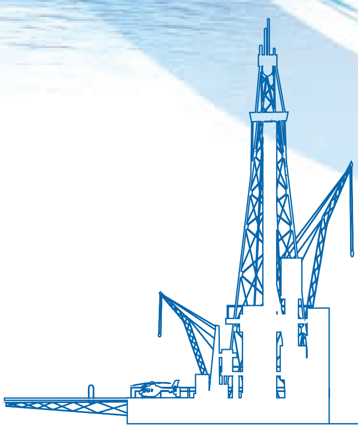
China Shipping Container Lines Company Limited
中海集裝箱運輸股份有限公司

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

Stock Code : 2866



GOING FURTHER

ANNUAL REPORT 2014

Company Profile

China Shipping Container Lines Company Limited ("CSCL" or the "Company"), a specialized corporation affiliated to China Shipping (Group) Company ("China Shipping"), is an international diversified enterprise mainly involved in container liner services and other related services. The Company was established in 1997, with head office in Shanghai, the PRC, and is listed both in Hong Kong and Shanghai. The registered capital of the Company is RMB11.68 billion and registered address is at Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone, Shanghai, the PRC.

The business scope of the Company includes container transportation, vessel chartering, cargo canvassing and booking, customs clearance, storage, depot services, container construction, repair, sales, purchase, vessel management and other related domains.

CSCL has a fleet that features modern, large-sized, young and low-carbon operation, which provides safe, reliable and efficient liner transportation services to customers around the world. As at the end of December 2014, CSCL has a fleet of 158 vessels, with total operating capacity of 727,000TEU, ranking it No.7 among its peers in the industry. Of which, it has 87 large vessels each with a capacity above 4,000TEU, which amounts to 640,000TEU in total, and representing 88.2% of total operating capacity. The average capacity per vessel is 7,340TEU, and average age of vessel is 6.85 years. CSCL has ordered and successively put into operation five new vessels (each with a capacity of 19,100TEU) since 18 November 2014, which are currently the largest container vessels in the world.

CSCL calls at more than 180 ports across 60 countries (regions). The Company operates more than 80 international and domestic routes as well as Southeast, South China, North China and Yangtze River sub-routes. With 80 agencies, 287 business outlets and 8,000 staff in 102 countries and regions around the world, CSCL has set up a global network of operation and fully realized network marketing and provide integrated services.

CSCL has 91 subsidiaries including 8 domestic regional companies, CSCL HK, China Shipping (Africa) Holdings (PTY) Ltd., China Shipping (South America) Holdings Ltda, Shanghai Puhai Shipping Lines Co., Ltd., Universal Shipping (Asia) Co., Ltd., CSCL (Dalian) Data Processing Co., Ltd., Golden Sea Shipping Pte. Ltd., E-shipping Global Supply Chain Management Co., Ltd. (comprising 55 domestic companies and 36 overseas companies), and six joint ventures and associates (comprising 4 domestic joint ventures and associates and 2 overseas joint ventures and associates). Building on the Group's competitive edge, CSCL is able to integrate fleet, port terminals, container truck, storage, railway, airline and various resources from these companies, which in return forms various transportation methods including sea-rail joint transportation, sea-air joint transportation, water-water joint transportation and water-land transportation etc. This complete shipping logistics industrial chain is able to provide "door to door" service throughout the shipping process for customers around the world.

Based on our philosophy of "Trustworthy services all over the world", we implement standardized services, explore a series of logistic solutions, provide EDI, CARGO and other e-commerce services to our global customers, and through comprehensive transportation monitoring and reduced logistic costs, we are able to further enhance our customers' competitiveness. To date, in the eyes of customers, "CHINA SHIPPING" implies quality service.

Over the past 17 years since its establishment, CSCL has always been committed to achieve corporate benefits and social benefits, a balance between expansion and quality control, sustainable development, promote advanced corporate culture, enhance staff integrated capabilities, promote energy saving and low-carbon voyage. The Company has taken part in sea rescues and various charity initiatives to help relieve poverty, thereby branding itself as "Blissful CSCL", "Green CSCL" and "Responsive CSCL". The Company's effort has been widely recognized by international and domestic institutions and has been granted various awards including "Green Environment Award", "Award for Exceptional Bravery at Sea Rescue", "Social Responsibility Award for Shipping Companies", "Most Popular Liner Company for Europe Trade Lanes" and "Top 10 Container Shipping Corporations that Deliver Best-in-Class Comprehensive Service".

