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

Interim Report 2009

China Shipping Container Lines Company Limited*

2009 Interim Report

Contents

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Mr. Ma Zehua *(Vice Chairman)*
Mr. Zhang Jianhua
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Xu Hui
Mr. Yan Zhichong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Hanxiang
Mr. Wang Zongxi
Mr. Shen Kangchen
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Shen Zhongying

SUPERVISORS

Mr. Chen Decheng *(Chairman)*
Mr. Kou Laiqi
Mr. Yao Guojian
Mr. Wang Xiuping
Mr. Hua Min
Ms. Pan Yingli

REMUNERATION COMMITTEE

Mr. Shen Kangchen *(Chairman)*
Mr. Zhang Jianhua
Mr. Wang Zongxi

SHARE APPRECIATION RIGHTS COMMITTEE

Mr. Zhang Jianhua *(Chairman)*

NOMINATION COMMITTEE

Mr. Shen Zhongying *(Chairman)*
Mr. Hu Hanxiang
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Zhang Guofa
Mr. Wang Daxiong

INVESTMENT STRATEGY COMMITTEE

Mr. Li Shaode *(Chairman)*
Mr. Ma Zehua
Mr. Zhang Guofa
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Huang Xiaowen
Mr. Hu Hanxiang
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Shen Zhongying

COMPANY SECRETARY

Mr. Ye Yumang

AUDIT COMMITTEE

Mr. Wang Zongxi *(Chairman)*
Mr. Shen Kangchen
Mr. Wang Daxiong

QUALIFIED ACCOUNTANT

Mr. Zhao Xiaoming

AUTHORISED REPRESENTATIVES

Mr. Li Shaode
Mr. Huang Xiaowen

LEGAL ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

27th Floor
450 Fu Shan Road
Pudong New District
Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

59/F, One Island East
18 Westlands Road
Island East
Hong Kong

INTERNATIONAL AUDITOR

PricewaterhouseCoopers, Certified Public Accountants, Hong Kong

PRC AUDITOR

Vocation International Certified Public Accountants Co., Ltd.

LEGAL ADVISERS TO THE COMPANY

Baker & McKenzie
(as to Hong Kong and United States Law)
Jingtian & Gongcheng, Beijing
(as to PRC law)

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China
Industrial and Commerce Bank of China
Citibank
China Merchants Bank

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

LISTING DATE

16 June, 2004

NUMBER OF H SHARES IN ISSUE

3,751,000,000 H Shares

BOARD LOT

1,000 shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December, 2007

NUMBER OF A SHARES IN ISSUE

7,932,125,000 A Shares

BOARD LOT

100 shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

* The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name "China Shipping Container Lines Company Limited".

RESULTS AND BUSINESS HIGHLIGHTS UNDER HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Unaudited Interim Results for the Six Months Ended 30 June 2009

	1H2009 ***(RMB)*** **(Unaudited)**	1H2008 *(RMB)* (Unaudited and restated)	**Change**
Revenue	**8,929,434,000**	18,429,016,000	-51.5%
Operating (loss)/profit	**(3,189,295,000)**	973,520,000	-427.6%
(Loss)/profit attributable to equity holders of the Company	**(3,417,974,000)**	692,335,000	-593.7%
Basic (loss)/earnings per share	**(0.29)**	0.06	-583.3%
Gross profit margin	**-35.2%**	6.7%	-41.9%
Gearing ratio	**12.8%**	-21.3%	34.1%

BUSINESS HIGHLIGHTS

- Shipping volume of the Group reached 3,183,635 TEU in the first half of year 2009, representing a decrease of 11.4% over that of the same period in 2008.
- Revenue of the Group amounted to RMB8,929,434,000 in the first half of year 2009, representing a decrease of RMB9,499,582,000 or 51.5% as compared with the same period last year.
- Shipping capacity of the Group reached 489,315 TEU as at 30 June 2009, representing a net decrease of 3,701 TEU as compared with that as at the end of 2008.
- Loaded cargo volume of China domestic trade lanes during the first half of year 2009 decreased by 0.4% as compared with the same period last year, while the revenue generated from such trade lanes decreased by 37.4%. Average revenue per TEU from China domestic trade lanes amounted to RMB1,370, representing a decrease of 37.1% as compared with the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the "Board") of China Shipping Container Lines Company Limited ("CSCL" or the "Company") is pleased to announce the unaudited condensed consolidated interim financial information prepared under HKFRSs of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 (the "Period"), which has been reviewed by the audit committee of the Company. Our auditor, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, has reviewed the unaudited condensed consolidated interim financial information for the Period 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 Hong Kong Institute of Certified Public Accountants ("HKICPA").

During the Period, the Group recorded a revenue of RMB8,929,434,000, representing a decrease of RMB9,499,582,000 or 51.5% over that of the same period last year. Net loss attributable to equity holders of the Company for the Period amounted to RMB3,417,974,000, representing a decrease of RMB4,110,309,000 or 593.7% as compared with the net profit of the same period last year. Basic loss per share amounted to RMB0.29, representing a decrease of 583.3% as compared with the basic earnings per share of the same period last year.

OPERATING ENVIRONMENT

Adversely affected by the financial crisis, the consumption of the world's major economies plummeted rapidly, the world trade shrank and in addition, the newly added shipping capacity adversely affected various trade lanes. As a result, the international container transportation market was adversely affected.

In the first half of 2009, China's total import and export value in foreign trade decreased by approximately 23.4% compared with the same period last year. For China's container market, during the period from January to June, the total container throughput handled by ports (with annual container throughput over 2 million TEU in 2008) was 55.97 million TEU, representing a decrease of approximately 11% (Source: Ministry of Transport of the PRC).

Meanwhile, the deployment of newly added shipping capacity and the idle shipping capacity in the market have also significantly threatened the stability of the freight rates of the container shipping market.

PERFORMANCE ANALYSIS

The Group recorded a revenue of RMB8,929,434,000 in the first half of year 2009, representing a decrease of RMB9,499,582,000 or 51.5% over that of the same period last year. Net loss attributable to equity holders of the Company was RMB3,417,974,000, representing a decrease of RMB4,110,309,000 or 593.7% as compared with the net profit of the same period last year. Basic loss per share amounted to RMB0.29, representing a decrease of RMB0.35 or 583.3% as compared with the basic earnings per share of the same period last year.

