



**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

PURSUING SUSTAINABLE  
**OPPORTUNITIES**  
INTERIM REPORT 2013



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## CORPORATE INFORMATION

### DIRECTORS

#### EXECUTIVE DIRECTORS

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

#### NON-EXECUTIVE DIRECTORS

Mr. Wang Daxiong  
Ms. Su Min  
Mr. Ding Nong  
Mr. Chen Jihong  
Mr. Zhang Rongbiao

#### 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. Wang Xiuping  
Mr. Shen Kangchen  
Mr. Shen Zhongying

### INVESTMENT STRATEGY COMMITTEE

Mr. Li Shaode (*Chairman*)  
Mr. Xu Lirong  
Mr. Huang Xiaowen  
Mr. Zhang Guofa  
Mr. Zhao Hongzhou  
Mr. Wang Daxiong  
Ms. Zhang Nan  
Mr. Teo Siong Seng  
Mr. Shi Xin

### NOMINATION COMMITTEE

Ms. Zhang Nan (*Chairman*)  
Mr. Teo Siong Seng  
Mr. Shi Xin  
Mr. Zhang Guofa  
Mr. Wang Daxiong

### REMUNERATION COMMITTEE

Mr. Chen Lishen (*Chairman*)  
Mr. Shi Xin  
Mr. Wang Daxiong

### AUDIT COMMITTEE

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

### COMPANY SECRETARY

Mr. Ye Yumang

### DEPUTY CHIEF ACCOUNTANT

Mr. Zhang Mingwen

### AUTHORISED REPRESENTATIVES

Mr. Li Shaode  
Mr. Huang Xiaowen

### LEGAL ADDRESS IN THE PRC

Room A-538, Yangshan International Trade Center  
No. 188 Ye Sheng Road  
Yangshan Free Trade Port Area  
Shanghai  
The PRC

### 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**

Ernst & Young

**DOMESTIC AUDITOR**

Baker Tilly China

**HONG KONG LEGAL ADVISER**

Linklaters

**DOMESTIC LEGAL ADVISER**

King & Wood Mallesons

**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

**LISTING DATE**

16 June 2004

**NUMBER OF H SHARES IN ISSUE**

3,751,000,000 H Shares

**BOARD LOT**

1,000 shares

**THE STOCK EXCHANGE OF HONG KONG LIMITED ("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 (“HKFRS”)

### Unaudited Interim Results For The Six Months ended 30 June 2013

	<b>1H 2013</b> <i>RMB</i> <b>(Unaudited)</b>	1H 2012 <i>RMB</i> (Unaudited)	Change (%)
Revenue	<b>15,850,676,000</b>	15,309,835,000	3.5%
Operating loss	<b>(971,229,000)</b>	(1,029,892,000)	(5.7%)
Loss attributable to owners of the parent	<b>(1,258,077,000)</b>	(1,280,985,000)	(1.8%)
Basic loss per share	<b>(0.11)</b>	(0.11)	0%
Gross profit margin	<b>(4.9%)</b>	(5.8%)	(15.5%)
Net gearing ratio	<b>47.0%</b>	37.1%	26.7%

### BUSINESS HIGHLIGHTS

- Shipping volume of the Group reached 3,897,282TEU in the first half of 2013, representing a decrease of 1.6% over that of the same period of 2012.
- Revenue of the Group amounted to RMB15,850,676,000 in the first half of 2013, representing an increase of RMB540,841,000 or 3.5% as compared with the same period of last year.
- Shipping capacity of the Group reached 620,000TEU as at 30 June 2013, representing a net increase of 25,000TEU as compared with that at the end of 2012.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING ENVIRONMENT

In the first half of 2013, the world economy and international trade was undergoing weak recovery with a slow and sluggish growth. Under the influence of worsening imbalance between supply and demand, the shipping market was suffering from constant depression. With the freight rate fluctuating at a low end, demand for freight transport was weak. Faced with the severe market environment, the Group responded in a rational manner and actively rose to challenges. The Group held on to the effectiveness-centred approach throughout the Period, flexibly adjusted management strategies, adopted effective measures and used its best efforts to improve business operation.

### PERFORMANCE ANALYSIS

During the Period, the Group's loaded container volume was 3,897,282TEU, down by 1.6% as compared with the same period of 2012, and revenue was RMB15,850,676,000, representing an increase of RMB540,841,000 or 3.5% as compared with the same period of 2012. Without taking into account the increase in revenue caused by changes in extended freight agent service model for domestic market, the Group's operating income decreased by 3.6% as compared with the same period of last year.

### LOADED CONTAINER VOLUME BY TRADE LANES

<i>Principal Markets</i>	<b>1H 2013</b> <b>(TEU)</b>	1H 2012 (TEU)	Change (%)
Pacific trade lanes	<b>640,131</b>	637,226	0.5%
Europe/Mediterranean trade lanes	<b>722,023</b>	678,979	6.3%
Asia Pacific trade lanes	<b>878,629</b>	766,754	14.6%
China domestic trade lanes	<b>1,623,499</b>	1,841,693	(11.8%)
Others	<b>33,000</b>	34,675	(4.8%)
Total	<b>3,897,282</b>	3,959,327	(1.6%)

### BREAKDOWN OF REVENUE

<i>Principal Markets</i>	<b>1H 2013</b> <b>(RMB'000)</b>	1H 2012 (RMB'000)	Change (%)
Pacific trade lanes	<b>4,738,630</b>	4,719,399	0.4%
Europe/Mediterranean trade lanes	<b>3,795,945</b>	4,045,087	(6.2%)
Asia Pacific trade lanes	<b>2,827,457</b>	2,755,314	2.6%
China domestic trade lanes	<b>2,769,707</b>	2,891,669	(4.2%)
Others	<b>1,718,937</b>	898,366	91.3%
Included: port operation	<b>195,355</b>	198,032	(1.4%)
Total	<b>15,850,676</b>	15,309,835	3.5%

During the Period, while the Group consolidated domestic market share, the domestic shipping capacity decreased and such decrease caused the domestic freight volume to reduce by 11.8% 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 trade by 7.4% 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 3,897,282TEU, representing a decrease of 1.6% as compared to the corresponding period of last year.