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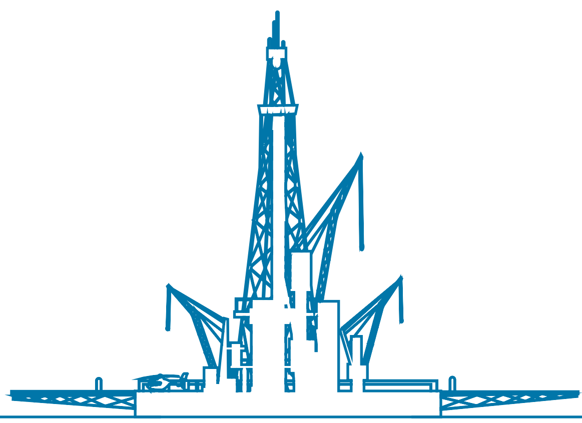

Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUPERVISORS

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

INVESTMENT STRATEGY COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

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

CHIEF ACCOUNTANT

Mr. Zhang Mingwen

JOINT COMPANY SECRETARY

Mr. Yu Zhen
Ms. Ng Sau Mei

AUTHORISED REPRESENTATIVES

Mr. Huang Xiaowen
Mr. Yu Zhen

LEGAL ADDRESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

628 Minsheng Road
Pudong New Area
Shanghai
The PRC

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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51 Kwai Cheong Road
Kwai Chung
Hong Kong

INTERNATIONAL AUDITOR

Ernst & Young

DOMESTIC AUDITOR

Baker Tilly China (Special General Partnership)

LEGAL ADVISERS TO THE COMPANY

Clifford Chance (As to Hong Kong law)
Zhong Lun Law Firm (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
Shanghai Pudong Development Bank

TELEPHONE NUMBER

86 (21) 6596 6666

FAX NUMBER

86 (21) 6596 6813

COMPANY WEBSITE

www.cscl.com.cn

H SHARE LISTING PLACE

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

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,751,000,000 H Shares

BOARD LOT

1,000 Shares

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

Financial Highlights

COMPARISON OF 2014 AND 2013 KEY FINANCIAL FIGURES

Consolidated Results
Under Hong Kong Financial Reporting Standards ("HKFRS")

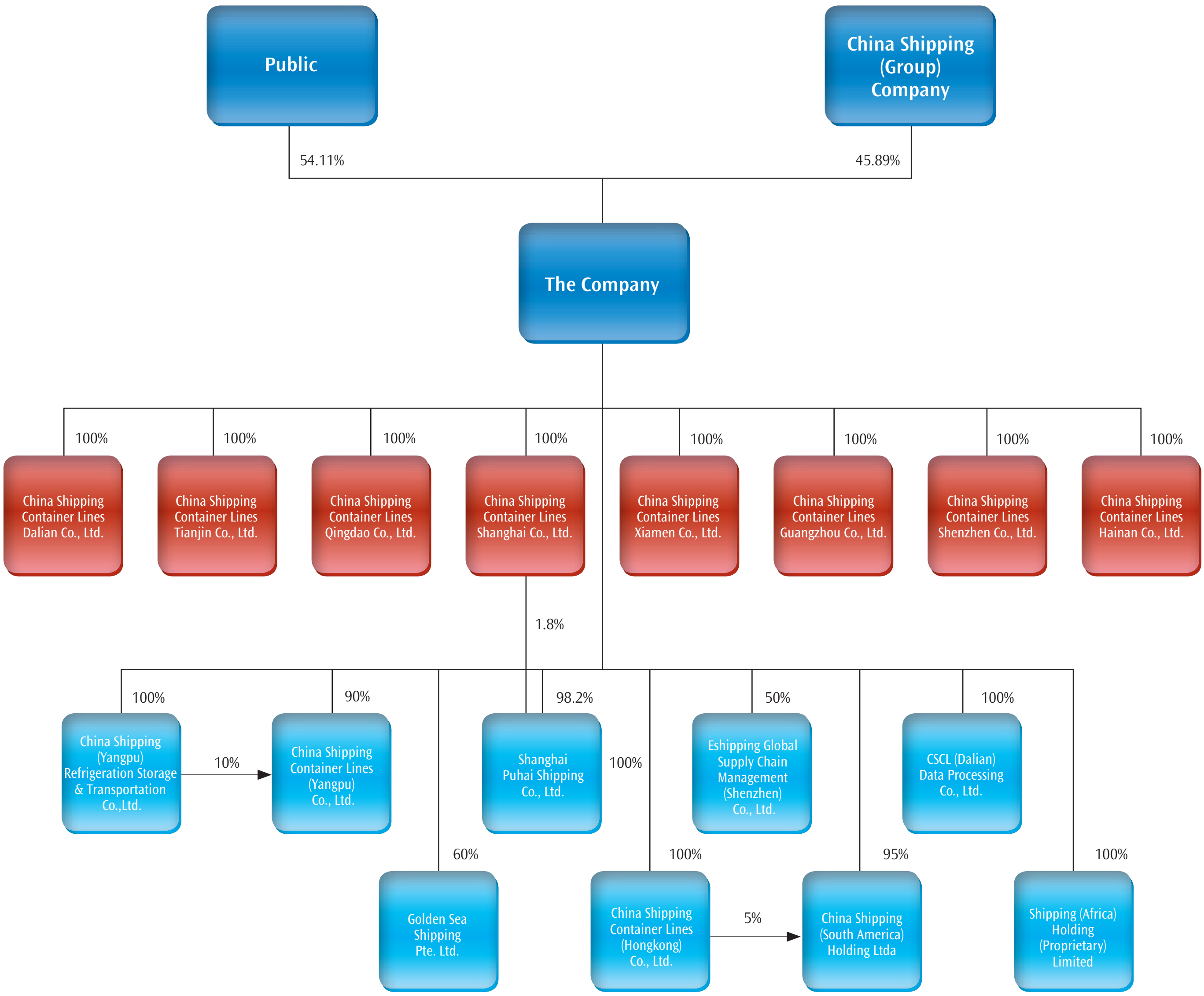
For the year ended 31 December	**2014** **RMB'000**	2013 RMB'000	Change (%)
Revenue	**36,077,425**	33,917,357	6.4%
Operating profit/(loss)	**1,961,694**	(2,418,070)	181.1%
Profit/(loss) before income tax from continuing operations	**1,577,524**	(2,828,387)	155.8%
Profit for the year from a discontinued operation	**38,756**	280,632	(86.2%)
Profit/(loss) for the year attributable to owners of parent	**1,044,036**	(2,610,098)	140.0%
Basic earnings/(loss) for the year per share	**RMB0.089**	(RMB0.223)	140.0%
Gross profit/(loss) margin (continuing operations)	**3.4%**	(6.2%)	154.8%
Profit/(loss) margin before income tax (continuing operations)	**4.4%**	(8.3%)	153.0%
Gearing ratio	**59.4%**	49.3%	20.5%

