circular to shareholders dated 26 August 2005 and each amended Scheme was produced to the annual general meetings of the Company held on 20 June 2006, 26 June 2007 and 26 June 2008. The above disclosed represents the interests in H Shares of the Company held by the Directors and Supervisors of the Company under the Share Appreciation Rights Scheme.
2. Wang Daxiong has resigned as director of the Company due to work arrangement, with effect from 26 June 2014.
3. Wang Xiuping has resigned as supervisor of the Company due to work arrangement, with effect from 27 January 2014.

Save as disclosed above, as at 30 June 2014, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

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

As at 30 June 2014, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or the interests or short positions which have been notified to the Company and the Stock Exchange were as follows:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital (%)	Percentage in total share capital (%)
China Shipping (Group) Company ("China Shipping") <sup>(1)</sup>	A Shares	5,361,837,500(L)	Beneficial owner	67.60	45.89
Earnest Partners, LLC	H Shares	226,920,250(L)	Investment manager	6.05	1.94
The Northern Trust Company (ALA)	H Shares	249,945,900(P)	Approved lending agent	6.66	2.14

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

Note:

- As notified by Ocean Fortune Investment Limited ("Ocean Fortune"), it held 184,761,000 H Shares of the Company as at 30 June 2014. As China Shipping held the entire issued share capital of China Shipping (HK) Holdings Co., Ltd., which in turn held the entire issued share capital of Ocean Fortune, China Shipping is deemed to be interested in 184,761,000 H Shares of the Company as at 30 June 2014, accounting for approximately 4.93% of the relevant class of share capital of the Company and approximately 1.58% of the total number of shares issued by the Company as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interest or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interest or short positions which have been notified to the Company and the Stock Exchange.

## CHANGES IN INFORMATION OF DIRECTORS OR SUPERVISORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), changes in the information of Directors or Supervisors of the Company subsequent to the date of its 2013 Annual Report were as follows:

### DIRECTORS, SUPERVISORS – DETAILS OF CHANGES

The Company selected a new session of the Board of Directors and Supervisors at the 2013 Annual General Meeting held on 26 June 2014. The table below provides information of Directors and Supervisors who have ceased to be in office due to completion of their terms of service and those who have been elected to be in office for the new session.

Name	Position	Change	Reason of change
Liu Xihan	Director	elected to be in office	Took office since 26 June 2014
Yu Zenggang	Director	elected to be in office	Took office since 26 June 2014
Wang Daxiong	Director	ceased to be in office	Due to work arrangement
Zhang Rongbiao	Director	ceased to be in office	Due to work arrangement
Zhu Donglin	Supervisor	elected to be in office	Elected at the Fifth Meeting of the Fourth Session of the Staff Representative Meeting
Wang Xiuping	Supervisor	ceased to be in office	Due to work arrangement

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2013: nil).

## EMPLOYEES, TRAINING AND BENEFITS

As at 30 June 2014, the Group had 8,851 employees, of which 4,228 were outsourced labour employees. Total staff expenses during the Period amounted to approximately RMB899,539,000.

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

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

The Group adopted a compensation scheme on 12 October 2005 and amended the same on 20 June 2006, 26 June 2007 and 20 June 2008, which is to be satisfied by cash payments and is share based, known as the “H Share Share Appreciation Rights Scheme”. The fair value change of the rights is recognised as an expense or income of the Group. The Directors (other than the independent non-executive Directors), the supervisors of the Company (other than the independent supervisors), the senior management of the Company, the head person in charge of the operational and management departments of the Company, the general managers and deputy general managers of the Company’s subsidiaries and others might in the future be entitled to the compensation in the form of cash payment, which is calculated based on the appreciation in the price of the Group’s H share from the date of grant to the date of exercising the rights.

The Group has put in place various trainings for its staff, including Safety Management Systems (SMS) training for the crewing department as well as management training for mid-to-high level management staff.

## AUDIT COMMITTEE

The Board has set up an audit committee which consists of two independent non-executive Directors, namely Mr. Guan Yimin and Ms. Zhang Nan, and one non-executive Director, namely Ms. Su Min. The audit committee has reviewed the Company’s interim results for the Period and agreed with the accounting treatment adopted by the Company.

## CORPORATE GOVERNANCE CODE

The Company was in compliance with all the code provisions of the “Corporate Governance Code” and “Corporate Governance Report” set out in Appendix 14 to the Listing Rules during the Period.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors’, supervisors’ and relevant employees’ securities transactions on terms no less exacting than the required standard set out in the Model Code as set out in Appendix 10 to the Listing Rules. Following specific enquiry made with all the Directors and supervisors of the Company, each of them has confirmed that he/she has complied with the required standard set out in the Model Code regarding directors’ and supervisors’ securities transactions during the Period. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

By order of the Board  
**China Shipping Container Lines Company Limited**  
**Zhang Guofa**  
*Chairman*

Shanghai, the PRC  
28 August 2014



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE BOARD OF DIRECTORS OF CHINA SHIPPING CONTAINER LINES COMPANY LIMITED**  
(Established in the People's Republic of China with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 44, which comprises the condensed consolidated statement of financial position of China Shipping Container Lines Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2014, and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*.