Despite the Group's effort to raise the freight rate in the second quarter this year, the imbalance between supply and demand in the international shipping market was still profound and there was insufficient cargo volume to promote freight rate. The freight rate of international trade bumped up and down and towards a downward trend, which was an opposite trend as compared with the same period of last year in which the freight rate continued to go up. As a result, average freight rate per TEU of international lanes decreased as compared with the same period of last year. Average freight rate per TEU for domestic trade lanes amounted to RMB1,706, representing an increase of 8.7% as compared with the same period of last year, mainly due to optimized design for domestic trade lanes and increase of their freight rate.

The throughput of CSCL container ports business amounted to 10,700,000TEU in aggregate, representing an increase of 5.2% as compared to the corresponding period of last year.

#### **COST ANALYSIS**

During the Period, the Group's operational costs totalled RMB16,625,780,000, representing an increase of RMB434,428,000 or 2.7% as compared with the same period of 2012. Without taking into account the increase in cost caused by changes in extended freight agent service model for domestic market, the Group's operational cost decreased by 4.1% as compared with the same period of last year.

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

- During the Period, container and cargo costs amounted to RMB5,639,466,000, representing an increase of 5.0% as compared with the same period of last year. Of which, port charges amounted to RMB948,974,000, representing an increase of 1.6% as compared with the same period of last year. The Group's stevedore charges for loaded and empty containers amounted to RMB3,377,227,000 during the Period, representing an increase of 1.6% as compared with the same period of last year. Container management and cargo arrangement expenses amounted to RMB1,313,265,000, representing an increase of 17.8% as compared to the same period of last year, mainly due to growth of rental cost of containers.
- Vessel and voyage costs for the Period amounted to RMB6,827,592,000 representing a decrease of 12.4% as compared with the same period of 2012, mainly due to decrease in fuel costs. During the Period, fuel costs amounted to RMB4,396,813,000, representing a decrease of 17.0% 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 2013 which caused the unit price of fuel consumption of the Company to decrease by 13.5% as compared with the same period of last year, and along with the Company's effort in operational improvement, the fuel consumption reduced by 4.0% as compared with the corresponding period of last year.
- During the Period, sub-route and other costs amounted to RMB4,158,722,000, representing an increase of 1.5% as compared with the same period of last year, mainly due to the increase of the extended service. Such costs did not take into account the factor which influenced the change in cost determination caused by changes in extended freight agent service model for domestic market.

## BUSINESS REVIEW

In the first half of 2013, faced with various pressures from slack demand, low freight rate and high operational costs, the Group managed to cope with the situation and formulated a clear enterprise development strategy based on the guidance of the market. The Group endeavored to maximise profit and maintain growth in every aspect through diversified measures.

As at 30 June 2013, the Group's shipping capacity reached 620,000TEU, representing an increase of 4.2% as compared to the beginning of this year. In the first half of 2013, a total of 3 new carriers of the Group with capacity of 4,700TEU were delivered for service. At the same time, when the price of shipbuilding was at a market low, the Group seized the opportunity and ordered 5 container ships with capacity of 18,400TEU, demonstrating its inclination to the trend of "Large Carrier and Low Consumption" in the shipping industry. These moves have further optimised and upgraded the structure of fleet and reduced the cost per TEU, which enhanced the Group's competitive edges.

In the first half of 2013, the Group made an effort to explore its costs control potential. In terms of fuel cost, it was reduced by several means including ultra-slow speed operation, temporary fuel locking and refilling oil at low-price ports. In view of increasing terminal charges, the Group successfully maintained the terminal charges at a market competitive and reasonable level through business negotiation, in which the Group increased its bargaining power by emphasizing on its strengths such as its large shipping carriers operation, upgraded routes and stable volume of containers. Meanwhile, the Group adopted effective measures concerning container cost control, transship cost and management expense control, clarified and supplemented operational procedures and regulations, took a strict control of expenses arising from different aspects.

During the Period, the Group focused on strengthening market sales, sustaining freight rate on routes and elevating profit of shipping routes. In the first half of 2013, market freight rate has experienced fluctuation in a relatively broad scale and the Company has closely monitored market changes and timely pushed forward the plan of stabilising and recovering freight rate. On the other hand, the Company endeavored to develop the market of return-route cargo and special container transport services. It also strived to set up feedback mechanism targeting the major markets, with an aim to strengthen its ability to predict the market and make decisions in relation to freight rate of routes.

Additionally, the Group also achieved significant results in the first half of 2013 through various efforts such as development in emerging markets, improvement of global network; deployment of freight capacity in a flexible manner to optimise the efficiency of shipping lanes; increase of market expansion, promotion of the "Big Client and Big Cooperation" strategy, as well as reinforcement of the extended services and provision of value-added services.

## FUTURE PROSPECT

In the third quarter of 2013, volume of freight transportation on main shipping lanes showed the trend of a seasonal increase with the loading rate maintained at a comparatively high level. Freight rate bounced back since it reached its bottom in July, releasing certain pressure of the liner shipping companies. In the second half of 2013, the economic environment remains complicated and ever-changing. The global macro-economy demonstrated general improvements. However, there are still quite a few uncertainties and instabilities.



Facing a variety of challenges such as the continuous imbalance between supply and demand in the shipping market, intensifying competition of non-distinguishable services and constantly high operational costs, the Group will diligently research the market, actively explore effective measures to increase its effectiveness, control the costs and optimise the operation of trade lanes. In the second half of 2013, the Company will focus on implementing the following measures: enlarging the scale of foreign cooperation, effectively promoting the upgrade of trade lanes and diversifying trade lane services. The Company will innovate concepts of services, create value for the customers and improve clients' satisfaction. With the aim of optimising profits of trade lanes, the Company will timely adjust the deployment of trade lanes and capacity and increase the operation profits of trade lanes. The Company will improve the structure of cargo source and increase the proportion of high value-added cargoes such as special and refrigerator containers and returning cargoes. Close attention will be paid to the implementation of the Chinese tax policy which changes applicable taxes from business taxes to value-added taxes, as well as the influence of the establishment of Free Trade Area in Shanghai on modern logistics industry. The Company will expand its services and enhance the integrated logistics services capability. The Company will adjust and optimise the structure of vessels and put more efforts on disposal of retired vessels. The Company will also accelerate the establishment of information technology platforms to contribute to its future development.

Apart from the above, the Group is committed to the balanced development between corporate profits and social benefits, paying great attention to consolidation of corporate, customer and society values and carrying out corporate responsibility.

## 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 outflow was RMB418,376,000. As at 30 June 2013, the Group's cash balance in banks was RMB7,063,138,000.