Consolidated Assets and Liabilities
Under HKFRS

As at 31 December	**2014** **RMB'000**	2013 RMB'000	Change (%)
Total assets	**53,541,151**	50,816,888	5.4%
Non-current assets	**40,212,104**	33,233,743	21.0%
Current assets	**13,329,047**	17,583,145	(24.2%)
Total liabilities	**28,663,668**	26,598,834	7.8%
Current liabilities	**13,256,077**	13,703,549	(3.3%)
Net current assets	**72,970**	3,879,596	(98.1%)
Net assets	**24,877,483**	24,218,054	2.7%

Shareholding Structure

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries:



Brief particulars of the subsidiaries, associated companies and joint ventures of the Company are contained in Note 43 to the consolidated financial statements.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Chairman's Statement

In 2014, the global container transportation market fluctuated drastically. On one hand, it was due to the delivery of new vessels which intensified the imbalance between supply and demand. On the other hand, port strike at U.S. West Coast, global oil price slump and the recurrence of industry mergers and acquisitions had brought various uncertainties to the market. In general, the shipping industry saw initial dip before going up, a fragile peak season and slowing growth in emerging markets.

The year 2014 marked an important year for CSCL in implementing transformation and reform. With new organization structure set up, new trade lanes network established and the subsequent delivery and operation of 19,100TEU container vessels, the largest and most advanced container vessel in the world, CSCL has entered a new phase of its development. Under the leadership of the Board, the Company was endeavor to excel and innovate and made all reasonable efforts to "ensure safety, lower cost, enhance efficiency and promote reform". The Company had ensured orderly implementation of various initiatives and realized its stated objectives, as a result, the Company achieved significant improvement in its operating results as compared with the same period of last year.

Chairman's Statement

The Company is pleased to announce that, for the year 2014, the Company's revenue was approximately RMB36.08 billion, representing an increase of 6.4% as compared with 2013. The Company's loaded container volume was approximately 8.093 million TEU, representing a decrease of 1.2% as compared with 2013. Profit attributable to owners of parent of the Company was approximately RMB1.04 billion and basic earnings per share was RMB0.089.

REVIEW OF OPERATIONS

In 2014, in face of the new normal stage of economic development and continuous stagnant market condition, everyone in the Company had worked dedicatedly towards a common goal and a clear corporate development strategy was formulated. The Company proactively implemented every operating measure, enhanced corporate competitiveness and profitability and improved our operation and service standards.

The Company had positively responded to the development trend for large-scale container vessels in the shipping market, adhered to low-carbon environmental protection initiatives and continued to adjust and optimize the structure of its fleet. In 2014, the Company took in eight new vessels (each with a capacity of 10,000TEU) and two new vessels (each with a capacity of 19,100TEU, the largest and most advanced model in the world), and continued to step up its processing efforts in surrendering and abandoning old vessels with high fuel consumption and require higher maintenance cost as well as small vessels. The Company took further steps towards the development of large-scale, modernized and low-carbon fleet and overall competitiveness of fleet was further enhanced. As at 31 December 2014, CSCL had a fleet of 158 vessels with a total operating capacity of 726,613TEU, representing an increase of 19% as compared with the same period of last year. Average capacity of fleet was 4,599TEU per vessel, representing an increase of 473TEU as compared with the same period of 2013.

In 2014, the Company implemented differentiated operation based on the characteristics of different trade lanes with an aim to increase trade lane efficiency and achieved remarkable results. For international trade lanes, it controlled contracts entered into at low price and the proportion of high-cost inland cargo contracts while increasing the number of contracts with small and medium value customers so as to secure stable source of cargoes. For domestic trade lanes, the Company stepped up marketing efforts toward quality customers and reasonably allocated shipping capacity in accordance with market needs in order to increase trade lanes efficiency. In addition to the marketing of trade lanes, the Company also launched new marketing initiatives, strengthened high value added cargoes canvassing, coordinated and arranged the allocation of reefer containers and special containers to guarantee demand on containers.