**Ernst & Young**  
Certified Public Accountants

Hong Kong  
28 August 2014

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	34,327,593	32,290,294
Investment properties		2,120	2,148
Leasehold land and land use rights	7	–	75,991
Intangible assets	7	20,013	20,406
Deferred tax assets		496,532	496,534
Interests in associates	15	3,731,304	297,303
Interests in joint ventures		54,799	51,067
<b>Total non-current assets</b>		<b>38,632,361</b>	<b>33,233,743</b>
<b>CURRENT ASSETS</b>			
Inventories		1,481,461	1,545,370
Trade and notes receivables	8	2,513,637	2,476,402
Prepayments and other receivables		769,931	375,245
Restricted deposits		2,100	2,100
Cash and cash equivalents		8,216,036	9,014,462
		<b>12,983,165</b>	<b>13,413,579</b>
Assets of a disposal group classified as held for sale	15	–	4,169,566
<b>Total current assets</b>		<b>12,983,165</b>	<b>17,583,145</b>
<b>Total assets</b>		<b>51,615,526</b>	<b>50,816,888</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	9	11,683,125	11,683,125
Special reserves		8,715	38,278
Other reserves		16,946,378	16,895,316
Accumulated losses		(4,385,407)	(4,845,260)
		<b>24,252,811</b>	<b>23,771,459</b>
<b>Non-controlling interests</b>		<b>42,104</b>	<b>446,595</b>
<b>Total equity</b>		<b>24,294,915</b>	<b>24,218,054</b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION** *(Continued)*

AS AT 30 JUNE 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	10	9,119,965	10,917,131
Domestic corporate bonds	11	1,792,755	1,791,530
Finance lease obligations	12	170,626	186,597
Deferred tax liabilities		27	27
<b>Total non-current liabilities</b>		<b>11,083,373</b>	12,895,285
<b>CURRENT LIABILITIES</b>			
Trade payables	13	4,116,639	3,890,379
Other payables and accruals		1,065,178	757,256
Interest-bearing bank and other borrowings	10	10,970,773	8,020,195
Finance lease obligations – current portion	12	36,131	34,773
Tax payable		23,517	14,060
Provisions	14	25,000	25,000
		<b>16,237,238</b>	12,741,663
Liabilities directly associated with the assets classified as held for sale		–	961,886
<b>Total current liabilities</b>		<b>16,237,238</b>	13,703,549
<b>Total liabilities</b>		<b>27,320,611</b>	26,598,834
<b>Total equity and liabilities</b>		<b>51,615,526</b>	50,816,888
<b>Net current (liabilities)/assets</b>		<b>(3,254,073)</b>	3,879,596
<b>Total assets less current liabilities</b>		<b>35,378,288</b>	37,113,339

The notes on pages 22 to 44 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS**

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	Six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	6	<b>17,406,834</b>	16,037,068
Cost of services		<b>(17,523,018)</b>	(16,896,112)
<b>Gross loss</b>		<b>(116,184)</b>	(859,044)
Selling, administrative and general expenses		<b>(473,380)</b>	(423,999)
Other income	17	<b>322,791</b>	198,163
Other gains, net	18	<b>886,018</b>	42,945
<b>Operating profit/(loss)</b>	16	<b>619,245</b>	(1,041,935)
Finance costs	19	<b>(215,770)</b>	(225,666)
Share of profits and losses of:			
Associates		<b>28,824</b>	19,007
Joint ventures		<b>3,606</b>	2,036
<b>Profit/(loss) before income tax from continuing operations</b>		<b>435,905</b>	(1,246,558)
Income tax expense	20	<b>(29,839)</b>	(22,048)
<b>Profit/(loss) for the period from continuing operations</b>		<b>406,066</b>	(1,268,606)
<b>DISCONTINUED OPERATION</b>			
Profit for the period from a discontinued operation	22	<b>38,756</b>	14,136
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>444,822</b>	(1,254,470)
<b>Attributable to:</b>			
Owners of the parent		<b>431,637</b>	(1,258,077)
Non-controlling interests		<b>13,185</b>	3,607
		<b>444,822</b>	(1,254,470)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
(Expressed in RMB per share)	23		
– Basic and diluted			
For profit/(loss) for the period		<b>RMB0.04</b>	RMB(0.11)
For profit/(loss) from continuing operations		<b>RMB0.04</b>	RMB(0.11)

Details of the dividends payable and proposed for the period are disclosed in note 21 to the financial statements.