ANALYSIS OF LOADED CONTAINER VOLUME BY TRADE LANES

Principal Market	**1H2009 *(TEU)* (Unaudited)**	1H2008 *(TEU)* (Unaudited and restated)	Change *(%)*
Pacific Ocean	**565,307**	680,524	-16.9%
Europe/Mediterranean	**557,547**	701,162	-20.5%
Asia Pacific	**736,422**	857,473	-14.1%
China domestic	**1,253,522**	1,258,096	-0.4%
Others	**70,837**	96,310	-26.4%
Total	**3,183,635**	3,593,565	-11.4%

OPERATIONAL REVENUE BY TRADE LANES

Principal Market	**1H2009 *(RMB'000)* (Unaudited)**	1H2008 *(RMB'000)* (Unaudited and restated)	Change *(%)*
Pacific Ocean	**3,127,756**	5,658,779	-44.7%
Europe/Mediterranean	**1,728,987**	5,975,410	-71.1%
Asia Pacific	**1,438,777**	2,888,347	-50.2%
China domestic	**1,716,894**	2,740,778	-37.4%
Others	**917,020**	1,165,702	-21.3%
Total	**8,929,434**	18,429,016	-51.5%

The substantial decline of the Group's operating results for the Period as compared with the same period last year was mainly due to the following reasons:

- The shrinkage of world trade directly led to a decrease in cargo volume. Meanwhile, excess shipping capacity in the market also directly led to fierce competition and a decrease in freight rates, which adversely affected the revenue of international trade lanes and in turn resulted in a decrease in the Group's revenue.

- Although the cargo volume of coastal transportation remained stable as a result of domestic economic stimulus plan, excess shipping capacity caused the freight rates to drop significantly as compared with the same period last year. During the Period, the Group's cargo volume for international trade lanes decreased by 17.4% as compared with the same period last year, average revenue per TEU decreased by 46.5% as compared with the same period last year, cargo volume of China domestic trade lanes slightly decreased by 0.4% as compared with the same period last year and average revenue per TEU from China domestic trade lanes decreased by 37.1% as compared with the same period last year.

COST ANALYSIS

During the Period, the Group's costs of services have decreased by a certain extent as compared with the same period last year. The total costs of services for the first half of the year were RMB12,074,234,000, representing a decrease of approximately 29.8% as compared with the same period last year. Such decrease was mainly due to the fact that the Group adopted various stringent cost control measures to lower costs significantly.

Container costs decreased by 35.2% as compared with the same period last year. This was mainly due to the Group's increasing efforts in container management, such as using the Group's ability to allocate its resources in a flexible manner, repositioning containers back to the Far East from Europe and the U.S where storage cost was higher, and further enforcing termination of container leases. In addition, the decline in the volume of loaded cargoes and reduction in the expenses for repositioning empty containers and costs of empty containers storage, as well as a decrease in average container volume of 3.8% as compared with the same period last year, also contributed to the lower container costs.

Port charges and stevedore charges decreased by 32.3% as compared with the same period last year. This was achieved through various measures adopted by the Group, such as cutting back transhipment lanes, reducing port calling, transhipment loading and unloading, as well as negotiating actively with port operators to reduce the relevant expenses.

FUTURE PLANS AND PROSPECTS

The second half of the year is generally the traditional peak season of the shipping industry. For the period from July to August, the cargo volume and freight rates of each trade lane enjoyed a different degree of rebound. Nevertheless, the trend of the global economy and the shipping market are still uncertain. Given the current market situation and recent performance of surrounding economies as well as the successive launch of various policies which aim at developing Shanghai as a financial and shipping center, the Group believes that along with the economic recovery, the liner industry will gradually get out of the trough.

In view of the economic crisis, the Group will respond imperturbably and will also adopt the following measures to tackle the future changes in the market:

(1) The Group will increase its utilisation rate of shipping capacity, enhance its cooperation strategy, improve shipping capacity of domestic trade lanes, optimise international trade lanes and allocation of shipping capacity and follow the strategy of "broad partnership".

Currently, the Group has established cooperation relationship with most of the top 20 liner shipping companies. Such cooperation will involve joint investment in vessels for major Europe and US trade lanes and sharing of port usage resources, etc.

(2) The Group will strengthen its sales and marketing and innovate new marketing model.

(3) The Group will grasp the market trend and adjust freight rates to follow the market in a timely manner.

(4) The Group will explore cost control potential by implementing the following measures:

a. Effectively control fuel consumption cost. For the year 2009, the Group has purchased 420,000 tons of fuel at a pre-determined price, of which 270,000 tons were consumed in the first half of 2009, which saved fuel expenditure of approximately US$12.93 million for the Group. Without failing to meet the relevant shipping schedules, the consumption of approximately 458,000 tons of fuel was saved through economic speed of vessels;

b. Further enhance the cost control for container management, strengthen lease termination, control the utilisation of the containers in possession, further adjust container group structure, reduce rental expenditure and optimise the ratio of containers;

c. Taking into account different characteristics of different ports, strive for the best port charges offered, and optimise route design and rationalise port calling;

d. Optimise transhipment routes and reduce transhipment cost by striking a further balance between containers in and out at inland points; and

e. Increase containers' commercial operating costs and improve vessel chartering management.

(5) Reinforce internal control management and increase the integrated ability to prevent and control risk.

(6) Optimise fleet structure. The Group will actively adjust its fleet structure and tackle the crisis through various methods, such as speeding up the disposal of obsolete vessels. Meanwhile, the Group will arrange for the termination of high rental vessel leases upon expiry.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's principal source of liquidity is cash flow from operations and bank borrowings. The Group's cash has mainly been used in paying for operating costs, borrowings repayments and construction of new vessels and containers. For the Period, the Group generated a net operating cash outflow of RMB1,889,151,000 and the Group had a cash balance of RMB8,032,899,000 as at 30 June 2009.

As at 30 June 2009, the Group's total bank borrowings were RMB7,652,336,000. The maturity profile is spread over a period between 2009 and 2019, with RMB2,868,981,000 being payable within one year, RMB2,623,946,000 being payable within the second year, RMB549,278,000 being payable within the third to fifth year, and RMB1,610,131,000 being payable after the fifth year. The Group's long-term bank borrowings are mainly used to fund the construction of vessels and terminals.

As at 30 June 2009, the Group's long-term bank borrowings were secured by mortgages over several container vessels, vessels under construction, containers and terminal construction with a net book value of RMB2,310,584,000 (as at 31 December 2008: RMB2,373,710,000), and charges over shares of certain vessel owning subsidiaries.

As at 30 June 2009, the Group's 10-year bond payables amounted to RMB1,781,166,000, all proceeds were used in the construction of vessels. The bond was guaranteed by the Bank of China, Shanghai branch.

As at 30 June 2009, the Group's obligations under finance leases amounted to RMB2,326,435,000, with the maturity profile ranging from 2009 to 2015. The amount repayable within one year is RMB521,981,000, the amount repayable within the second year is RMB495,235,000, the amount repayable within the third to fifth year is RMB1,174,822,000 and the amount repayable after the fifth year is RMB134,397,000. The finance lease obligations are substantially arranged for the lease of containers, while the remaining small portion is arranged for the lease of cars.