The Company remained vigilant on cost control and has set up a cost control team to fully implement various cost control measures so as to achieve cost competitiveness. In 2014, fuel charges, stevedore charges, feeder charges and container management costs were kept within budget. Operating costs for the year was RMB34.84 billion, representing a decrease of 3.2% as compared with 2013, of which fuel cost decreased RMB2 billion or 22.7% as compared with 2013 and fuel consumption decreased 15.8% as compared with the same period of last year.

Chairman's Statement

The Company fully implemented the broad partnership strategy. In 2014, CSCL entered into agreements with various parties for future trade lanes cooperation, which include cooperation on major Europe and U.S. trade lanes and related local trade lanes in terms of large-scale space swap and joint bidding of vessels. Through extensive external cooperation, the Company can further improve its trade lane network, increase direct shipping space, increase service coverage, enhance service capability and lower operating risks. The Company will continue to explore collaboration with other container liners based on the principles of "equality, openness and mutual benefit" to improve trade lane distribution, promote fleet structure adjustment and provide more convenient and better services to customers.

Meanwhile, in order to mitigate volatilities in the liner shipping market and lower operating risks associated with our main business, the Company had strived to enhance innovation and actively explored effective ways to accelerate transformation and development. On one hand, the Company continued to step up effort in building upstream and downstream extended services, strived to break through the bottleneck of upstream and downstream industrial chain, in particular it had achieved further breakthrough in sea-rail transport and trailer business and gained new market share and new business growth. On the other hand, the Company actively explored business innovation and promoted the setting up of e-commerce platform. In 2014, the Company and China Shipping Network Technology Co., Ltd. jointly set up "eshippinggateway", a global supply chain management company, to actively explore new business model that combines traditional marine logistic and e-commerce.

CSCL, being the world's leading global carrier, has always adhered to the "large customer and broad partnership" strategy and the philosophy of "trustworthy services all over the world". The Company strived to achieve win-win with its customers and become the best carrier of its customers through quality services, high professional and technical standards and strong responsibility. The Company practises corporate social responsibility. As a global partner and the only designated logistic services provider of the China Corporate United Pavilion in Expo 2015 Milano, the Company is fully responsible for the sea transportation of building materials, decoration and equipment for China Corporate United Pavilion. The Company had continued to reinforce the building of environment management system, actively promoted the practice of green development among all staff and promoted continued improvement in environment management mechanism, thus ensuring that the Company's environmental protection requirements are carried out in the daily operation of vessels and that the Company has become a genuine green shipping enterprise.

FUTURE PROSPECT

In 2015, on the macro front, the steady development of China's economy as well as continued recovery of the U.S. economy has added momentum to the world's economic recovery. However, prices of bulk cargoes in particular fuel and coal showed a downside trend, which in turn may lead to global deflation and thus affect spending and trade. Meanwhile, the slow recovery of European economy and depreciation of a number of currencies have cast more uncertainties on global economy and trade. For the liner industry alone, the market is still fragile, new shipping capacity of approximately 1,750,000TEU will be delivered in 2015, which will further widen the imbalance of supply and demand. Competition among trade lanes is increasingly fierce while the number of operators in each navigating area has gradually consolidated, thus giving less obstacle to the cooperation between liners.

For CSCL, the competitive edges as a result of the delivery of large vessels and refinement of trade lane network will lower operating risks to a certain extent. However, due to increasing supply-demand imbalance and homogenization of services and products, the Company will continue to face tremendous operating pressure. How to gain market share and achieve trade lane efficiency, how to strike a balance between loading rate and freight rate, and how to coordinate objectives and operational measures are issues remained to be considered and resolved. We need to stay alert to the complexity and severity of economic and market trend, maintain a sense of crisis and sense of risk, while also seeing the fundamentals given by positive world economic recovery and China's economic development, as well as a slowdown in shipping capacity growth. We should proceed with confidence by taking economic efficiency as the core and excellent operation as the standard to enhance operation and service capability.

Chairman's Statement

In 2015, the Company will continue to develop around "new vessels, new trade lanes, new network", increase income and control costs through various measures and focus on the implementation of the followings: refine trade lane operation, improve network construction and increase trade lane profitability; actively and steadily press forward fleet structure adjustment, step-up effort on technology reform and adhere to the development trend for "low-carbon and environmental friendly" large-scale vessels; strengthen cost control and whole process tracking of cargo transportation costs to achieve cost advantage; vigorously explore cargo source, strengthen third region and local cargo canvassing, optimize cargo source structure; adhere to "large customer and broad partnership" strategy, address customer needs, realize win-win cooperation; further improve regional sub-route network, actively explore upstream and downstream "chained" services, promote development of shipping e-commerce; constantly enhance management, focus on building standardized, systemic and scientific management, pursue integration of internal control and daily business monitoring, constantly improve corporate risk warning and monitoring effort.

Going forward, the container transportation market will continue to move forward in the midst of volatilities. We should recognize new changes and new development trends in the world economy and the shipping market, and fully integrate with the national strategy of "one belt one road", in particular the building of "the 21st Century Maritime Silk Road". We should actively adapt to the new normal stage of economic development, refine management, pursue innovation and strive for sustainable development of the Company.