As at 30 June 2013, the Group's total bank borrowings were RMB17,266,706,000. The maturity profile is spread over a period between 2013 to 2022 with RMB1,906,860,000 repayable within one year, RMB9,576,942,000 repayable within the second year, RMB4,015,476,000 repayable within the third to the fifth year, and RMB1,767,428,000 repayable after the fifth year. The Group's long-term bank borrowings are mainly used to finance the construction of vessels and ports.

As at 30 June 2013, the Group's long-term bank borrowings were secured by mortgages over certain containers, container vessels, and vessels under construction with a book value of RMB5,821,478,000 (as at 31 December 2012: RMB6,033,486,000).

As at 30 June 2013, the Group's bonds payable in ten-year period amounted to RMB1,790,304,000, 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.

As at 30 June 2013, the Group's obligations under finance leases amounted to RMB258,302,000, with maturity profile ranging from 2013 to 2019. The amount repayable within one year is RMB51,144,000, the amount repayable within the second year is RMB36,262,000, the amount repayable within the third to the fifth year is RMB115,397,000 and the amount repayable after the fifth year is RMB55,499,000. The Group's obligations under the finance leases are substantially used in the lease of new containers, while the remaining small portion is used in the construction of ports and depot infrastructure.

As at 30 June 2013, the Group's RMB borrowings at fixed interest rates amounted to RMB4,047,340,000. USD borrowings at fixed interest rates amounted to USD165,120,000 (equivalent to RMB1,020,227,000) and USD borrowings at floating interest rates amounted to USD1,974,386,000 (equivalent to RMB12,199,139,000). 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 2013, 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 47.0%, which is higher than that of 37.1% as at 31 December 2012. The increase was on the one hand due to the cash outflows used in the Group's operational and capital expenses during the Period, and on the other hand, was due to reduction in equity as a result of loss for 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 devoted much effort to improve the currency structure of assets in order to control the exchange loss for the Period. The Group recorded an exchange profit of approximately RMB26,308,000 in the income statement, and the exchange difference which directly charged to equity amounted to approximately RMB137,448,000 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 2013, the Group's capital commitments and investment commitments which had been contracted but not provided for and which had been authorised but not contracted for, in relation to vessels under construction amounted to RMB7,489,270,000 and RMB378,700,000, respectively. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers, were RMB114,406,000 and RMB9,878,896,000, respectively.

## CONTINGENT LIABILITY

As at 30 June 2013, 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 2013.

## SHARE CAPITAL

As at 30 June 2013, 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
<b>Total</b>	<b>11,683,125,000</b>	<b>100.00</b>

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

As at 30 June 2013, 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:

Name	Number of underlying H shares interested in <sup>(1)</sup>	Capacity in which underlying H shares were held	Percentage in issued H share capital
<b>Directors</b>			
Li Shaode	3,382,100	Beneficial owner	0.090% (L)
Huang Xiaowen	3,334,050	Beneficial owner	0.089% (L)
Zhang Guofa	2,218,050	Beneficial owner	0.059% (L)
Zhao Hongzhou	2,604,000	Beneficial owner	0.069% (L)
Zhang Jianhua <sup>(2)</sup>	1,240,000	Beneficial owner	0.033% (L)
Wang Daxiong	1,240,000	Beneficial owner	0.033% (L)
Xu Hui <sup>(2)</sup>	1,085,000	Beneficial owner	0.029% (L)
<b>Supervisors</b>			
Chen Decheng <sup>(3)</sup>	948,600	Beneficial owner	0.025% (L)
Tu Shiming	246,450	Beneficial owner	0.007% (L)
Kou Laiqi <sup>(3)</sup>	156,550	Beneficial owner	0.004% (L)
Wang Xiuping	1,395,000	Beneficial owner	0.037% (L)

(L) – Long position

Notes:

- 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 in 2005 held on 12 October 2005, the Company implemented a H share share appreciation rights scheme (the “Share Appreciation Rights Scheme”) as its appropriate incentive policy. Details of the original Share Appreciation Rights Scheme were set out in the Company’s circular dated 26 August 2005 and each amended Share Appreciation Rights Scheme was tabled at the annual general meetings of the Company held on 20 June 2006, 26 June 2007 and 26 June 2008. The above disclosure represents the interests in H Shares of the Company held by the Directors and Supervisors of the Company under the Share Appreciation Rights Scheme as at 30 June 2013.
- Zhang Jianhua and Xu Hui have ceased to be Directors of the Company since 28 June 2013 due to expiration of their terms of office.
- Chen Decheng and Kou Laiqi have ceased to be supervisors of the Company since 28 June 2013 due to expiration of their terms of office.

Save as disclosed above, as at 30 June 2013, 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 2013, 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 the total share capital
China Shipping (Group) Company	A shares	5,361,837,500(L)	Beneficial owner	67.60%	45.89%
Earnest Partners, LLC	H shares	196,191,250(L)	Investment manager	5.23%	1.68%
The Northern Trust Company (ALA)	H shares	249,945,900(P)	approved lending agent	6.66%	2.14%

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

Save as disclosed above, as at 30 June 2013, 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 13.51(B)(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 2012 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 2012 Annual General Meeting held on 28 June 2013. The table below provides information of Directors and Supervisors who has ceased to be in office due to completion of their terms of service and those have been elected to be in office for the new session.

Name	Position	Change	Reason of change
Zhang Jianhua	Director	ceased to be in office	Expiration of term of office for the Third Session of the Board of Directors
Xu Hui	Director	ceased to be in office	Expiration of term of office for the Third Session of the Board of Directors
Shen Kangchen	Independent Director	ceased to be in office	Expiration of term of office for the Third Session of the Board of Directors
Shen Zhongying	Independent Director	ceased to be in office	Expiration of term of office for the Third Session of the Board of Directors
Jim Poon (also known as Pan Zhanyuan)	Independent Director	ceased to be in office	Expiration of term of office for the Third Session of the Board of Directors
Wu Daqi	Independent Director	ceased to be in office	Expiration of term of office for the Third Session of the Board of Directors
Su Min	Director	elected to be in office	Took office since the Fourth Session of the Board of Directors
Chen Jihong	Director	elected to be in office	Took office since the Fourth Session of the Board of Directors
Teo Siong Seng	Independent Director	elected to be in office	Took office since the Fourth Session of the Board of Directors
Chen Lishen	Independent Director	elected to be in office	Took office since the Fourth Session of the Board of Directors
Guan Yimin	Independent Director	elected to be in office	Took office since the Fourth Session of the Board of Directors
Shi Xin	Independent Director	elected to be in office	Took office since the Fourth Session of the Board of Directors
Chen Decheng	Chairman of Supervisors	ceased to be in office	Expiration of term of office for the Third Session of the Board of Supervisors
Kou Laiqi	Supervisor	ceased to be in office	Expiration of term of office for the Third Session of the Board of Supervisors