The notes on pages 22 to 44 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit/(loss) for the period</b>	<b>444,822</b>	(1,254,470)
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>55,067</b>	(137,448)
Others, net off income tax effects	<b>2,054</b>	413
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	<b>57,121</b>	(137,035)
<b>Total comprehensive income/(loss) for the period</b>	<b>501,943</b>	(1,391,505)
<b>Attributable to:</b>		
Owners of the parent	<b>488,626</b>	(1,394,911)
Non-controlling interests	<b>13,317</b>	3,406
	<b>501,943</b>	(1,391,505)

The notes on pages 22 to 44 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Owners of the parent				Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Issued capital RMB'000	Special reserves RMB'000	Other reserve RMB'000	Accumulated losses RMB'000			
<b>At 1 January 2013</b>	11,683,125	2,229	17,041,861	(2,198,638)	26,528,577	945,084	27,473,661
(Loss)/profit for the period	-	-	-	(1,258,077)	(1,258,077)	3,607	(1,254,470)
Other comprehensive income for the period:							
Share of other comprehensive income of joint ventures	-	-	413	-	413	-	413
Exchange differences on translation of foreign operations	-	-	(137,247)	-	(137,247)	(201)	(137,448)
<b>Total comprehensive (loss)/income for the period ended 30 June 2013</b>	-	-	(136,834)	(1,258,077)	(1,394,911)	3,406	(1,391,505)
<b>Transactions with owners</b>							
Capital injection from non-controlling interests	-	-	-	-	-	22,500	22,500
Dividends paid to non-controlling interests	-	-	-	-	-	(10,332)	(10,332)
Accrued special reserve during the period	-	87,421	-	(87,421)	-	-	-
Used special reserve during the period	-	(79,848)	-	79,848	-	-	-
Others	-	-	-	(473)	(473)	-	(473)
<b>Balance at 30 June 2013 (unaudited)</b>	11,683,125	9,802	16,905,027	(3,464,761)	25,133,193	960,658	26,093,851
<b>At 1 January 2014</b>	11,683,125	38,278	16,895,316	(4,845,260)	23,771,459	446,595	24,218,054
Profit for the period	-	-	-	431,637	431,637	13,185	444,822
Other comprehensive income for the period:							
Share of other comprehensive income of joint ventures	-	-	2,054	-	2,054	-	2,054
Exchange differences on translation of foreign operations	-	-	54,935	-	54,935	132	55,067
<b>Total comprehensive income for the period ended 30 June 2014</b>	-	-	56,989	431,637	488,626	13,317	501,943
<b>Transactions with owners</b>							
Capital injection from non-controlling interests	-	-	-	-	-	10,081	10,081
Disposal of subsidiaries	-	(883)	(6,395)	-	(7,278)	(422,270)	(429,548)
Dividends paid to non-controlling interests	-	-	-	-	-	(5,468)	(5,468)
Accrued special reserve during the period	-	87,627	-	(87,627)	-	-	-
Used special reserve during the period	-	(116,307)	-	116,307	-	-	-
Others	-	-	468	(464)	4	(151)	(147)
<b>Balance at 30 June 2014 (unaudited)</b>	11,683,125	8,715	16,946,378	(4,385,407)	24,252,811	42,104	24,294,915

The notes on pages 22 to 44 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	Six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations		<b>638,649</b>	(383,362)
Income tax paid		<b>(30,179)</b>	(35,014)
Net cash generated from/(used in) operating activities		<b>608,470</b>	(418,376)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment and intangible assets		<b>(2,650,522)</b>	(1,477,961)
Proceeds from disposal of items of property, plant and equipment		<b>77,014</b>	30,640
Disposal of subsidiaries	15	<b>(880)</b>	–
Increase in investments in joint ventures and associates		–	(20,000)
Increase in investments in available for sales financial assets		<b>(499,445)</b>	–
Dividends received from associates		<b>19,308</b>	16,800
Dividends received from joint ventures		<b>1,286</b>	22,334
Dividends received from available-for-sale financial assets		<b>12,600</b>	12,471
Interest received		<b>63,363</b>	28,243
Net cash used in investing activities		<b>(2,977,276)</b>	(1,387,473)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		<b>(363,369)</b>	(390,118)
Capital injection from non-controlling shareholders		<b>7,897</b>	22,500
New bank loans		<b>4,403,639</b>	1,545,321
Repayment of bank loans		<b>(3,076,687)</b>	(941,376)
Capital element of finance lease payments		<b>(17,154)</b>	(89,716)
Interest element of finance lease payments		<b>(6,433)</b>	(10,212)
Dividends paid to non-controlling interests		<b>(946)</b>	(11,286)
Net cash generated from financing activities		<b>946,947</b>	125,113
Net decrease in cash and cash equivalents		<b>(1,421,860)</b>	(1,680,736)
Cash and cash equivalents at beginning of the period		<b>9,602,804</b>	8,830,970
Effect of foreign exchange rate changes – net		<b>35,092</b>	(87,096)
Cash and cash equivalents at end of the period		<b>8,216,036</b>	7,063,138

The notes on pages 22 to 44 form an integral part of this condensed consolidated interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2014

### 1. GENERAL INFORMATION

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

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

The Company and its subsidiaries (together, the "Group") are principally engaged in owning, chartering and operating container vessels for the provision of international and domestic container marine transportation services.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors of the Company on 28 August 2014.

This condensed consolidated interim financial information has not been audited.