Zhang Guofa
Chairman

Shanghai, the PRC
26 March 2015


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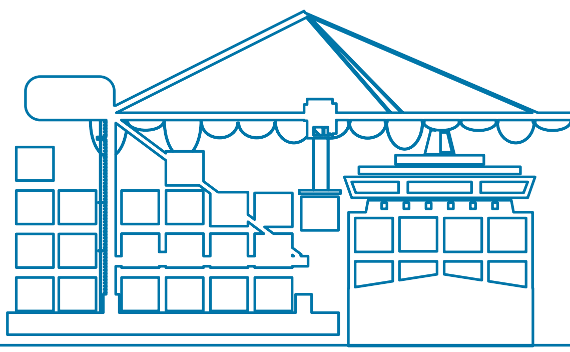


REVIEW ON OVERALL OPERATIONAL PERFORMANCE

For the year ended 31 December 2014, the Group recorded a revenue of RMB36,077,425,000, representing an increase of 6.4% as compared with 2013; profit before income tax from continuing operations was RMB1,577,524,000; profit attributable to owners of the parent amounted to RMB1,044,036,000. Loaded cargo volume for the whole year amounted to 8,093,428TEU, representing a decrease of 1.2% as compared with 2013. For the year ended 31 December 2014, the average freight rate per TEU for international trade lanes of the Group amounted to RMB5,228, representing an increase of 1.1% as compared with 2013, which was primarily due to the recovery of and increased demand in international trade lanes in 2014. However, due to demand-supply imbalance, freight rates across various trade lanes showed a mixed performance, and the overall growth in freight rates was insignificant. Average freight rate per TEU for domestic trade lanes amounted to RMB1,824, representing an increase of 3.3% as compared with the corresponding period of 2013, which was mainly due to the continued effort of CSCL on the reform and adjustment of domestic trade lanes to secure high-value contracts.

As at 31 December 2014, the total shipping capacity of the Group amounted to 726,613TEU, representing an increase of 19% as compared with 2013.

FINANCIAL REVIEW

REVENUE

The revenue of the Group increased by RMB2,160,068,000, from RMB33,917,357,000 in 2013 to RMB36,077,425,000 in 2014, representing an increase of 6.4%. The increase in revenue was primarily due to a combination of influence of the following elements:

Below is an analysis of loaded container volume by trade lanes:

Main markets	**2014 (TEU)**	2013 (TEU)	Changes (%)
Pacific trade lanes	**1,294,372**	1,347,236	-3.9%
Europe/Mediterranean trade lanes	**1,485,078**	1,436,438	3.4%
Asia Pacific trade lanes	**2,048,654**	1,808,098	13.3%
China domestic trade lanes	**3,164,825**	3,518,608	-10.1%
Others	**100,499**	80,824	24.3%
Total	**8,093,428**	8,191,204	-1.2%

Details of income

Main markets	2014 (RMB'000)	2013 (RMB'000)	Changes (%)
Pacific trade lanes	**9,366,710**	9,847,162	-4.9%
Europe/Mediterranean trade lanes	**8,921,941**	7,836,977	13.8%
Asia Pacific trade lanes	**6,777,882**	5,846,905	15.9%
China domestic trade lanes	**5,772,195**	6,213,860	-7.1%
Others	**1,064,590**	727,804	46.3%
Total	**31,903,318**	30,472,708	4.7%

Decrease in volume of loaded cargoes

The volume of loaded cargo in 2014 amounted to 8,093,428TEU, representing a decrease of 1.2% as compared with 2013. Among which, cargo volume of international trade lanes grew by 5.5% as compared with the corresponding period of last year, primarily due to the Company inputting more resources in international trade lane capacity and increasing loading rate in 2014. Cargo volume of domestic trade lanes decreased by 10% as compared with the corresponding period of 2013, primarily due to the change in marketing strategy of the Company of abandoning some low-value customers.

Increase in freight rates

Increase in freight rates was primarily due to the recovery of and increased demand in international trade lanes in 2014. However, due to demand-supply imbalance, freight rates across various trade lanes showed a mixed performance, and the overall growth in freight rates was insignificant. Average freight rate per TEU for domestic trade lanes amounted to RMB1,824, representing an increase of 3.3% as compared with the corresponding period of 2013, which was mainly due to the continued effort of CSCL on the reform and adjustment of domestic trade lanes to secure high-value contracts.

COSTS OF SERVICES

In 2014, total costs of services amounted to RMB34,839,333,000, representing a decrease of 3.2% as compared with the corresponding period of 2013. As a result of continued cost control, costs of services per TEU was RMB4,000, representing a decrease of 5.4% as compared with the corresponding period of 2013.

The decrease in the costs of services was due to the following reasons:

- Container and cargo costs increased from RMB13,012,779,000 in 2013 to RMB13,260,260,000 during the Period, representing an increase of 1.9% as compared with 2013 mainly due to the increase in the volume of loaded cargoes for long trade lanes. Among which, port costs amounted to RMB2,024,402,000, representing an increase of 2.8% as compared with the same period of 2013. The Group's stevedore charges for loaded and empty containers amounted to RMB7,642,034,000, which basically remained the same as 2013. Container management costs amounted to RMB3,593,823,000, representing an increase of 4.7% as compared with the corresponding period of 2013, which was mainly due to an increase in loaded cargo volume for international trade lanes, and an increase in container costs as a result of repositioning empty containers.