As at 30 June 2009, the gearing ratio of the Group (i.e. the ratio of net debt over equity holders' equity) was 12.8%, which is higher than the rate of 3.2% as at 31 December 2008.

As at 30 June 2009, the Group had RMB borrowings in the amount of RMB2,114,000,000 at an annual interest rate ranging from 5.346% to 7.047%, and USD borrowings in the amount of US$810,835,000 (equivalent to RMB5,538,336,000) at an annual floating interest rate ranging from London Interbank Offered Rate plus 0.1% to 1.5% (approximately 0.7% to 3.3%), and a fixed interest rate of 4.9%. The Group's borrowings are settled in RMB and US dollars 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 directors of the Company (the "Directors") 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.

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 negative impact on the net operating revenue due to RMB appreciation since July 2005 can be offset by each other to a certain extent. During the Period, the Group devoted much effort to improve the currency structure of assets, as a result, the Group recorded an exchange gain of approximately RMB67,861,000, and the exchange difference which affected the equity of shareholders amounted to approximately RMB17,584,000 during the Period. The Group has paid close attention to the fluctuation of the RMB exchange rate, and settled foreign incomes from operating activities into RMB in a timely manner 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 adopt proper measures, including hedging instruments (e.g. forward exchange contracts) as and when necessary and appropriate in accordance with the Group's practical requirements to minimise foreign exchange risks.

CAPITAL COMMITMENT

As at 30 June 2009, the capital commitments for vessels under construction and plants under construction that had been contracted but not provided to the Group amounted to RMB8,633,991,000 and RMB44,734,000, respectively. Furthermore, the operating lease commitments of the Group as a lessee relating to land and buildings, and vessels and containers, are RMB162,253,000 and RMB14,308,878,000, respectively.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group had a provision of RMB25,000,000 for its outstanding legal proceedings.

SHARE CAPITAL

As at 30 June 2009, the share capital of the Company was as follows:

Types of shares	Number of shares in issue	Percentage(%)
A Shares	7,932,125,000	67.89
H Shares	3,751,000,000	32.11
Total	11,683,125,000	100.00

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

In accordance with the H share share appreciation rights scheme adopted by the shareholders of the Company on 12 October 2005 and amended by the shareholders of the Company on 20 June 2006, 26 June 2007 and 26 June 2008 (the "Scheme"), ten Directors and four supervisors of the Company (the "Supervisors") were granted H share share appreciation rights under the Scheme. 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 interests of such Directors, Supervisors and chief executive(s) in the underlying H shares of the Company as at 30 June 2009 were as follows:

Name	Number of Underlying H shares Interested in	Capacity in which underlying H shares were held	Percentage in issued H share capital
Directors			
Li Shaode	3,382,100	Beneficial owner	0.090%(Long position)
Zhang Guofa	2,218,050	Beneficial owner	0.059%(Long position)
Huang Xiaowen	3,334,050	Beneficial owner	0.089%(Long position)
Zhao Hongzhou	2,604,000	Beneficial owner	0.069%(Long position)
Ma Zehua	1,520,550	Beneficial owner	0.041%(Long position)
Zhang Jianhua	1,240,000	Beneficial owner	0.033%(Long position)
Lin Jianqing	525,450	Beneficial owner	0.014%(Long position)
Wang Daxiong	1,240,000	Beneficial owner	0.033%(Long position)
Xu Hui	1,085,000	Beneficial owner	0.029%(Long position)
Yan Zhichong	348,750	Beneficial owner	0.009%(Long position)
Supervisors			
Chen Decheng	948,600	Beneficial owner	0.025%(Long position)
Yao Guojian	2,480,000	Beneficial owner	0.066%(Long position)
Wang Xiuping	1,395,000	Beneficial owner	0.037%(Long position)
Kou Laiqi	156,550	Beneficial owner	0.004%(Long position)

Save as disclosed above, as at 30 June 2009, 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 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 and 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 (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

SHAREHOLDINGS OF OTHER SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 30 June 2009, so far as was known to the Directors or chief executive(s) of the Company, the interests or short positions of the following 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 recorded in the register kept by the Company pursuant to Section 336 of the SFO 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	A shares	5,595,500,000 (Long position)	Beneficial owner	70.54%	47.89%
Hutchison International Limited	H shares	241,758,000 (Long position)	Beneficial owner	9.99%	2.07%

Save as disclosed above, as at 30 June 2009, so far as was known to the Directors or chief executive(s) of the Company, no person (other than Directors, Supervisors or chief executive(s)) 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Period, the Company had not redeemed any of its issued shares. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's issued shares during the Period.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (2008: nil).

EMPLOYEES, TRAINING AND DEVELOPMENT

As at 30 June 2009, the Group had 3,743 employees. In addition, the Group had entered into contracts with a number of subsidiaries of China Shipping (Group) Company, pursuant to which these subsidiaries provided the Group with approximately 3,135 crew members in total who mainly work on the Group's self-owned or bareboat chartered vessels. During the Period, total staff expenses were approximately RMB557,972,000.

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

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

AUDIT COMMITTEE

The audit committee of the Company consists of two independent non-executive Directors, namely Mr. Shen Kangchen and Mr. Wang Zongxi, and one non-executive Director, namely Mr. Wang Daxiong. The audit committee of the Company has reviewed the Company's interim results for the Period and agrees with the accounting treatment adopted by the Company.

COMPLIANCE WITH "THE CODE ON CORPORATE GOVERNANCE PRACTICES" (THE "CG CODE") IN APPENDIX 14 TO THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE (THE "LISTING RULES")

The Board hereby confirms that, none of the Directors are aware of any information that would reasonably indicate that the Group was not, at any time during the Period, in compliance with the applicable code provisions of the CG Code.

SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' and supervisors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry made with all directors and supervisors of the Company, the Company has confirmed that each of them has complied with the required standard set out in the Model Code regarding directors' and supervisors' securities transactions.

INFORMATION DISCLOSURE

This report will be dispatched to shareholders and published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.cscl.com.cn).