Name	Position	Change	Reason of change
Hua Min	Independent Supervisor	ceased to be in office	Expiration of term of office for the Third Session of the Board of Supervisors
Pan Yingli	Independent Supervisor	ceased to be in office	Expiration of term of office for the Third Session of the Board of Supervisors
Xu Wenrong	Chairman of Supervisors	elected to be in office	Took office since the Fourth Session of the Board of Supervisors
Ye Hongjun	Supervisor	elected to be in office	Took office since the Fourth Session of the Board of Supervisors
Shen Kangchen	Independent Supervisor	elected to be in office	Took office since the Fourth Session of the Board of Supervisors
Shen Zhongying	Independent Supervisor	elected to be in office	Took office since the Fourth Session of the Board of Supervisors

## 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 (2012: nil).

## EMPLOYEES, TRAINING AND BENEFITS

As at 30 June 2013, the Group had 4,211 employees and an additional 1,484 outsourced labour 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 3,611 crew members in total who mainly worked on the Group's self-owned or bareboat chartered vessels. Total staff expenses during the Period was approximately RMB942,733,000.

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 now 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 has 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 appreciation right 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 Ms. Zhang Nan and Mr. Guan Yimin, 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 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' and supervisors' securities transactions on terms no less exacting than the required standard in the Model Code. Following specific enquiry made with all the Directors and supervisors, 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.

## INFORMATION DISCLOSURE

This report will be dispatched by the Company to its shareholders and published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.cscl.com.cn>. This report contains all the relevant financial information as required under Appendix 16 to the Listing Rules.

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

Shanghai, the PRC  
28 August 2013



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

## INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 16 to 44, which comprises the condensed consolidated interim statement of financial position of China Shipping Container Lines Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013, and the related condensed consolidated interim statements of income, 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 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 and to report our conclusion 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 2013



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	36,077,651	35,676,940
Leasehold land and land use rights	7	91,779	92,981
Intangible assets	7	25,272	28,730
Deferred income tax assets		496,787	496,859
Available-for-sale financial assets		362,140	362,140
Investments in associated companies		316,760	293,965
Investments in joint ventures		1,299,323	1,329,542
<b>Total non-current assets</b>		<b>38,669,712</b>	<b>38,281,157</b>
<b>CURRENT ASSETS</b>			
Inventories		1,362,207	1,238,030
Trade and notes receivables	8	2,572,145	2,263,700
Prepayments and other receivables		508,293	590,406
Restricted deposits		1,000	1,000
Cash and cash equivalents		7,063,138	8,830,970
<b>Total current assets</b>		<b>11,506,783</b>	<b>12,924,106</b>
<b>Total assets</b>		<b>50,176,495</b>	<b>51,205,263</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	9	11,683,125	11,683,125
Special reserves		9,802	2,229
Other reserves		16,905,027	17,041,861
Accumulated losses		(3,464,761)	(2,198,638)
		<b>25,133,193</b>	<b>26,528,577</b>
<b>Non-controlling interests</b>		<b>960,658</b>	<b>945,084</b>
<b>Total equity</b>		<b>26,093,851</b>	<b>27,473,661</b>

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

AS AT 30 JUNE 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	10	15,359,846	15,363,812
Domestic corporate bonds	11	1,790,304	1,789,078
Finance lease obligations	12	207,158	228,384
Deferred income tax liabilities		11	11
<b>Total non-current liabilities</b>		<b>17,357,319</b>	17,381,285
<b>CURRENT LIABILITIES</b>			
Trade payables	14	4,072,327	3,883,845
Accruals and other payables		647,851	778,327
Short-term bank borrowings	10	308,935	–
Long-term bank borrowings – current portion	10	1,597,925	1,528,272
Finance lease obligations – current portion	12	51,144	119,634
Current income tax liabilities		22,143	15,239
Provisions	13	25,000	25,000
<b>Total current liabilities</b>		<b>6,725,325</b>	6,350,317
<b>Total liabilities</b>		<b>24,082,644</b>	23,731,602
<b>Total equity and liabilities</b>		<b>50,176,495</b>	51,205,263
<b>Net current assets</b>		<b>4,781,458</b>	6,573,789
<b>Total assets less current liabilities</b>		<b>43,451,170</b>	44,854,946

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

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Notes	Six months ended 30 June	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
<b>Revenue</b>	6	<b>15,850,676</b>	15,309,835
Cost of services		<b>(16,625,780)</b>	(16,191,352)
<b>Gross loss</b>		<b>(775,104)</b>	(881,517)
Other gains, net	16	<b>44,539</b>	42,475
Other income	17	<b>213,228</b>	256,101
Selling, administrative and general expenses		<b>(453,892)</b>	(446,951)
<b>Operating loss</b>	15	<b>(971,229)</b>	(1,029,892)
Finance costs	18	<b>(273,853)</b>	(226,985)
Share of results of associated companies		<b>19,593</b>	19,779
Share of results of joint ventures		<b>12,900</b>	23,054
<b>Loss before income tax</b>		<b>(1,212,589)</b>	(1,214,044)
Income tax expense	19	<b>(41,881)</b>	(38,795)
<b>Loss for the period</b>		<b>(1,254,470)</b>	(1,252,839)
<b>Attributable to:</b>			
Owners of the parent		<b>(1,258,077)</b>	(1,280,985)
Non-controlling interests		<b>3,607</b>	28,146
		<b>(1,254,470)</b>	(1,252,839)
<b>Loss per share for loss attributable to equity holders of the parent</b> (Expressed in RMB per share)			
– Basic and diluted	21	<b>RMB(0.11)</b>	RMB(0.11)
<b>Dividends</b>	20	–	–

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 2013

	Six months ended 30 June	
	2013 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)
<b>Loss for the period</b>	<b>(1,254,470)</b>	(1,252,839)
<b>Other comprehensive income/(loss)</b>		
Currency translation differences	<b>(137,448)</b>	28,043
Others, net off income tax effects	<b>413</b>	-
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	<b>(137,035)</b>	28,043
<b>Total comprehensive loss for the period</b>	<b>(1,391,505)</b>	(1,224,796)
<b>Attributable to:</b>		
Owners of the parent	<b>(1,394,911)</b>	(1,252,942)
Non-controlling interests	<b>3,406</b>	28,146
	<b>(1,391,505)</b>	(1,224,796)