- Vessel and voyage costs decreased from RMB13,556,045,000 in 2013 to RMB11,340,282,000 for the Period, representing a decrease of 16.3% as compared with the corresponding period of 2013, mainly due to the decrease in fuel costs. During the Period, fuel costs amounted to RMB6,850,509,000, representing a decrease of 22.7% as compared with the corresponding period of 2013. The decrease in fuel costs was due to the Company strengthening its fuel saving measures, as fuel consumption fell by 15.8% as compared with the corresponding period of 2013. On the other hand, the sharp fall in oil prices in the fourth quarter of 2014 and the adding of ports with fuel refill facilities at low prices also caused a decrease in oil price of 8.2% as compared with the same period of last year.

- Sub-route and other costs decreased from RMB6,496,280,000 in 2013 to RMB6,246,350,000 in 2014 during the Period, representing a decrease of 3.8% as compared with 2013. The decrease was mainly due to the optimization of transship and reduction of inland cargo contracts.

- During the Period, the costs of logistics and other businesses was RMB3,992,442,000, representing an increase of 33.0% as compared with 2013. The increase in costs was primarily due to the inclusion of fuel costs of China Shipping (Singapore) Petroleum Pte. Ltd. ("China Shipping (Singapore) Petroleum"), which increased by 82% from RMB1,351,247,000 in 2013 to RMB2,465,184,000. China Shipping (Singapore) Petroleum was established in 2012. Since the second half of 2013, its revenue recognition model was changed from recognition of differences (applicable to agency industry) to recognition of total amount (applicable to service industry) due to the amendments of contract terms.

GROSS PROFIT

Due to the above reasons, the Group recorded a gross profit of RMB1,238,092,000 in 2014 (2013: gross loss RMB2,086,858,000).

INCOME TAX

From 1 January 2014 to 31 December 2014, the corporate income tax ("CIT") rate applicable to the Company and its subsidiaries in the PRC was 25%.

Pursuant to relevant new CIT regulations, the profits derived from the Company's offshore subsidiaries shall be subject to applicable CIT when dividends were declared by such offshore subsidiaries. The Company uses an applicable tax rate according to relevant CIT regulations to pay CIT on profits of the offshore subsidiaries.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31 December 2014, the Group's selling, administrative and general expenses were RMB963,275,000, representing an increase of 5% as compared with 2013. This was primarily due to the increase in office lease.

OTHER GAINS

For the year ended 31 December 2014, other gains of the Group was RMB898,527,000, representing an increase of RMB764,550,000 as compared with 2013. The significant increase was mainly due to gains from disposal of subsidiaries.

PROFIT/LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

Due to the above reasons, the profit attributable to owners of the parent for the year 2014 was RMB1,044,036,000, representing an increase of RMB3,654,134,000 as compared with loss attributable to owners of the parent of RMB2,610,098,000 in 2013.

LIQUIDITY, FINANCIAL SOURCES AND CAPITAL STRUCTURE

The Group's principal sources of working capital are the operating cash inflow and bank borrowings. Cash is mainly used for costs of finance services, new vessels construction, purchase of containers, payment of dividends and the repayment of principal and interest for bank borrowings and finance leases.

As at 31 December 2014, the Group's total bank and shareholder borrowings were RMB22,153,905,000. The maturity profile is spread over a period between 2015 and 2026 with RMB8,690,651,000 repayable within one year, RMB2,734,020,000 repayable within the second year, RMB7,371,352,000 repayable within the third to the fifth year and RMB3,357,882,000 repayable after the fifth year. The Group's long-term bank and shareholder borrowings are mainly used to finance the construction of vessels and ports.

As at 31 December 2014, the Group's long-term bank borrowings were secured by mortgages over certain containers and container vessels with a total book value of RMB8,344,784,000 (as at 31 December 2013: RMB5,942,678,000).

As at 31 December 2014, the Group's bonds payable in ten-year period amounted to RMB1,793,981,000 (as at 31 December 2013: RMB1,791,530,000), all proceeds from the bonds were used in the construction of vessels. The bonds were issued with a guarantee provided by the Bank of China, Shanghai branch.

As at 31 December 2014, the Group's RMB borrowings at fixed interest rate amounted to RMB600,000,000, with annual interest rate of 3.60%. USD borrowings at fixed interest rates amounted to RMB613,980,000, with annual interest rates ranging from 1.24% to 4.9% and USD borrowings at floating interest rates amounted to RMB20,939,925,000, with annual interest rates adjusted based on London Interbank Offered Rate. The Group's borrowings are denominated in RMB or USD, and cash and cash equivalents are mainly denominated in these two currencies.