By order of the Board
China Shipping Container Lines Company Limited
Li Shaode
Chairman

Shanghai, the People's Republic of China
27 August 2009

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2009

	Note	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	7	**33,347,504**	33,449,688
Leasehold land and land use rights	7	**95,342**	96,397
Intangible assets	7	**12,163**	12,968
Deferred income tax assets		**17,096**	86,912
Available-for-sale financial assets		**163,300**	163,300
Investment in an associated company		**38,810**	38,915
Investment in jointly controlled entities		**1,091,962**	1,073,811
Total non-current assets		**34,766,177**	34,921,991
Current assets			
Inventories		**650,241**	471,635
Trade and notes receivables	8	**2,010,554**	2,264,752
Prepayments and other receivables		**220,960**	384,191
Cash and cash equivalents		**8,032,899**	11,731,978
Total current assets		**10,914,654**	14,852,556
Total assets		**45,680,831**	49,774,547
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	9	**11,683,125**	11,683,125
Other reserves		**17,669,403**	17,709,662
(Accumulated losses)/retained earnings		**(1,049,900)**	2,368,074
		28,302,628	31,760,861
Minority interests		**723,220**	735,050
Total equity		**29,025,848**	32,495,911

UNAUDITED CONDENSED CONSOLIDATED INTERIM BALANCE SHEET *(Continued)*

AS AT 30 JUNE 2009

	Note	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	10	**4,783,355**	4,231,712
Domestic corporate bonds	11	**1,781,166**	1,779,274
Finance lease obligations	12	**1,804,454**	2,064,032
Deferred income tax liabilities		**78,173**	53,535
Total non-current liabilities		**8,447,148**	8,128,553
Current liabilities			
Trade payables	13	**4,188,176**	3,283,833
Accrual and other payables		**530,965**	811,098
Short-term bank borrowings	10	**50,000**	1,553,612
Long-term bank borrowings – current portion	10	**2,818,981**	2,621,874
Finance lease obligations – current portion	12	**521,981**	531,659
Current income tax liabilities		**72,732**	323,007
Provision		**25,000**	25,000
Total current liabilities		**8,207,835**	9,150,083
Total liabilities		**16,654,983**	17,278,636
Total equity and liabilities		**45,680,831**	49,774,547
Net current assets		**2,706,819**	5,702,473
Total assets less current liabilities		**37,472,996**	40,624,464

The notes on pages 19 to 40 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Note	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited and restated)
Revenue	6	**8,929,434**	18,429,016
Costs of services		**(12,074,234)**	(17,196,042)
Gross (loss)/profit		**(3,144,800)**	1,232,974
Other gains/(losses), net	15	**70,667**	(261,580)
Other income	16	**92,460**	264,116
Selling, administrative and general expenses		**(207,622)**	(261,990)
Operating (loss)/profit	14	**(3,189,295)**	973,520
Finance costs	17	**(146,119)**	(162,820)
Share of loss of an associated company		**(102)**	(3,974)
Share of profits of jointly controlled entities		**7,225**	22,350
(Loss) /profit before income tax		**(3,328,291)**	829,076
Income tax expense	18	**(87,748)**	(120,447)
(Loss) /profit for the period		**(3,416,039)**	708,629
Attributable to:			
Equity holders of the Company		**(3,417,974)**	692,335
Minority interests		**1,935**	16,294
		(3,416,039)	708,629
Dividends	19	**–**	–
(Loss) /earnings per share attributable to equity holders of the Company (Expressed in RMB per share)			
– Basic and diluted	20	**RMB(0.29)**	RMB0.06

The notes on pages 19 to 40 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(3,416,039)**	708,629
Other comprehensive (expenses)/income		
Currency translation differences, net of tax	**(17,584)**	(124,052)
Total comprehensive (expenses)/income for the period	**(3,433,623)**	584,577
Total comprehensive (expenses)/income attributable to:		
Equity holders of the Company	**(3,435,558)**	568,283
Minority interests	**1,935**	16,294
	(3,433,623)	584,577

The notes on pages 19 to 40 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Attributable to equity holders of the Company					
	Share capital *RMB'000*	**Other reserves** *RMB'000*	**(Accumulated losses)/ retained earnings** *RMB'000*	**Total** *RMB'000*	**Minority interest** *RMB'000*	**Total** *RMB'000*
(Unaudited and restated)						
Balance at 1 January 2008						
As previously reported	11,683,125	20,416,288	2,870,333	34,969,746	697,715	35,667,461
Adoption of merger accounting	–	8,445	13,440	21,885	21,027	42,912
As restated	11,683,125	20,424,733	2,883,773	34,991,631	718,742	35,710,373
Profit for the period	–	–	692,335	692,335	16,294	708,629
Currency translation differences, net of tax	–	(124,052)	–	(124,052)	–	(124,052)
Total comprehensive income for the period ended 30 June 2008	–	(124,052)	692,335	568,283	16,294	584,577
Deemed distributions relating to business combinations under common control	–	(37,013)	–	(37,013)	–	(37,013)
Dividend to the then shareholder of certain subsidiaries	–	–	(1,790)	(1,790)	(7,335)	(9,125)
Dividends relating to 2007	–	–	(467,325)	(467,325)	–	(467,325)
Balance at 30 June 2008	11,683,125	20,263,668	3,106,993	35,053,786	727,701	35,781,487
(Unaudited)						
Balance at 1 January 2009						
As previously reported	**11,683,125**	**17,701,217**	**2,354,052**	**31,738,394**	**713,464**	**32,451,858**
Adoption of merger accounting	**–**	**8,445**	**14,022**	**22,467**	**21,586**	**44,053**
As restated	**11,683,125**	**17,709,662**	**2,368,074**	**31,760,861**	**735,050**	**32,495,911**
(Loss) /profit for the period	**–**	**–**	**(3,417,974)**	**(3,417,974)**	**1,935**	**(3,416,039)**
Currency translation differences, net of tax	**–**	**(17,584)**	**–**	**(17,584)**	**–**	**(17,584)**
Total comprehensive (expenses)/ income for the period ended 30 June 2009	**–**	**(17,584)**	**(3,417,974)**	**(3,435,558)**	**1,935**	**(3,433,623)**
Deemed distributions relating to business combinations under common control *(Note 21)*	**–**	**(21,678)**	**–**	**(21,678)**	**–**	**(21,678)**
Acquisition of minority interests of a subsidiary	**–**	**(997)**	**–**	**(997)**	**(9,417)**	**(10,414)**
Dividends to minority interests	**–**	**–**	**–**	**–**	**(4,348)**	**(4,348)**
Balance at 30 June 2009	**11,683,125**	**17,669,403**	**(1,049,900)**	**28,302,628**	**723,220**	**29,025,848**

The notes on pages 19 to 40 form an integral part of this unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Cash flows (used in)/from operating activities – net	**(1,889,151)**	2,514,258
Cash flows used in investing activities – net	**(492,977)**	(4,618,478)
Cash flows (used in)/from financing activities – net	**(1,316,951)**	1,606,068
Net decrease in cash and cash equivalents	**(3,699,079)**	(498,152)
Cash and cash equivalents at beginning of the period	**11,731,978**	16,450,085
Cash and cash equivalents at end of the period	**8,032,899**	15,951,933

The notes on pages 19 to 40 are an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1 GENERAL INFORMATION

China Shipping Container Lines Company Limited (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, and the operation of container terminals.