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 2013

	Owners of the parent					Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Special reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000		
<b>At 1 January 2012</b>	11,683,125	-	17,061,062	(2,720,854)	26,023,333	877,356	26,900,689
Profit/(loss) for the period	-	-	-	(1,280,985)	(1,280,985)	28,146	(1,252,839)
Currency translation differences	-	-	28,043	-	28,043	-	28,043
<b>Total comprehensive loss for the period ended 30 June 2012</b>	-	-	28,043	(1,280,985)	(1,252,942)	28,146	(1,224,796)
<b>Transactions with owners in their capacity as owners</b>							
Capital injection	-	-	-	-	-	45,000	45,000
Dividends to non-controlling interests	-	-	-	-	-	(28,635)	(28,635)
Accrued special reserve during the period	-	55,321	-	(55,321)	-	-	-
Used special reserve during the period	-	(55,321)	-	55,321	-	-	-
Others	-	-	83	(476)	(393)	(154)	(547)
<b>Balance at 30 June 2012 (unaudited)</b>	11,683,125	-	17,089,188	(4,002,315)	24,769,998	921,713	25,691,711
<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
Profit/(loss) for the period	-	-	-	(1,258,077)	(1,258,077)	3,607	(1,254,470)
Share of other comprehensive income of joint ventures	-	-	413	-	413	-	413
Currency translation differences	-	-	(137,247)	-	(137,247)	(201)	(137,448)
<b>Total comprehensive loss 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 in their capacity as owners</b>							
Capital injection	-	-	-	-	-	22,500	22,500
Dividends 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

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 2013

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cash flows used in operating activities – net	<b>(418,376)</b>	(1,452,091)
Cash flows used in investing activities – net	<b>(1,387,473)</b>	(1,607,484)
Cash flows generated from financing activities – net	<b>125,113</b>	9,679,160
Net (decrease)/increase in cash and cash equivalents	<b>(1,680,736)</b>	6,619,585
Cash and cash equivalents at beginning of the period	<b>8,830,970</b>	7,073,273
Exchange (losses)/gains on cash and cash equivalents	<b>(87,096)</b>	12,346
Cash and cash equivalents at end of the period	<b>7,063,138</b>	13,705,204

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 2013

### 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, Yangshan International Trade Center, No.188 Ye Sheng Road, Yangshan Free Trade Port Area, 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, and the operation of container terminals.

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 2013.

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 2013 has been prepared in accordance with Hong Kong Accounting Standard 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 2012, 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 2013

### 3. SIGNIFICANT ACCOUNTING POLICIES

Except for the adoption of the new and at the amended standards and interpretations effective as of 1 January 2013, 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 2012.

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 amended standards adopted by the Group

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2013.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time adoption of International Financial Reporting Standards</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements</i>
HKFRS 10	<i>Joint Arrangements</i>
HKFRS 11	<i>Disclosure of Interests in Other Entities</i>
HKFRS 12	<i>Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Fair Value Measurement</i>
HKFRS 13	<i>Amendments to HKFRS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 1 Amendments	<i>Employee Benefits</i>
HKAS 19 (2011)	<i>Separate Financial Statements</i>
HKAS 27 (2011)	<i>Investments in Associates</i>
HKAS 28 (2011)	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
HK(IFRIC)-Int 21	<i>Amendments to a number of HKFRSs issued in May 2012</i>
Improvements to HKFRSs 2009-2011 Cycle	

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 2013

### 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 2013 and have not been early adopted:

HKFRS 9	<i>Financial Instruments</i> <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> <sup>1</sup>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> <sup>1</sup>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> <sup>1</sup>
HK(IFRIC)-Int 21	<i>Levies</i> <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

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 2012.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 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 2013:

	Loans and receivables RMB'000 (Unaudited)	Available- for-sale financial assets RMB'000 (Unaudited)	Fair value gain or loss RMB'000 (Unaudited)	Equity investments at fair value through profit or loss RMB'000 (Unaudited)
<b>Financial assets:</b>				
Available-for-sale financial assets	–	362,140	–	–
Total non-current assets	–	362,140	–	–
Trade and notes receivables	2,572,145	–	–	–
Other receivables	388,072	–	–	–
Total current assets	2,960,217	–	–	–
<b>Total</b>	<b>2,960,217</b>	<b>362,140</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities:</b>				
Long-term borrowings	15,359,846	–	–	–
Domestic corporate bonds	1,790,304	–	–	–
Finance lease obligations	207,158	–	–	–
Total non-current liabilities	17,357,308	–	–	–
Trade payables	4,072,327	–	–	–
Other payables	438,691	–	–	–
Short-term bank borrowings	308,935	–	–	–
Long-term bank borrowings – current portion	1,597,925	–	–	–
Finance lease obligations – current portion	51,144	–	–	–
Total current liabilities	6,469,022	–	–	–
<b>Total</b>	<b>23,826,330</b>	<b>–</b>	<b>–</b>	<b>–</b>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 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 2012.

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 2013:

	Carrying amount <i>RMB'000</i> (Unaudited)	Fair value <i>RMB'000</i> (Unaudited)
<b>Financial liabilities:</b>		
Long-term borrowings	15,359,846	15,643,417
Domestic corporate bonds	1,790,304	1,679,620
Finance lease obligations	207,158	207,158
<b>Total</b>	<b>17,357,308</b>	<b>17,530,195</b>

#### *Available-for-sale financial assets*

As the investments did not have a quoted market price in an active market, the range of reasonable fair value estimates is so significant and the probabilities of the various estimates cannot be reasonably assessed, the directors of the Company are of the opinion that their fair values cannot be reliably measured and therefore are stated at cost.

#### *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 2013, 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 2013

### 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 considers the business from industry segment prospective and assesses the performance of container shipping and related business and container terminal and related business.

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

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

Unallocated assets mainly represent investments in associated companies not related to the segment and deferred income tax assets. Unallocated liabilities mainly represent deferred income tax liabilities and current income tax liabilities.

As at 30 June 2013, the investments in associated companies in the unallocated assets represented the investment in a finance company and a company engaged in providing motor transportation services.