As at 31 December 2014, the Group's obligations under finance leases amounted to RMB187,259,000, with the maturity profile ranging from 2015 to 2019. The amount repayable within one year is RMB36,978,000; the amount repayable within the second year is RMB39,208,000; and the amount repayable within the third to the fifth year is RMB111,073,000. The Group's obligations under the finance leases are used in the lease of containers and transportation equipment.

NET CURRENT ASSETS

As at 31 December 2014, the Group's net current assets amounted to RMB72,970,000. Current assets are mainly comprised of fuel inventories of RMB1,185,498,000, trade and notes receivables of RMB2,384,511,000, prepayments and other receivables of RMB401,953,000, derivative financial instruments of RMB697,000 and cash and bank deposits and restricted deposits of RMB9,356,388,000. Current liabilities mainly consist of trade payables of RMB3,825,897,000, accrual and other payables of RMB658,358,000, current income tax liabilities of RMB19,193,000, short-term bank loans of RMB1,407,370,000, commercial bills of RMB2,447,600,000, long-term bank borrowings due in one year of RMB4,835,681,000, finance lease obligations payable in one year of RMB36,978,000 and provisions of RMB25,000,000.

CASH FLOWS

For the year 2014, the Group's net cash inflow generated from operating activities was RMB2,713,088,000, denominated principally in RMB and USD, representing an increase of RMB3,857,273,000 from net cash outflow used in operating activities of RMB1,144,185,000 in 2013. Cash and cash equivalents balances at the end of 2014 decreased by RMB246,916,000 as compared with the corresponding period of 2013, mainly reflecting the net cash generated from operating activities and the net cash generated from financing activities was less than the net cash outflow used in investment activities. The cash generated from financing activities of the Group during year 2014 was mainly derived from bank borrowings, and the above-mentioned funds were used mainly for the purposes of short-term business and purchase and construction of vessels and containers.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2014 and 2013:

Unit: RMB

	2014	2013
Net cash generated from/(used in) operating activities	**2,713,088,000**	(1,144,185,000)
Net cash used in investing activities	**(5,859,325,000)**	(1,858,206,000)
Net cash generated from financing activities	**2,901,559,000**	3,937,225,000
Exchange losses on cash	**(2,238,000)**	(163,000,000)
Net (decrease)/increase in cash and cash equivalents	**(246,916,000)**	771,834,000

NET CASH GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2014, the net cash inflow generated from operating activities was RMB2,713,088,000, representing an increase of RMB3,857,273,000 as compared with the net outflow of RMB1,144,185,000 for the year 2013. As compared with the corresponding period of 2013, the increase in the net cash generated from operating activities of the Group was attributable to the improvement in revenue and the Group's operating profit margin in 2014.

NET CASH USED IN INVESTING ACTIVITIES

For the year ended 31 December 2014, net cash outflow used in investing activities was RMB5,859,325,000, representing an increase of RMB4,001,119,000 from the net cash outflow for the year 2013 of RMB1,858,206,000. It was primarily due to the Group's increased investment expenditure in vessel construction in 2014.

NET CASH GENERATED FROM FINANCING ACTIVITIES

For the year ended 31 December 2014, net cash generated from financing activities was RMB2,901,559,000, representing a decrease of RMB1,035,666,000 as compared with the net cash generated from financing activities of RMB3,937,225,000 in 2013. For the year 2014, the Group's bank borrowings amounted to RMB11,636,482,000, repayment of bank borrowings amounted to RMB8,151,048,000 and repayment of principal of finance leases amounted to RMB34,111,000.

AVERAGE TURNOVER DAYS OF TRADE RECEIVABLES

As at 31 December 2014, the gross balance of trade and notes receivables by the Group amounted to RMB2,384,511,000, representing a decrease of RMB91,891,000 as compared with 31 December 2013, which was mainly due to the Company speeding up in bill processing and freight rate collection. The balance of trade receivables from related parties amounted to RMB333,418,000, representing a decrease of RMB5,496,000 as compared with 31 December 2013.

GEARING RATIO

As at 31 December 2014, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 59.4%, which was higher than 49.3% as at 31 December 2013. The increase in gearing ratio was mainly due to the increase in financing which has led to an increase in interest-bearing liabilities.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the revenue of the Company is settled in USD. The Group recorded a net exchange loss of RMB30,530,000, which was mainly due to fluctuations of the US dollar and Euro exchange rates and the exchange difference which was charged to shareholders' equity amounted to RMB10,724,000. The Company will continue to watch closely the exchange rate fluctuation between RMB and major international currencies for settlement, convert net foreign cash inflows from operating activities into RMB in a timely manner so as to minimize the losses brought by foreign exchange rate fluctuations and take appropriate measures where necessary to reduce its foreign exchange risk.

CAPITAL EXPENDITURE

For the year ended 31 December 2014, the Group's expenditures on the purchase of container vessels and vessels under construction amounted to RMB4,993,634,000, expenditures on purchase of containers amounted to RMB838,928,000, expenditures on other production infrastructure, office equipment and motor vehicles amounted to RMB76,728,000 and expenditures on equity investments amounted to RMB506,983,000.