The Company was incorporated 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 June 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 December 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 27th Floor, 450 Fu Shan Road, Pudong New District, Shanghai, the PRC.

This unaudited condensed consolidated interim financial information is presented in thousands of units of Renminbi ("RMB'000"), unless otherwise stated. This interim financial information was approved by the board of directors of the Company for issue on 27 August 2009.

Key events

In October 2008, the Group acquired from China Shipping (Group) Company ("China Shipping Group", the ultimate holding company) the 100% equity interests in China Shipping Terminal Development Co., Ltd. ("CS Terminal") at a cash consideration of RMB2,661,837,000.

In March 2009, the Group acquired from China Shipping Group and Hang Lim Co., Ltd. (a third party) the 51% and 24.5% equity interests in Shanghai Inchon International Ferry Co., Ltd. ("Shanghai Inchon") at cash considerations of RMB21,678,000 and RMB10,414,000, respectively.

CS Terminal and Shanghai Inchon are collectively referred to as the "Acquired Subsidiaries". The Group and the Acquired Subsidiaries are under common control of China Shipping Group. The Group has applied merger accounting to account for the purchases of the equity interests in the Acquired Subsidiaries, as if the acquisitions had been occurred and the Acquired Subsidiaries had been part of the Group from 1 January 2008, the beginning of the earliest financial period presented.

2 BASIS OF PREPARATION

2.1 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'.

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2008, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

2 BASIS OF PREPARATION *(Continued)*

2.2 Adoption of merger accounting

The Group and the Acquired Subsidiaries are under common control of China Shipping Group. The Group has applied merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") to account for the purchase of the equity interests in the Acquired Subsidiaries during the periods, as if the acquisitions had been occurred from 1 January 2008, the beginning of the earliest financial period presented.

Accordingly, this unaudited condensed consolidated interim financial information included the financial information of the Group and the Acquired Subsidiaries as if they had been combined from the beginning of the earliest financial period presented. The net assets of the Group and the Acquired Subsidiaries are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of the Group's interest in the net fair value of the Acquired Subsidiaries' identifiable assets, liabilities and contingent liabilities over cost of acquisition at the time of the common control combination. The unaudited condensed consolidated interim income statement includes the results of the Group and the Acquired Subsidiaries from 1 January 2008, the beginning of the earliest financial period presented, regardless of the date of the common control combination.

The comparative amounts in the unaudited condensed consolidated interim financial information is restated and presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter. The impact on the consolidated reserves of the Group arising from the common control combination is disclosed in Note 21 of this interim financial information.

Transaction costs, such as professional fees, registration fees, or costs of furnishing information to shareholders, incurred in relation to business combinations under common control that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

3 SIGNIFICANT ACCOUNTING POLICIES

Except as set out below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

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

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009:

Relevant to the Group's operations:

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial information have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors that makes strategic decisions. It is not expected to have a material impact on the Group's financial statements as the present segments information has been identified on the basis of internal reports reviewed by the decision-maker.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 December 2009.

- HKAS 23 (amendment), 'Borrowing costs'. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 'Financial Instruments: Recognition and Measurement'. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23.

- HKFRS 2 (amendment), 'Share-based payment'. The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions.

Not relevant to the Group's operations:

- HKAS 32 (amendment), 'Financial instruments: presentation'.

- HK(IFRIC) 9 (amendment), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

- HK(IFRIC) 13, 'Customer loyalty programmes'.

- HK(IFRIC) 15, 'Agreements for the construction of real estate'.

- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.

- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted by the Group.

- HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

- Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on eligible hedged items, effective for annual periods beginning on or after 1 July 2009.

- HK(IFRIC) 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009.

- HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009.

HKICPA's improvements to HKFRS published in May 2009:

– Amendment to HKFRS 2 'Share-based payments', effective for periods beginning on or after 1 July 2009.

– Amendment to HKFRS 8 'Operating segments', effective for periods beginning on or after 1 January 2010.

– Amendment to HKAS 7 'Statement of cash flows', effective for periods beginning on or after 1 January 2010.

– Amendment to HKAS 17 'Leases', effective for periods beginning on or after 1 January 2010.

– Amendment to HKFRS 5 'Non-current Assets held for sale and discontinued operations', effective for periods beginning on or after 1 January 2010.

– Amendment to HKAS 1 'Presentation of financial statements', effective for periods beginning on or after 1 January 2010.

– Amendment to HKAS 36 'Impairment of assets', effective for periods beginning on or after 1 January 2010.

– Amendment to HKAS 38 'Intangible assets', effective for periods beginning on or after 1 July 2009.

– Amendment to HKAS 39 'Financial instruments: recognition and measurement', effective for periods beginning on or after 1 January 2010.

– Amendment to HK(IFRIC) 9 'Reassessment of embedded derivatives', effective for periods beginning on or after 1 July 2009.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

– Amendment to HK(IFRIC) 16 'Hedges of a net investment in a foreign operation', effective for periods beginning on or after 1 July 2009.

The Group has not early adopted the above standards, amendments and interpretations and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of accounts will result.

4 FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual accounts for the year ended 31 December 2008.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and judgments applied in the preparation of this interim financial information are consistent with those used in the annual accounts for the year ended 31 December 2008 except as stated below.

(a) Estimated impairment of vessels and containers

The Group assesses whether property, plant and equipment has any indication of impairment, in accordance with the accounting policy stated in Note 2.10 in the annual financial statements for the year ended 31 December 2008. If any indication exists, the Group estimates the recoverable amount of the property, plant and equipment. As at 30 June 2009, there were certain indications that vessels, vessels under construction and containers of the Group may be impaired. The Group has assessed the recoverable amounts of these assets based on their fair value less costs to sell. If there is no binding sale agreement but the asset is traded in an active market, fair value less costs to sell is the asset's market price which is with reference to the most recent transaction less the costs of disposal. If there is no binding sale agreement or active market for the asset, fair value less costs to sell is based on the best information available to management to reflect the amount that the Group could obtain, at the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

Based on management's best estimates, there was no impairment loss for vessels, vessels under construction or containers noted during the period.

(b) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Income taxes (Continued)

Recognition of deferred tax assets depends on the management's expectation of future taxable profit that will be available against which the deferred tax assets can be utilised. The outcome of their actual utilisation may be different. As at 30 June 2009, the Group did not recognise deferred tax assets of approximately RMB619,960,000 in respect of accumulated losses amounting to approximately RMB3,611,000,000 as management did not consider it's probable that such tax losses would be utilised given that there is no convincing evidence that sufficient taxable profit will be available.

6 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors. 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 decision-maker considers the business from both a geographic and business perspective. From a geographic perspective, the decision-maker assesses the revenue from the world's major trade lanes including Pacific, Europe/Mediterranean, Asia Pacific, China Domestic and Others. From a business perspective, the decision-maker assesses the performance of container shipping and related business and container terminal and related business.