### 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standards 34 *Interim Financial Reporting*. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2013, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

## (a) New and revised standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> – <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> – <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of these new and revised HKFRSs had no significant financial effect on these financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

- (b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on or after 1 January 2014 and have not been early adopted:

HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> <sup>4</sup>
HKFRS 11 Amendments	<i>Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations</i> <sup>2</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>2</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>3</sup>
HKAS 16 and HKAS 38 Amendments	<i>Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>2</sup>
HKAS 19 Amendments	<i>Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
Annual Improvements 2010-2012 Cycle	<i>Amendments to a number of HKFRSs issued in January 2014</i> <sup>1</sup>
Annual Improvements 2011-2013 Cycle	<i>Amendments to a number of HKFRSs issued in January 2014</i> <sup>1</sup>
HKAS 16 and HKAS 40 Amendments	<i>Amendments to HKAS 16 and HKAS 40 – Agriculture: Bearer Plants</i> <sup>2</sup>
HKAS 27	<i>Amendments to HKAS 27 Equity Method in Separate Financial Statements</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

**4. ESTIMATES**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**5. FINANCIAL INSTRUMENTS**

Set out below is an overview of financial instruments, other than cash and cash equivalents and restricted deposits, held by the Group as at 30 June 2014:

	<b>Loans and receivables RMB'000 (Unaudited)</b>
<b>Financial assets:</b>	
Trade and notes receivables	2,513,637
Other receivables	600,459
<hr/>	
Total current assets	3,114,096
<hr/>	
Total	<b>3,114,096</b>
<hr/>	
	<b>Other financial liabilities at amortised cost RMB'000 (Unaudited)</b>
<b>Financial liabilities:</b>	
Interest-bearing bank and other borrowings	9,119,965
Domestic corporate bonds	1,792,755
Finance lease obligations	170,626
<hr/>	
Total non-current liabilities	11,083,346
<hr/>	
Trade payables	4,116,639
Other payables	840,449
Interest-bearing bank and other borrowings	10,970,773
Finance lease obligations – current portion	36,131
<hr/>	
Total current liabilities	15,963,992
<hr/>	
Total	<b>27,047,338</b>
<hr/>	

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**5. FINANCIAL INSTRUMENTS** *(Continued)***5.1 Financial risk factors**

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2013.

There have been no changes in the risk management department since the year end or in any risk management policies.

**5.2 Liquidity risk**

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

**5.3 Fair value estimation**

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2014:

	Carrying amount <i>RMB'000</i> (Unaudited)	Fair value <i>RMB'000</i> (Unaudited)
<b>Financial liabilities:</b>		
Interest-bearing bank and other borrowings	20,090,738	20,063,370
Domestic corporate bonds	1,792,755	1,734,207
Finance lease obligations	206,757	206,757
<b>Total</b>	<b>22,090,250</b>	<b>22,004,334</b>

*Fair value hierarchy*

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

As at 30 June 2014, the Group did not hold any financial instruments measured at fair value.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**6. REVENUE AND SEGMENT INFORMATION**

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

The chief operating decision-maker assesses the performance of the operating segments based on a measure of operating profit, which is reconciled to profit before tax. This measurement is consistent with that in the annual financial statements.

The container terminal and related business was classified as held for sale and its carrying amount will be recovered principally through a sale transaction approved by the Board rather than through continuing operation. For the period ended 30 June 2014 and 2013, all the profits or losses from continuing operations were generated through container shipping and related business.

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

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Pacific	<b>4,473,300</b>	4,893,404
Europe/Mediterranean	<b>4,402,181</b>	3,923,373
Asia Pacific	<b>2,968,948</b>	2,911,244
China Domestic	<b>2,885,645</b>	2,881,592
Other Lanes	<b>446,823</b>	297,239
Logistic Services and Others	<b>2,229,937</b>	1,130,216
Turnover	<b>17,406,834</b>	16,037,068

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

No revenue derived from a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the six months ended 30 June 2014 and 2013.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**7. PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND LAND USE RIGHTS AND INTANGIBLE ASSETS**

	Property, plant and equipment <i>RMB'000</i>	Leasehold land and land use rights <i>RMB'000</i>	Intangible assets <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 30 June 2014</b>				
<b>(Unaudited)</b>				
Opening net book amount as at 1 January 2014	32,290,294	75,991	20,406	32,386,691
Additions	3,018,254	–	2,775	3,021,029
Disposals	(120,047)	–	–	(120,047)
Disposal of subsidiaries	(254,365)	(75,991)	(191)	(330,547)
Depreciation and amortisation (note 16)	(751,027)	–	(3,007)	(754,034)
Exchange difference	144,484	–	30	144,514
Closing net book amount as at 30 June 2014	<b>34,327,593</b>	<b>–</b>	<b>20,013</b>	<b>34,347,606</b>
<b>Year ended 31 December 2013 (Audited)</b>				
Opening net book amount as at 1 January 2013	35,676,940	92,981	28,730	35,798,651
Additions	2,567,121	–	2,506	2,569,627
Disposals	(179,647)	–	–	(179,647)
Disposal of subsidiaries	(2,321,996)	–	–	(2,321,996)
Assets included in a discontinued operation	(1,486,113)	(14,583)	(3,555)	(1,504,251)
Depreciation and amortisation	(1,540,612)	(2,407)	(7,152)	(1,550,171)
Exchange difference	(425,399)	–	(123)	(425,522)
Closing net book amount as at 31 December 2013	32,290,294	75,991	20,406	32,386,691