Revenue from the major shipping lanes and other businesses is set out below:

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Pacific	<b>4,738,630</b>	4,719,399
Europe/Mediterranean	<b>3,795,945</b>	4,045,087
Asia Pacific	<b>2,827,457</b>	2,755,314
China Domestic	<b>2,769,707</b>	2,891,669
Others	<b>1,718,937</b>	898,366
Turnover	<b>15,850,676</b>	15,309,835

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

**6. REVENUE AND SEGMENT INFORMATION** *(Continued)*

	Container shipping and related business <i>RMB'000</i>	Container terminal and related business <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Group <i>RMB'000</i>
<b>Segment results for the six months ended 30 June 2013 (Unaudited)</b>				
Total segment revenue	15,655,321	272,486	(77,131)	15,850,676
Less: inter-segment revenue	–	(77,131)	77,131	–
Revenue of the Group, from external customers	15,655,321	195,355	–	15,850,676
Segment operating (loss)/profit	(1,038,692)	67,463	–	(971,229)
Finance costs	(225,666)	(48,187)	–	(273,853)
Share of results of associated companies	445	586	–	1,031
Share of results of joint ventures	2,036	10,864	–	12,900
Segment (loss)/profit before income tax	(1,261,877)	30,726	–	(1,231,151)
Share of results of associated companies				18,562
Loss before income tax				(1,212,589)
Income tax expense				(41,881)
Loss for the period				(1,254,470)
<b>Other items</b>				
Depreciation and amortisation	703,076	56,789	–	759,865
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,382,294	19,688	–	1,401,982

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 6. REVENUE AND SEGMENT INFORMATION (Continued)

	Container shipping and related business RMB'000	Container terminal and related business RMB'000	Inter- segment elimination RMB'000	Group RMB'000
<b>Segment assets and liabilities as at 30 June 2013 (Unaudited)</b>				
Other segment assets	43,745,655	4,270,724	(314,894)	47,701,485
Joint ventures	47,709	1,251,614	–	1,299,323
Associated companies	66,272	41,544	–	107,816
Available-for-sale financial assets	–	362,140	–	362,140
<b>Total segment assets</b>	<b>43,859,636</b>	<b>5,926,022</b>	<b>(314,894)</b>	<b>49,470,764</b>
Unallocated assets				
– Associated companies				208,944
– Deferred income tax assets				496,787
<b>Total assets</b>				<b>50,176,495</b>
<b>Segment liabilities</b>	<b>21,928,743</b>	<b>2,446,641</b>	<b>(314,894)</b>	<b>24,060,490</b>
Unallocated liabilities				
– Deferred income tax liabilities				11
– Current income tax liabilities				22,143
<b>Total liabilities</b>				<b>24,082,644</b>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

**6. REVENUE AND SEGMENT INFORMATION** (Continued)

	Container shipping and related business RMB'000	Container terminal and related business RMB'000	Inter- segment elimination RMB'000	Group RMB'000
<b>Segment results for the six months ended 30 June 2012 (Unaudited)</b>				
Total segment revenue	15,112,706	282,705	(85,576)	15,309,835
Less: inter-segment revenue	–	(85,576)	85,576	–
Revenue of the Group, from external customers	15,112,706	197,129	–	15,309,835
Segment operating (loss)/profit	(1,130,591)	100,699	–	(1,029,892)
Finance costs	(205,291)	(21,694)	–	(226,985)
Share of results of associated companies	–	212	–	212
Share of results of joint ventures	1,891	21,163	–	23,054
Segment (loss)/profit before income tax	(1,333,991)	100,380	–	(1,233,611)
Share of results of associated companies				19,567
Loss before income tax				(1,214,044)
Income tax expense				(38,795)
Loss for the period				(1,252,839)
<b>Other items</b>				
Depreciation and amortisation	717,732	40,535	–	758,267
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,968,989	56,364	–	2,025,353

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

**6. REVENUE AND SEGMENT INFORMATION** (Continued)

	Container shipping and related business RMB'000	Container terminal and related business RMB'000	Inter- segment elimination RMB'000	Group RMB'000
<b>Segment assets and liabilities as at 31 December 2012 (Audited)</b>				
Other segment assets	44,863,329	4,156,229	(296,801)	48,722,757
Joint ventures	45,812	1,283,730	–	1,329,542
Associated companies	65,824	20,957	–	86,781
Available-for-sale financial assets	–	362,140	–	362,140
<b>Total segment assets</b>	<b>44,974,965</b>	<b>5,823,056</b>	<b>(296,801)</b>	<b>50,501,220</b>
Unallocated assets				
– Associated companies				207,184
– Deferred income tax assets				496,859
<b>Total assets</b>				<b>51,205,263</b>
<b>Segment liabilities</b>	<b>21,643,887</b>	<b>2,373,498</b>	<b>(296,801)</b>	<b>23,720,584</b>
Unallocated liabilities				
– Deferred income tax liabilities				11
– Current income tax liabilities				11,007
<b>Total liabilities</b>				<b>23,731,602</b>

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.

No revenue from a single customer or a group of customers under common control derived 10% or more of the Group's revenue for the six months ended 30 June 2013 and 2012.



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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 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 2013 (Unaudited)</b>				
<b>Opening net book amount as at 1 January 2013</b>	<b>35,676,940</b>	<b>92,981</b>	<b>28,730</b>	<b>35,798,651</b>
Additions	1,401,753	–	229	1,401,982
Disposals	(10,292)	–	–	(10,292)
Depreciation and amortisation (Note 15)	(755,053)	(1,202)	(3,610)	(759,865)
Exchange difference	(235,697)	–	(77)	(235,774)
<b>Closing net book amount as at 30 June 2013</b>	<b>36,077,651</b>	<b>91,779</b>	<b>25,272</b>	<b>36,194,702</b>
<b>Year ended 31 December 2012 (Audited)</b>				
<b>Opening net book amount as at 1 January 2012</b>	<b>37,049,240</b>	<b>95,388</b>	<b>22,991</b>	<b>37,167,619</b>
Additions	2,452,726	–	12,478	2,465,204
Disposals	(2,263,150)	–	–	(2,263,150)
Depreciation and amortisation	(1,527,116)	(2,407)	(6,732)	(1,536,255)
Exchange difference	(34,760)	–	(7)	(34,767)
<b>Closing net book amount as at 31 December 2012</b>	<b>35,676,940</b>	<b>92,981</b>	<b>28,730</b>	<b>35,798,651</b>

As at 30 June 2013, the net book value of container vessels, containers and port and depot infrastructure of the Group pledged as securities for bank borrowings amounted to approximately RMB5,821,478,000 (31 December 2012: RMB6,033,486,000) (Note 10).