Sales between segments are carried out on terms mutually agreed amongst those business segments.

The 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.

Revenue by trade lanes is set as below:

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Pacific	**3,127,756**	5,658,779
Europe/Mediterranean	**1,728,987**	5,975,410
Asia Pacific	**1,438,777**	2,888,347
China Domestic	**1,716,894**	2,740,778
Others	**917,020**	1,165,702
	8,929,434	18,429,016

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information for the six months ended 30 June 2009 is as follows:

	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
Segment results for the six months ended 30 June 2009 (Unaudited)				
Revenue from external customers	8,830,678	98,756	–	8,929,434
Inter-segment revenue	–	67,310	(67,310)	–
Total segment revenue	8,830,678	166,066	(67,310)	8,929,434
Segment operating (loss)/profit	(3,253,652)	64,357	–	(3,189,295)
Finance costs	(114,816)	(31,303)	–	(146,119)
Share of (losses)/profits of				
– an associated company	(102)	–	–	(102)
– jointly controlled entities	698	6,527	–	7,225
Segment (loss)/profit before income tax	(3,367,872)	39,581	–	(3,328,291)
Income tax expense				(87,748)
Loss for the period				(3,416,039)
Other items				
Depreciation and amortisation	712,520	40,939	–	753,459
Capital expenditure	512,871	196,241	–	709,112
Segment assets and liabilities as at 30 June 2009 (Unaudited)				
Segment assets	40,577,990	3,813,145	(21,472)	44,369,663
Jointly controlled entities	38,291	1,053,671	–	1,091,962
An associated company	38,810	–	–	38,810
Available-for-sale financial assets	–	163,300	–	163,300
Unallocated assets				17,096
Total assets				45,680,831
Segment liabilities	14,369,857	2,155,693	(21,472)	16,504,078
Unallocated liabilities				150,905
Total liabilities				16,654,983

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information for the six months ended 30 June 2008 is as follows:

	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
Segment results for the six months ended 30 June 2008 (Unaudited and restated)				
Revenue from external customers	18,297,209	131,807	–	18,429,016
Inter-segment revenue	–	79,349	(79,349)	–
Total segment revenue	18,297,209	211,156	(79,349)	18,429,016
Segment operating profit	885,103	88,417	–	973,520
Finance costs	(126,926)	(35,894)	–	(162,820)
Share of (losses)/profits of				
– an associated company	(3,974)	–	–	(3,974)
– jointly controlled entities	471	21,879	–	22,350
Segment profit before income tax	754,674	74,402	–	829,076
Income tax expense				(120,447)
Profit for the period				708,629
Other items				
Depreciation and amortisation	590,747	39,754	–	630,501
Capital expenditure	4,751,196	259,247	–	5,010,443
Segment assets and liabilities as at 31 December 2008 (Restated)				
Segment assets	44,722,800	3,703,529	(14,720)	48,411,609
Jointly controlled entities	60,253	1,013,558	–	1,073,811
An associated company	38,915	–	–	38,915
Available-for-sale financial assets	–	163,300	–	163,300
Unallocated assets				86,912
Total assets				49,774,547
Segment liabilities	14,882,851	2,033,963	(14,720)	16,902,094
Unallocated liabilities				376,542
Total liabilities				17,278,636

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

6 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude deferred income tax assets. Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include income tax liabilities.

Unallocated assets mainly represent deferred tax assets. Unallocated liabilities mainly represent deferred tax liabilities and current tax liabilities.

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

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

	Property, plant and equipment *RMB'000*	Leasehold land and land use rights *RMB'000*	Intangible assets *RMB'000*	Total *RMB'000*
Six months ended 30 June 2009 (Unaudited)				
Opening net book amount as at 1 January 2009	**33,449,688**	**96,397**	**12,968**	**33,559,053**
Additions	**653,020**	**–**	**–**	**653,020**
Disposals	**(4,350)**	**–**	**–**	**(4,350)**
Depreciation and amortisation	**(751,603)**	**(1,055)**	**(801)**	**(753,459)**
Exchange difference	**749**	**–**	**(4)**	**745**
Closing net book amount as at 30 June 2009	**33,347,504**	**95,342**	**12,163**	**33,455,009**
Six months ended 30 June 2008 (Unaudited and restated)				
Opening net book amount as at 1 January 2008	28,732,283	98,506	–	28,830,789
Additions	4,973,430	–	–	4,973,430
Disposals	(182,914)	–	–	(182,914)
Depreciation and amortisation	(629,445)	(1,056)	–	(630,501)
Exchange difference	(606,904)	–	–	(606,904)
Closing net book amount as at 30 June 2008	32,286,450	97,450	–	32,383,900

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

8 TRADE AND NOTES RECEIVABLES

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Trade receivables		
– Fellow subsidiaries	**373,687**	489,494
– Others	**1,478,868**	1,541,861
	1,852,555	2,031,355
Notes receivables	**157,999**	233,397
	2,010,554	2,264,752

The ageing analysis of trade and notes receivables is as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Within 3 months	**1,808,847**	2,057,166
4 to 6 months	**82,488**	124,381
7 to 9 months	**122,749**	63,278
10 to 12 months	**53,777**	52,254
Over one year	**–**	49,961
	2,067,861	2,347,040
Less: provision for impairment of receivables	**(57,307)**	(82,288)
	2,010,554	2,264,752

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

9 SHARE CAPITAL

	Number of shares	**A Share of RMB1 each**	**H Share of RMB1 each**	**Total**
	(thousand)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008 till 30 June 2009	11,683,125	7,932,125	3,751,000	11,683,125

As at 30 June 2009, all issued shares are registered, fully paid and divided into 11,683,125,000 shares (2008: 11,683,125,000 shares) of RMB1.00 each, comprising 7,932,125,000 A Share and 3,751,000,000 H Share (2008: 7,932,125,000 A Share and 3,751,000,000 H Share).

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

10 BANK BORROWINGS

	30 June 2009 *RMB'000* **(Unaudited)**	31 December 2008 *RMB'000*
Non-current	**4,783,355**	4,231,712
Current	**2,868,981**	4,175,486
Total bank borrowings	**7,652,336**	8,407,198

The maturity periods of the bank borrowings are as follows:

	30 June 2009 *RMB'000* **(Unaudited)**	31 December 2008 *RMB'000*
Within one year	**2,868,981**	4,175,486
In the second year	**2,623,946**	2,298,160
In the third to fifth year	**549,278**	583,542
After fifth year	**1,610,131**	1,350,010
	7,652,336	8,407,198

Movements in bank borrowings are analysed as follows:

	RMB'000
Six months ended 30 June 2009 (Unaudited)	
Opening amount 1 January 2009	**8,407,198**
Additions	**2,549,022**
Repayments	**(3,300,368)**
Exchange difference	**(3,516)**
Closing amount as at 30 June 2009	**7,652,336**
Six months ended 30 June 2008 (Unaudited)	
Opening amount 1 January 2008	5,535,759
Additions	2,535,560
Repayments	(130,092)
Exchange difference	(318,456)
Closing amount as at 30 June 2008	7,622,771

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

11 DOMESTIC CORPORATE BONDS

	30 June 2009 **RMB'000** **(Unaudited)**	31 December 2008 *RMB'000*
Non-current domestic corporate bonds	**1,781,166**	1,779,274

On 12 June 2007, the Company issued domestic corporate bonds in the PRC with 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.