As at 30 June 2014, the net book value of container vessels and vessels under construction of the Group pledged as securities for bank borrowings amounted to approximately RMB7,736,311,000 (31 December 2013: RMB5,942,678,000) (note 10).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**8. TRADE AND NOTES RECEIVABLES**

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Trade receivables		
– Fellow subsidiaries <i>(note 25(b))</i>	<b>389,703</b>	345,561
– Third parties	<b>1,961,262</b>	1,805,866
	<b>2,350,965</b>	2,151,427
Notes receivable	<b>162,672</b>	324,975
	<b>2,513,637</b>	2,476,402

The aging analysis of the trade and notes receivables based on the invoice dates is as follows:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Within 3 months	<b>2,554,724</b>	2,064,190
4 to 6 months	<b>25,136</b>	333,358
7 to 9 months	<b>3,442</b>	74,461
10 to 12 months	<b>2,148</b>	70,223
Over one year	<b>967</b>	2,525
	<b>2,586,417</b>	2,544,757
Less: provision for impairment of receivables	<b>(72,780)</b>	(68,355)
	<b>2,513,637</b>	2,476,402

Generally, credit terms in the range within 3 months are granted to those customers with good payment history.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**9. ISSUED CAPITAL**

	Number of shares (thousand)	A Shares of RMB1 each RMB'000	H Shares of RMB1 each RMB'000	Total RMB'000
At 1 January 2014 till 30 June 2014	11,683,125	7,932,125	3,751,000	11,683,125

As at 30 June 2014, all issued shares were registered, fully paid and divided into 11,683,125,000 shares (31 December 2013: 11,683,125,000 shares) of RMB1.00 each, comprising 7,932,125,000 A Shares and 3,751,000,000 H Shares (31 December 2013: 7,932,125,000 A Shares and 3,751,000,000 H Shares).

**10. INTEREST-BEARING BANK AND OTHER BORROWINGS**

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Non-current		
Long-term bank borrowings	8,519,965	8,317,131
Borrowing from parent and ultimate holding company (note 25(b))	600,000	2,600,000
	<b>9,119,965</b>	10,917,131
Current		
Short-term bank borrowings	1,722,784	1,707,132
Commercial paper notes	2,461,120	2,438,760
Long-term bank borrowings – current portion	6,786,869	3,874,303
	<b>10,970,773</b>	8,020,195
	<b>20,090,738</b>	18,937,326
Representing:		
Borrowing from parent and ultimate holding company (note 25(b))		
– unsecured	600,000	2,600,000
Bank borrowings		
– unsecured	13,723,944	12,379,878
– secured	5,766,794	3,957,448
	<b>20,090,738</b>	18,937,326

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**10. INTEREST-BEARING BANK AND OTHER BORROWINGS** *(Continued)*

As at 30 June 2014, there was a legal mortgage over certain container vessels and vessels under construction of the Group with a net book value of approximately RMB7,736,311,000 (31 December 2013: RMB5,942,678,000) (note 7).

An analysis of the carrying amounts of the Group's borrowings by currency is as follows:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
RMB	<b>600,000</b>	2,600,000
USD	<b>19,490,738</b>	16,337,326
	<b>20,090,738</b>	18,937,326

The maturity periods of the borrowings are as follows:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Within one year	<b>10,970,773</b>	8,020,195
In the second year	<b>2,854,447</b>	7,067,374
In the third to fifth years	<b>3,892,692</b>	2,454,772
After the fifth year	<b>2,372,826</b>	1,394,985
	<b>20,090,738</b>	18,937,326

The carrying amounts of the current bank borrowings approximated their fair values as at the end of the reporting period as the impact of discounting was not significant.

The carrying amounts and the fair values of the non-current borrowings, which are based on cash flows discounted using a rate of 6.55% (31 December 2013: 6.55%), are as follows:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Carrying amounts	<b>9,119,965</b>	10,917,131
Fair values	<b>9,092,597</b>	10,872,225

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**11. DOMESTIC CORPORATE BONDS**

	<b>30 June 2014</b>	31 December 2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Non-current domestic corporate bonds	<b>1,792,755</b>	1,791,530

In June 2007, the Company issued domestic corporate bonds in the PRC with a face value of RMB1,800,000,000. The bonds are for a ten-year period fully repayable by 12 June 2017, and bear interest at a fixed rate of 4.51% per annum. The bonds are guaranteed by Bank of China, Shanghai branch, and have been listed on the interbank bond market in the PRC.

The bonds were initially recognised at their fair value of RMB1,800,000,000, after deducting the transaction costs of approximately RMB24,512,000 that were directly attributable to the bonds. As at 30 June 2014, the estimated fair value of the bonds was approximately RMB1,734,207,000 (31 December 2013: RMB1,706,526,000). The fair value is calculated based on the discounted cash flows using applicable discount rates from the prevailing market interest rates offered to the Group for debts with substantially the same characteristics and maturity dates. The discount rate used was approximately 6.55% (31 December 2013: 6.55%) per annum.