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

**8. TRADE AND NOTES RECEIVABLES**

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Trade receivables		
– Related parties <i>(Note 23(b))</i>	<b>441,728</b>	385,232
– Third parties	<b>1,917,100</b>	1,684,558
	<b>2,358,828</b>	2,069,790
Notes receivable	<b>213,317</b>	193,910
	<b>2,572,145</b>	2,263,700

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

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Within 3 months	<b>2,412,716</b>	2,240,303
4 to 6 months	<b>188,408</b>	82,066
7 to 9 months	<b>42,439</b>	3,109
10 to 12 months	<b>827</b>	–
Over one year	<b>1,815</b>	3,623
	<b>2,646,205</b>	2,329,101
Less: provision for impairment of receivables	<b>(74,060)</b>	(65,401)
	<b>2,572,145</b>	2,263,700

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 2013

**9. SHARE CAPITAL**

	Number of shares (thousand)	A Share of RMB1 each RMB'000	H Share of RMB1 each RMB'000	Total RMB'000
At 1 January 2013 till 30 June 2013	11,683,125	7,932,125	3,751,000	11,683,125

As at 30 June 2013, all issued shares were registered, fully paid and divided into 11,683,125,000 shares (31 December 2012: 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 2012: 7,932,125,000 A Shares and 3,751,000,000 H Shares).

**10. BORROWINGS**

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current		
Long-term bank borrowings	13,249,046	13,363,812
Loan from an associated company (Note 23(b))	2,110,800	2,000,000
	<b>15,359,846</b>	15,363,812
Current		
Short-term bank borrowings	308,935	–
Long-term bank borrowings – current portion	1,594,725	1,528,272
Loan from an associated company (Note 23(b))	3,200	–
	<b>1,906,860</b>	1,528,272
	<b>17,266,706</b>	16,892,084
Representing:		
Loan from an associated company (Note 23(b))		
– unsecured	2,114,000	2,000,000
Bank borrowings		
– unsecured	10,718,178	10,125,924
– secured	4,434,528	4,766,160
	<b>17,266,706</b>	16,892,084

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 10. BORROWINGS (Continued)

As at 30 June 2013, there was a legal mortgage over certain container vessels, containers and port and depot infrastructure of the Group with a net book value of approximately RMB5,821,478,000 (31 December 2012: RMB6,033,486,000) (Note 7).

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

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
RMB	4,047,340	3,985,840
USD	13,219,366	12,906,244
	<b>17,266,706</b>	16,892,084

The maturity periods of the borrowings are as follows:

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Within one year	1,906,860	1,528,272
In the second year	9,576,942	4,387,980
In the third to fifth year	4,015,476	8,816,735
After the fifth year	1,767,428	2,159,097
	<b>17,266,706</b>	16,892,084

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 2012: 6.55%), are as follows:

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Carrying amounts	<b>17,266,706</b>	16,892,084
Fair values	<b>17,241,342</b>	16,878,632

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

**11. DOMESTIC CORPORATE BONDS**

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Non-current domestic corporate bonds	<b>1,790,304</b>	1,789,078

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 are directly attributable to the bonds. As at 30 June 2013, the estimated fair value of the bonds was approximately RMB1,679,620,000 (31 December 2012: RMB1,662,124,000). 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 2012: 6.55%) per annum.

**12. FINANCE LEASE OBLIGATIONS**

	30 June 2013			31 December 2012		
	Minimum lease payments RMB'000 (Unaudited)	Finance charges RMB'000 (Unaudited)	Net present value of minimum payments RMB'000 (Unaudited)	Minimum lease payments RMB'000 (Audited)	Finance charges RMB'000 (Audited)	Net present value of minimum payments RMB'000 (Audited)
Finance lease obligations						
– Within one year	64,850	13,706	51,144	136,414	16,780	119,634
– In the second year	47,603	11,341	36,262	48,457	12,593	35,864
– In the third to fifth years	135,884	20,487	115,397	142,855	24,302	118,553
– After the fifth year	58,360	2,861	55,499	78,899	4,932	73,967
	<b>306,697</b>	<b>48,395</b>	<b>258,302</b>	406,625	58,607	348,018
Less: current portion	<b>(64,850)</b>	<b>(13,706)</b>	<b>(51,144)</b>	(136,414)	(16,780)	(119,634)
	<b>241,847</b>	<b>34,689</b>	<b>207,158</b>	270,211	41,827	228,384

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 13. PROVISIONS

**Legal claims**  
*RMB'000*

#### Six months ended 30 June 2013 (Unaudited)

<b>At 1 January 2013 and 30 June 2013</b>	<b>25,000</b>
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#### Year ended 31 December 2012 (Audited)

<b>At 1 January 2012 and 31 December 2012</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 2013.

### 14. TRADE PAYABLES

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Trade payables		
– Related parties (Note 23(b))	<b>414,131</b>	937,097
– Third parties	<b>3,658,196</b>	2,946,748
	<b>4,072,327</b>	3,883,845

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 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Within 3 months	<b>3,886,946</b>	3,742,546
4 to 6 months	<b>94,838</b>	70,593
7 to 9 months	<b>57,807</b>	7,898
10 to 12 months	<b>28,202</b>	37,792
1 to 2 years	<b>4,534</b>	25,016
	<b>4,072,327</b>	3,883,845

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

**15. OPERATING LOSS**

The following items have been charged to the operating loss during the period:

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of bunker consumed	<b>4,396,813</b>	5,296,115
Depreciation and amortisation (Note 7)	<b>759,865</b>	758,267
Operating lease rental	<b>1,607,636</b>	1,403,223
Provision for impairment of receivables	<b>9,236</b>	26,775
	<b>7,773,550</b>	8,484,380

**16. OTHER GAINS, NET**

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Net foreign exchange gains/(losses)	<b>26,308</b>	(12,960)
Compensation	<b>5,300</b>	15,882
Net gains on disposal of property, plant and equipment	<b>12,931</b>	39,553
	<b>44,539</b>	42,475

**17. OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income	<b>59,869</b>	53,048
Government grant related to income	<b>134,299</b>	192,788
Information technology services income	<b>6,589</b>	3,367
Dividend income from available-for-sale financial assets	<b>12,471</b>	6,898
	<b>213,228</b>	256,101