12 FINANCE LEASE OBLIGATIONS

	30 June 2009			31 December 2008		
	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*	Finance charges *RMB'000*	Net present value of minimum lease payments *RMB'000*
Finance lease obligations						
Within one year	**574,272**	**52,291**	**521,981**	592,440	60,781	531,659
In the second year	**532,824**	**37,589**	**495,235**	552,428	45,381	507,047
In the third to fifth year	**1,205,440**	**30,618**	**1,174,822**	1,354,726	47,526	1,307,200
After fifth year	**134,397**	**–**	**134,397**	249,785	–	249,785
	2,446,933	**120,498**	**2,326,435**	2,749,379	153,688	2,595,691
Less: within one year (current portion)	**(574,272)**	**(52,291)**	**(521,981)**	(592,440)	(60,781)	(531,659)
	1,872,661	**68,207**	**1,804,454**	2,156,939	92,907	2,064,032

13 TRADE PAYABLES

	30 June 2009 **RMB'000** **(Unaudited)**	31 December 2008 *RMB'000* (Restated)
Trade payables		
– Fellow subsidiaries	**1,209,326**	763,421
– Others	**2,978,850**	2,520,412
	4,188,176	3,283,833

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

13 TRADE PAYABLES *(Continued)*

The ageing analysis of trade payables is as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Within 3 months	**4,005,479**	3,241,536
4 to 6 months	**88,575**	24,034
7 to 9 months	**93,672**	18,263
9 to 12 months	**450**	–
	4,188,176	3,283,833

14 OPERATING (LOSS)/PROFIT

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

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Costs of bunker consumed	**2,485,740**	4,691,536
Depreciation and amortisation	**753,459**	630,501
Operating lease rental	**1,991,549**	1,846,266
Reversal of provision for impairment of receivables	**(24,981)**	(4,593)

15 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Net foreign exchange gains/(losses)	**67,861**	(276,220)
Net losses on the forward foreign exchange contracts	**–**	(4,214)
Net gains on disposal of property, plant and equipment	**2,806**	18,854
	70,667	(261,580)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

16 OTHER INCOME

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Interest income	**72,065**	243,203
Dividend income from available-for-sale financial assets	**20,395**	20,913
	92,460	264,116

17 FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Interest expenses:		
– Bank borrowings	**129,170**	162,203
– Domestic corporate bonds	**41,625**	41,579
– Finance lease obligations	**48,148**	79,246
Total interest expenses	**218,943**	283,028
Less: amount capitalised in vessels under construction	**(72,824)**	(120,208)
	146,119	162,820

18 INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Current income tax		
– Hong Kong profits tax	**–**	2,417
– PRC corporate income tax	**8,064**	31,443
Deferred taxation	**79,684**	86,587
	87,748	120,447

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

18 INCOME TAX EXPENSE *(Continued)*

Notes:

Taxes on income for the interim periods 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 periods are set out below:

(i) *Hong Kong profits tax*

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the six months ended 30 June 2009. No Hong Kong profit tax has been provided for the six months ended 30 June 2009 as there were no estimated assessable profits.

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

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which was effective from 1 January 2008.

The Company is a joint stock limited company under the Company Law of the PRC and is registered in the Pudong New District, Shanghai. The original CIT rate applicable to the Company was 15%. Subsequent to the application of the new CIT Law, the CIT rate applicable to the Company will increase gradually to 25% within 5 years from 2008 to 2012. This applicable income tax rate for the six months ended 30 June 2009 is 20%.

The original CIT rates applicable to the Company's subsidiaries incorporated in the PRC range from 15% to 33%. Under the new CIT Law, except for certain subsidiaries whose CIT rates will increase gradually to 25% within 5 years from 2008 to 2012, the CIT rates for other subsidiaries have been changed to 25% from 1 January 2008.

Pursuant to the relevant CIT regulations, the profits derived by the Company's overseas subsidiaries are subject to CIT. The Company uses a fixed rate approved by the PRC tax authority on the profits of the overseas subsidiaries for CIT purposes.

Deferred taxation mainly relates to deferred tax liabilities provided at a fixed rate approved by the PRC tax authority on the profit of overseas subsidiaries which are subject to CIT and payable upon profit remittance to the Company.

19 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

20 (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
(Loss)/profit attributable to equity holders of the Company	**(3,417,974)**	692,335
Weighted average number of ordinary shares in issue (thousands)	**11,683,125**	11,683,125
Basic (loss)/earnings per share (RMB per share)	**RMB(0.29)**	RMB0.06

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

20 (LOSS)/EARNINGS PER SHARE *(Continued)*

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share, as the Company does not have any potential dilutive ordinary shares during the period ended 30 June 2009 (2008: Nil).

21 BUSINESS COMBINATIONS UNDER COMMON CONTROL

As mentioned in Notes 1 and 2.2 above, in March 2009, the Group acquired Shanghai Inchon from Hang Lim Shipping Co., Ltd. and China Shipping Group. Total consideration for the acquisition amounted to approximately RMB32,092,000.

No significant adjustments were made to the net assets and net results of any entities or businesses as a result of the common control combination to achieve consistency of accounting policies.

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheet as at 30 June 2009 and 31 December 2008.