**12. FINANCE LEASE OBLIGATIONS**

	30 June 2014			31 December 2013		
	Minimum lease payments RMB'000 (Unaudited)	Finance charges RMB'000 (Unaudited)	Net present value of minimum lease payments RMB'000 (Unaudited)	Minimum lease payments RMB'000 (Audited)	Finance charges RMB'000 (Audited)	Net present value of minimum lease payments RMB'000 (Audited)
Finance lease obligations						
– Within one year	47,427	11,296	36,131	46,996	12,223	34,773
– In the second year	47,445	9,136	38,309	46,991	10,120	36,871
– In the third to fifth years	126,677	13,247	113,430	129,835	16,898	112,937
– After the fifth year	19,308	421	18,887	38,284	1,495	36,789
	<b>240,857</b>	<b>34,100</b>	<b>206,757</b>	262,106	40,736	221,370
Less: within one year (current portion)	<b>(47,427)</b>	<b>(11,296)</b>	<b>(36,131)</b>	(46,996)	(12,223)	(34,773)
	<b>193,430</b>	<b>22,804</b>	<b>170,626</b>	215,110	28,513	186,597

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**13. TRADE PAYABLES**

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Trade payables		
– Fellow subsidiaries <i>(note 25(b))</i>	<b>345,628</b>	795,372
– Third parties	<b>3,771,011</b>	3,095,007
	<b>4,116,639</b>	3,890,379

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Within 3 months	<b>4,076,979</b>	3,642,819
4 to 6 months	<b>12,822</b>	121,760
7 to 9 months	<b>18,454</b>	89,017
10 to 12 months	<b>2,274</b>	15,353
1 to 2 years	<b>6,110</b>	21,430
	<b>4,116,639</b>	3,890,379

**14. PROVISIONS**

**Legal claims**  
RMB'000

**Six months ended 30 June 2014 (Unaudited)**

<b>At 1 January 2014 and 30 June 2014</b>	<b>25,000</b>
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**Year ended 31 December 2013 (Audited)**

<b>At 1 January 2013 and 31 December 2013</b>	<b>25,000</b>
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The provision for legal claims of RMB25,000,000 is related to legal claims brought against the Company by customers of the Company. In the opinion of the Company's directors, after taking into account of legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 30 June 2014.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**15. DISPOSAL OF SUBSIDIARIES**

	Six months ended 30 June 2014 RMB'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment	254,365
Leasehold land and land use rights	75,991
Intangible assets	191
Inventories	829
Trade and notes receivables	11,855
Prepayments and other receivables	2,035
Cash and bank balances	52,150
Assets of a disposal group classified as held for sale	4,514,164
Trade payables	(13,586)
Other payables and accruals	(938)
Liabilities directly associated with the assets classified as held for sale	(1,314,407)
Special reserves	(883)
Other reserves	(6,395)
Non-controlling interests	(422,270)
	<b>3,153,101</b>
Gain on disposal of subsidiaries	<b>948,093</b>
	<b>4,101,194</b>
Satisfied by:	
Cash	678,134
Interests in associates	3,423,060
	<b>4,101,194</b>

On 22 November 2013, the Company listed 100% equity interest in its subsidiary, Shanghai China Shipping International Container Storage and Transportation Co., Ltd. ("CS Yangshan") on the Shanghai United Assets and Equity Exchange ("SUAEE") for open bidding by public bidders in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC. On 3 January 2014, China Shipping Logistics Co., Ltd. bid the equity interest at a consideration of RMB305,411,000 and entered into the equity transfer agreement with the Company. The equity transaction certificate by SUAEE with respect to the disposal has been issued and the agreement has become effective on 6 January 2014.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**15. DISPOSAL OF SUBSIDIARIES** *(Continued)*

On 22 November 2013, the Company listed 100% equity interest in its subsidiary, Shanghai Zhengjin Industrials Co., Ltd. ("Zhengjin") on SUAEE for open bidding by public bidders in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC. On 3 January 2014, China Shipping Investment Co., Ltd. bid the equity interest at a consideration of RMB372,723,000 and entered into the equity transfer agreement with the Company. The equity transaction certificate by SUAEE with respect to the disposal has been issued and the agreement has become effective on 6 January 2014.