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 18. FINANCE COSTS

	Six months ended 30 June	
	2013 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)
Interest expenses		
– Borrowings and domestic corporate bonds	309,924	322,157
– Finance lease obligations	9,046	16,575
<b>Total interest expenses</b>	<b>318,970</b>	338,732
Less: amount capitalised in vessels under construction and construction in progress	(45,117)	(111,747)
	<b>273,853</b>	226,985

### 19. INCOME TAX

	Six months ended 30 June	
	2013 <i>RMB'000</i> (Unaudited)	2012 <i>RMB'000</i> (Unaudited)
Current income tax		
– PRC corporate income tax (a)	41,881	38,795
– Hong Kong profits tax (b)	–	–
Deferred income tax	–	–
<b>Total tax charge for the year</b>	<b>41,881</b>	38,795

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")*

The Company is a joint stock limited company under the Company Law of the PRC and is registered in the Yangshan Free Trade Port Area, Shanghai PuDong New Area. Under the new CIT Law, the Company and its subsidiaries incorporated in the PRC is subject to a CIT rate of 25%.

Pursuant to the relevant CIT regulations, the profits derived from the Company's overseas subsidiaries are subject to CIT when dividends are declared by these overseas subsidiaries. The Company uses an applicable tax rate according to CIT regulations to calculate the tax on the profits of the overseas subsidiaries for CIT purposes.

(b) *Hong Kong profits tax*

Hong Kong profits tax is provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits of the Group's companies operating in Hong Kong for the six months ended 30 June 2013.



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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 20. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

### 21. LOSS PER SHARE

Basic loss per share is calculated by dividing the 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>2013</b> <b>(Unaudited)</b>	2012 (Unaudited)
Loss attributable to owners of the parent (RMB'000)	<b>(1,258,077)</b>	(1,280,985)
Weighted average number of ordinary shares in issue (thousands)	<b>11,683,125</b>	11,683,125
Basic loss per share (RMB per share)	<b>RMB(0.11)</b>	RMB(0.11)

Diluted loss per share is the same as the basic loss per share, as the Company did not have any potentially dilutive ordinary shares during the period ended 30 June 2013 (2012: Nil).

### 22. COMMITMENTS

#### (a) Capital commitments

As at 30 June 2013 and 31 December 2012, the Group had the following significant capital commitments which were not provided for in the statement of financial position:

	<b>30 June</b> <b>2013</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Contracted, but not provided for:		
– Vessels under construction	<b>7,489,270</b>	4,515,252

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 22. COMMITMENTS (Continued)

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

As at 30 June 2013 and 31 December 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Land and buildings:		
– Within one year	42,187	53,440
– In the second to fifth years	57,461	62,747
– After the fifth year	14,758	9,333
	<b>114,406</b>	125,520
Vessels and containers under operating leases:		
– Within one year	2,490,756	2,545,261
– In the second to fifth years	6,299,031	6,827,364
– After the fifth year	1,089,109	1,490,589
	<b>9,878,896</b>	10,863,214
	<b>9,993,302</b>	10,988,734

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

As at 30 June 2013 and 31 December 2012, the Group had the following future aggregate minimum lease receipts under non-cancellable operating leases where the Group is the lessor:

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Vessels chartered out under operating leases:		
– Within one year	48,634	206,942
– In the second to fifth years	20,794	599,429
– After the fifth year	4,375	270,708
	<b>73,803</b>	1,077,079

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 22. COMMITMENTS *(Continued)*

(d) *Other commitments*

As at 30 June 2013 and 31 December 2012, the Group had the following significant other commitments which were not provided for in the statement of financial position:

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
Investments		
– Authorised, but not contracted for	<b>66,700</b>	94,200
– Contracted, but not provided for	<b>312,000</b>	332,000
	<b>378,700</b>	426,200

### 23. 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 2013 and 2012.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

**23. SIGNIFICANT RELATED PARTY TRANSACTIONS** (Continued)

(a) Significant transactions with related parties

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<i>Transactions with parent and ultimate holding company</i>		
Non-current borrowings	–	2,000,000
Interest expense from non-current borrowing	<b>53,768</b>	31,436
<i>Transactions with fellow subsidiaries</i>		
Income:		
Liner services	<b>102,288</b>	111,991
Port services	<b>10,302</b>	21,699
Expenditure:		
Lease of containers	<b>95,359</b>	187,299
Lease of chassis	<b>11,509</b>	17,578
Lease of properties	<b>9,148</b>	9,410
Cargo and liner agency services	<b>293,293</b>	286,279
Container management services	<b>74,178</b>	87,965
Ship repair services	<b>26,958</b>	8,548
Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	<b>878,264</b>	1,191,445
Depot services	<b>4,279</b>	8,411
Information technology service charges	<b>11,671</b>	5,032
Provision of crew members	<b>16,104</b>	12,978
Loading and unloading services	<b>281,334</b>	278,365
Purchase of containers	<b>479,025</b>	62,996
Ground container transport costs	<b>2,593</b>	3,011
Vessel management services	–	1,122
<i>Transactions with China Shipping Finance Co., Ltd.</i> <i>("CS Finance", a fellow subsidiary and associated company)</i>		
Non-current borrowings	<b>114,000</b>	–
Interest income from deposits	<b>20,323</b>	20,852

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

FOR THE SIX MONTHS ENDED 30 JUNE 2013

### 23. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) *Balances with related parties*

	<b>30 June 2013 RMB'000 (Unaudited)</b>	31 December 2012 RMB'000 (Audited)
<i>Balances with parent and ultimate holding company</i>		
Borrowing (Note 10)	<b>(2,000,000)</b>	(2,000,000)
Interest payables	<b>(27,052)</b>	(73,684)
<i>Balances with fellow subsidiaries</i>		
Trade receivables (Note 8)	<b>455,390</b>	397,881
Less: provisions	<b>(13,662)</b>	(12,649)
	<b>441,728</b>	385,232
Trade payables (Note 14)	<b>(414,131)</b>	(937,097)

The balances are unsecured and interest-free.

*Balances with CS Finance*

Interest receivables	<b>51,847</b>	55,524
Deposits	<b>3,563,260</b>	3,054,718
Non-current borrowings (Note 10)	<b>(114,000)</b>	-

(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>2013 RMB'000 (Unaudited)</b>	2012 RMB'000 (Unaudited)
Basic salaries and allowances	<b>1,560</b>	1,750
Pension and other welfare	<b>852</b>	789
	<b>2,412</b>	2,539