As at 30 June 2009

	The Group excluding Shanghai Inchon *RMB'000*	Shanghai Inchon *RMB'000*	Adjustments *RMB'000*	Consolidated *RMB'000*
ASSETS				
Available-for-sale financial assets	163,300	–	–	163,300
Investment in an associated company	38,810	–	–	38,810
Investment in joint controlled entities	1,091,962	–	–	1,091,962
Investment in a subsidiary of the Company	32,092	–	(32,092)	–
Other non-current assets	33,470,761	1,344	–	33,472,105
Current assets	10,864,799	56,148	(6,293)	10,914,654
Total assets	45,661,724	57,492	(38,385)	45,680,831
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	11,683,125	16,558	(16,558)	11,683,125
Other reserves	17,683,633	1	(14,231)	17,669,403
(Accumulated losses)/retained earnings	(1,058,770)	18,847	(9,977)	(1,049,900)
	28,307,988	35,406	(40,766)	28,302,628
Minority interests	714,546	–	8,674	723,220
Total equity	29,022,534	35,406	(32,092)	29,025,848
LIABILITIES				
Non-current liabilities	8,447,148	–	–	8,447,148
Current liabilities	8,192,042	22,086	(6,293)	8,207,835
Total liabilities	16,639,190	22,086	(6,293)	16,654,983
Total equity and liabilities	45,661,724	57,492	(38,385)	45,680,831

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

21 BUSINESS COMBINATIONS UNDER COMMON CONTROL *(Continued)*

As at 31 December 2008

	The Group excluding Shanghai Inchon *RMB'000*	Shanghai Inchon *RMB'000*	Adjustments *RMB'000*	Consolidated *RMB'000*
ASSETS				
Available-for-sale financial assets	163,300	–	–	163,300
Investment in an associated company	38,915	–	–	38,915
Investment in joint controlled entities	1,073,811	–	–	1,073,811
Other non-current assets	33,645,538	427	–	33,645,965
Current assets	14,795,656	73,395	(16,495)	14,852,556
Total assets	49,717,220	73,822	(16,495)	49,774,547
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	11,683,125	16,558	(16,558)	11,683,125
Other reserves	17,701,217	1	8,444	17,709,662
Retained earnings	2,354,052	27,494	(13,472)	2,368,074
	31,738,394	44,053	(21,586)	31,760,861
Minority interests	713,464	–	21,586	735,050
Total equity	32,451,858	44,053	–	32,495,911
LIABILITIES				
Non-current liabilities	8,128,553	–	–	8,128,553
Current liabilities	9,136,809	29,769	(16,495)	9,150,083
Total liabilities	17,265,362	29,769	(16,495)	17,278,636
Total equity and liabilities	49,717,220	73,822	(16,495)	49,774,547

The above adjustments represent adjustments to eliminate the share capital of Shanghai Inchon against the investment cost and related minority interests. The difference was made to other reserves in the consolidated financial statements.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

22 COMMITMENTS

(a) *Capital commitments*

As at 30 June 2009 and 31 December 2008, the Group had the following significant capital commitments which were not provided for in the balance sheets:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Contracted but not provided for:		
– Plant under construction	**44,734**	56,324
– Vessels under construction	**8,633,991**	9,022,665
	8,678,725	9,078,989

(b) *Lease commitments – the Group is the lessee*

As at 30 June 2009 and 31 December 2008, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Land and buildings:		
– Within one year	**52,756**	41,057
– In the second to fifth year	**81,599**	57,442
– After the fifth year	**27,898**	26,218
	162,253	124,717
Vessels chartered-in and containers under operating leases:		
– Within one year	**2,569,232**	2,741,690
– In the second to fifth year	**6,544,811**	6,648,714
– After the fifth year	**5,194,835**	5,395,810
	14,308,878	14,786,214
	14,471,131	14,910,931

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

22 COMMITMENTS *(Continued)*

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

As at 30 June 2009 and 31 December 2008, the Group had future aggregate minimum lease receipts under non-cancellable operating leases, where the Group is the lessor as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Vessels chartered-out and containers under operating leases:		
– Within one year	**363,182**	507,333
– In the second to fifth year	**186,142**	327,241
	549,324	834,574

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is part of a larger group of companies under China Shipping Group (incorporated in the PRC) and has extensive transactions and relationships with members of the China Shipping Group. China Shipping Group itself is a state-owned enterprise and is controlled by the PRC government. Neither of them produces financial statements for public use.

As the Group is controlled by China Shipping Group, it is considered to be indirectly controlled by the PRC government, which controls a substantial number of entities in the PRC. In accordance with HKAS 24 "Related Party Disclosure", state-owned enterprises and their subsidiaries, other than China Shipping Group and its subsidiaries, directly or indirectly controlled by the PRC government are also deemed as related parties of the Group ("other state-owned enterprises"). For purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that meaningful information relating to related-party transactions has been adequately disclosed.

In addition to the related party information shown elsewhere in this unaudited 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, including other state-owned enterprises, during the periods and balances arising from related party transactions for the six months ended 30 June 2009 and 2008.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(a) Significant transactions with related parties

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Transactions with fellow subsidiaries		
Income:		
Liner services	**107,133**	186,881
Lease of vessels	**–**	15,597
Port services	**9,483**	6,906
Expenditure:		
Operating lease of containers	**160,705**	216,284
Lease of chassis	**12,837**	14,716
Lease of properties	**945**	1,172
Cargo and liner agency services	**391,722**	511,961
Container management services	**54,564**	70,634
Bareboat charter services	**6,855**	25,715
Ship repair services	**41,643**	70,483
Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	**506,280**	670,154
Depot services	**10,226**	10,139
Information technology services	**16,305**	19,821
Provision of crew members	**19,636**	15,160
Loading and unloading services	**241,602**	268,084
Ground container transport costs	**14,060**	73,127
Purchase of containers	**–**	207,968
Purchase of vessels	**–**	253,712

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(a) Significant transactions with related parties (Continued)

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited and restated)
Transactions with other state-owned enterprises		
Income:		
Interest income from bank deposits	**31,681**	161,268
Expenditure:		
Loading and unloading services and port charges	**1,012,066**	1,822,785
Purchase of bunkers and spare parts	**672,307**	676,006
Interest expenses	**32,771**	117,822
Vessel maintenance costs	**111,515**	98,785
Others:		
Progress payment made on construction of vessels	**1,174,158**	1,156,769

(b) Balances with related parties

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Balances with fellow subsidiaries		
Trade receivables	**385,244**	523,601
Less: provisions	**(11,557)**	(34,107)
	373,687	489,494
Other receivables	**–**	35,963
Trade payables	**(1,209,326)**	(763,421)
Other payables	**–**	(62,099)

These balances are unsecured and interest free.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2009

23 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties (Continued)

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Restated)
Balances with other state-owned enterprises		
Bank deposits *(note (i))*	**7,896,766**	11,657,135
Bank borrowings *(note (ii))*	**4,184,960**	5,548,199
Trade payables *(note (iii))*	**203,342**	359,201

Notes:

(i) Interests on bank deposits are at market rates ranging from 0.36% to 1.98% per annum (31 December 2008: from 0.72% to 3.78% per annum).

(ii) Interests on bank borrowings are at market rates ranging from approximately LIBOR plus 0.23% to LIBOR plus 0.55% per annum (31 December 2008: LIBOR plus 0.31% to LIBOR plus 0.5%).

(iii) These balances are unsecured and interest free.

(c) Key management compensation

	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Basic salaries and allowances	**2,219**	1,605
Pension and others welfare	**606**	694
	2,825	2,299