On 20 June 2014, the Company disposed of 100% equity interest in its subsidiary, China Shipping Terminal Development Co., Ltd ("CSTD") to China Shipping Terminal Development (H.K.) Co., Ltd. ("CSTD HK") at a consideration equivalent to the valuation result of the appraised net assets value of CSTD as of 30 June 2013 after approval by State-owned Assets Supervision and Administration Commission of the State Council of the PRC which was settled through the issuance of 2,782,975,935 new shares which is equal to 49% equity interest in CSTD HK to the Company. The consideration of the subscription which equals to the valuation result was RMB3,423,060,000.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<b>Six months ended 30 June 2014 RMB'000 (Unaudited)</b>
Cash consideration	<b>491,768</b>
Cash and bank balances disposed of	<b>(492,648)</b>
	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<b>(880)</b>

**16. OPERATING PROFIT/(LOSS)**

The following items have been charged to the operating profit/(loss) during the period:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Bunker consumed or sold	<b>4,807,980</b>	4,396,813
Depreciation and amortisation <i>(note 7)</i>	<b>754,034</b>	703,076
Operating lease rentals	<b>1,670,057</b>	1,605,984
Provision for impairment of receivables	<b>13,944</b>	9,236

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**17. OTHER INCOME**

	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income	89,786	59,869
Government grant related to income	70,414	14,736
Refund of value-added tax ("VAT")	156,775	116,969
Information technology service fees	5,816	6,589
	<b>322,791</b>	198,163

**18. OTHER GAINS, NET**

	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Losses)/gains on disposal of items of property, plant and equipment	(48,288)	11,396
Gains on disposal of subsidiaries	948,093	–
Compensation	–	5,241
Net foreign exchange (losses)/gains	(13,787)	26,308
	<b>886,018</b>	42,945

**19. FINANCE COSTS**

	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expenses		
– Borrowings and domestic corporate bonds	236,029	251,360
– Finance lease obligations	6,433	9,046
Total interest expenses	242,462	260,406
Less: amount capitalised in vessels under construction and construction in progress	(26,692)	(34,740)
	<b>215,770</b>	225,666

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**20. INCOME TAX**

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax		
– PRC corporate income tax (a)	<b>29,373</b>	22,048
– Hong Kong profits tax (b)	–	–
– Others	<b>466</b>	–
Deferred income tax	–	–
	<b>29,839</b>	22,048

Taxes on income for the interim period are accrued using the tax rate that would be applicable to the expected total annual earnings. The tax rates of the Group's companies applied during the interim period are set out below:

*(a) PRC corporate income tax ("CIT")*

According to the Corporate Income Tax Law of the People's Republic of China, which was effective from 1 January 2008, the CIT rate applicable of the Company and its subsidiaries established in Mainland China was 25% for the six months ended 30 June 2014 and 2013.

Pursuant to relevant CIT regulations, the dividends received by the Company from its overseas subsidiaries are subject to CIT at a rate of 25%.

*(b) Hong Kong profits tax*

Hong Kong profits tax was provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) on the estimated assessable profits of the Group's companies operating in Hong Kong for the six months ended 30 June 2014.

**21. DIVIDENDS**

The directors did not recommend an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**22. DISCONTINUED OPERATION**

On 11 October 2013, the Company announced the decision of its board of directors to dispose of China Shipping Terminal Company Limited. China Shipping Terminal Company Limited engages in operating container terminals. The disposal was completed on 10 June 2014.

The results and cash flows of China Shipping Terminal Company Limited for the period are presented below:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue	<b>132,876</b>	195,355
Costs of services	<b>(79,620)</b>	(111,415)
Selling, administrative and general expenses	<b>(25,745)</b>	(29,892)
Other income	<b>22,945</b>	15,064
Other (losses)/gains, net	<b>(7,023)</b>	1,594
Finance costs	<b>(21,786)</b>	(48,187)
Share of profits and losses of:		
Associates	<b>1,289</b>	586
Joint ventures	<b>25,617</b>	10,864
Profit of the discontinued operation	<b>48,553</b>	33,969
Loss recognised on the remeasurement to fair value	–	–
Profit before tax from the discontinued operation	<b>48,553</b>	33,969
Income tax:		
Related to pre-tax profit	<b>(9,797)</b>	(19,833)
Profit for the period from the discontinued operation	<b>38,756</b>	14,136
Operating activities	<b>19,112</b>	71,439
Investing activities	<b>(483,783)</b>	12,217
Financing activities	<b>313,926</b>	13,260
Exchange loss on cash and cash equivalents	<b>2,901</b>	–
Net cash (outflow)/inflow	<b>(147,844)</b>	96,916

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**23. EARNINGS/(LOSS) PER SHARE**

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)		
– From continuing operations	<b>396,977</b>	(1,270,869)
– From a discontinued operation	<b>36,046</b>	12,792
	<b>11,683,125</b>	11,683,125
<b>Shares</b>		
Weighted average number of ordinary shares in issue (thousands)	<b>11,683,125</b>	11,683,125

Diluted earnings per share for the period ended 30 June 2014 was the same as the basic earnings per share, as the Company did not have any potentially dilutive ordinary shares during the period.

**24. COMMITMENTS***(a) Capital commitments*

As at 30 June 2014 and 31 December 2013, the Group had the following significant capital commitments which were not provided for in the statement of financial position:

	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Contracted, but not provided for:		
– Vessels under construction	<b>3,695,550</b>	6,492,589

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**24. COMMITMENTS** *(Continued)**(b) Lease commitments – the Group is the lessee*

As at 30 June 2014 and 31 December 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Land and buildings:		
– Within one year	<b>80,590</b>	38,988
– In the second to fifth years	<b>194,188</b>	59,239
– After the fifth year	<b>33,457</b>	12,651
	<b>308,235</b>	110,878
Vessels chartered in and containers under operating leases:		
– Within one year	<b>2,615,397</b>	2,548,751
– In the second to fifth years	<b>5,406,749</b>	6,032,487
– After the fifth year	<b>598,488</b>	868,228
	<b>8,620,634</b>	9,449,466
	<b>8,928,869</b>	9,560,344

*(c) Future operating lease arrangements – the Group is the lessor*

As at 30 June 2014 and 31 December 2013, the Group had the following future aggregate minimum lease receipts under non-cancellable operating leases where the Group is the lessor:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Vessels chartered out under operating leases:		
– Within one year	<b>514,586</b>	53,656
– In the second to fifth years	<b>710,439</b>	16,875
– After the fifth year	–	3,125
	<b>1,225,025</b>	73,656

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**24. COMMITMENTS** *(Continued)**(d) Other commitments*

As at 30 June 2014 and 31 December 2013, the Group had the following significant other commitments which were not provided for in the statement of financial position:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Investments		
– Authorised, but not contracted for	–	39,200
– Contracted, but not provided for	–	312,000
	–	351,200

**25. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Group is part of a larger group of companies under China Shipping (Group) Company (“China Shipping Group”), a state-owned enterprise, and has extensive transactions and relationships with members of the China Shipping Group incorporated in the PRC.

In addition to the related party information shown elsewhere in this condensed consolidated interim financial information, 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 period and balances arising from related party transactions for the six months ended 30 June 2014 and 2013.

*(a) Significant transactions with related parties*

	<b>Six months ended 30 June</b>	
	<b>2014 RMB'000 (Unaudited)</b>	2013 RMB'000 (Unaudited)
<i>Transaction with parent and ultimate holding company</i>		
Interest expense from non-current borrowings	<b>27,929</b>	53,768
<i>Transactions with fellow subsidiaries</i>		
Income:		
Liner services	<b>50,025</b>	102,288
Fuel supply	<b>1,210,192</b>	15,820
Port services	<b>13,069</b>	10,302

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**25. SIGNIFICANT RELATED PARTY TRANSACTIONS** *(Continued)*(a) *Significant transactions with related parties (Continued)*

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Expenditure:		
Lease of containers	<b>78,554</b>	95,359
Lease of chassis	<b>9,610</b>	11,509
Lease of properties	<b>31,121</b>	9,148
Cargo and liner agency services	<b>260,790</b>	293,293
Container management services	<b>87,450</b>	74,178
Ship repair services	<b>31,940</b>	26,958
Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	<b>676,663</b>	878,264
Depot services	<b>6,150</b>	4,279
Information technology service charges	<b>3,598</b>	11,671
Provision of crew members	<b>167,910</b>	16,104
Loading and unloading services	<b>339,702</b>	281,334
Purchase of containers	<b>39,034</b>	479,025
Ground container transport costs	<b>1,502</b>	2,593

*Transactions with China Shipping Finance Co., Ltd.**("CS Finance", a fellow subsidiary and associated company)*

Non-current borrowings	–	114,000
Interest expense from non-current borrowings	<b>6,899</b>	–
Interest income from deposits	<b>23,107</b>	20,323

## Disposal of subsidiary

On 6 January 2014, the Company disposed of 100% equity interest in its subsidiaries, CS Yangshan and Zhengjin to fellow subsidiaries with a consideration of RMB305,411,000 and RMB372,723,000 respectively (note 15).

On 22 June 2014, the Company disposed of 100% equity interest in its subsidiary, CSTD to a fellow subsidiary and associated company, CSTD HK, with a consideration of 49% equity interest in CSTD HK (note 15).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**25. SIGNIFICANT RELATED PARTY TRANSACTIONS** *(Continued)**(b) Balances with related parties*

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
<i>Balances with parent and ultimate holding company</i>		
Borrowing (note 10)	<b>(600,000)</b>	(2,600,000)
Interest payables	<b>(480)</b>	(79,247)
<hr/>		
<i>Balances with fellow subsidiaries</i>		
Trade receivables (note 8)	<b>401,756</b>	349,396
Less: provisions	<b>(12,053)</b>	(10,482)
<hr/>		
	<b>389,703</b>	338,914
<hr/>		
Trade payables (note 13)	<b>(345,628)</b>	(795,372)
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The balances are unsecured and interest-free.		
<i>Balances with CS Finance</i>		
Interest receivables	<b>10,029</b>	10,468
Interest payables	–	(402)
Deposits	<b>3,822,778</b>	3,052,729
Non-current borrowings	–	(363,040)
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION** *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2014

**25. SIGNIFICANT RELATED PARTY TRANSACTIONS** *(Continued)**(c) Transactions with other state-owned enterprises*

The Group had transactions with other state-owned entities including, but not limited to, the following:

- Purchases of services, bunker and spare part and others
- Purchase of assets
- Bank deposits and borrowings
- Interest income and expense

These transactions were conducted in the ordinary course of business.

*(d) Key management compensation*

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Basic salaries and allowances	<b>2,330</b>	1,560
Pension and other welfare	<b>927</b>	852
	<b>3,257</b>	2,412