COMMITMENTS

As at 31 December 2014, capital commitments of the Group which had been contracted but not provided for in relation to vessels under construction were RMB1,755,168,000. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers are RMB305,444,000 and RMB8,855,677,000, respectively.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had provisions of RMB25,000,000 credited as legal claim. Apart from this, the Group had no other contingent liabilities.

EMPLOYEES, TRAINING AND BENEFITS

As at 31 December 2014, the Group had a total of 8,213 employees. During the Period, total staff expenses were approximately RMB1,843,894,000.

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 currently 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.

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" ("Rights Scheme"). The fair value change of the rights is recognised as an expense or income of the Group. According to the Rights Scheme, the senior management of the Company, heads of operation and management divisions of the Company, and 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 organized and implemented various trainings for our internal employees, including trainings on Safety Management System (SMS) for crew management division and management courses for middle and senior leaders.

EXECUTIVE DIRECTORS

MR. ZHANG GUOFA (張國發), AGE 58

Chairman and executive Director of the Company and Chairman of the Investment Strategy Committee of the Board. Mr. Zhang joined the Company in February 2005 and had held the posts of Executive Director and Vice Chairman of the Company. He is also the director, president and a Party leadership group member of China Shipping. He is a senior engineer. Mr. Zhang joined China Shipping in 2004 as a Party leadership group member and the vice president. Prior to joining China Shipping, he worked at Changjiang Marine Transportation Company and the Ministry of Communications. During his service with the Ministry of Communications, he had held the posts of department head, deputy section chief, section chief, assistant to the director and deputy director of the Transport Department and the Water Transport Department. Mr. Zhang graduated from Wuhan River Shipping School (武漢河運學校), major in River Navigation and Wuhan University, major in Political Economy. He obtained a bachelor, a master and a doctorate degree in Political Economy from Wuhan University.

MR. HUANG XIAOWEN (黃小文), AGE 52

Vice chairman and executive Director of the Company. Mr. Huang is also the deputy general manager and a Party leadership group member of China Shipping, chairman of China Shipping Development Company Limited and chairman of China Shipping Agency Company Limited, China Shipping Logistics Co., Ltd. and China Shipping Terminal Development Co., Ltd. ("CSTD"). Mr. Huang started his shipping career in 1981, and was appointed as manager of Container Shipping Section of Guangzhou Ocean Shipping Company, deputy general manager and general manager of Container Transportation Department of China Ocean Shipping Company, and was appointed as deputy general manager, executive Director, General Manager and vice Party secretary of the Company. He became the deputy general manager and a Party leadership group member of China Shipping since April 2012. Mr. Huang's "bulk container shipping methodology" was granted 2002 New Product for Hong Kong maritime administration, Gold Medal in New Technology International Exhibition and Practical New Design patent by State Intellectual Property Office, and his "multipurpose vehicle container shipping methodology" was also granted Practical New Design patent by State Intellectual Property Office. Mr. Huang graduated from Qingdao Ocean Seaman Institute with a major in vessel piloting, and obtained an EMBA from China Europe International Business School. He joined the Company in October 1997.

MR. ZHAO HONGZHOU (趙宏舟), AGE 47

Executive Director, general manager and vice Party secretary of the Company. Mr. Zhao is fully in charge of the Company's administrative work, and was the department head of Container Shipping main office of China Ocean Shipping (Group) Company, the vice department head and department head of the executive department of China Shipping, the deputy general manager of the Company and the executive Director. From August 2012 to now, he served as the general manager and executive Director of the Company. Mr. Zhao graduated from Shanghai Maritime University, majoring in transportation management and engineering, where he obtained a master's degree in engineering. He is also a senior engineer. Mr. Zhao joined the Company in November 2002.

NON-EXECUTIVE DIRECTORS

MS. SU MIN (蘇敏), AGE 47

Non-executive Director of the Company. Ms. Su is also currently the chief accountant and a Party leadership group member of China Shipping, and a director of China Shipping Development Company Limited. Ms. Su was the chief of the financial section of the office of Anhui Economic and Trade Committee, the deputy director of the service center, the deputy director of the office and the deputy division chief of the financial division of Anhui Economic and Trade Committee, the deputy director general of the title administration bureau of the State-owned Assets Supervision and Administration Commission of Anhui Province, the chief accountant of Anhui Provincial Energy Group Company Limited and the deputy general manager and the chief accountant of Anhui Provincial Energy Group Company Limited. She became the chief accountant of China Shipping since April 2011. Ms. Su graduated from Shanghai University of Finance and Economics with a master degree in business administration. Ms. Su is a senior accountant, a certified public accountant and a certified public valuer. Ms. Su joined the Company in June 2013.

MR. DING NONG (丁農), AGE 53

Non-executive Director of the Company. He is a deputy general manager and a member of the Party leadership group of China Shipping (Group) Company, a director of China Shipping Development Company Limited and chairman of China Shipping (Africa) Holdings (PTY) Ltd. Mr. Ding started his career in August 1982 and served consecutively as chief ship engineer of Guangzhou Maritime Transportation Bureau, deputy manager of the Guangzhou Shipping Taihua Tanker Company, deputy general manager of Guangzhou Shipping (Group) Co., Ltd. (the cargo company owned by China Shipping Development Company Limited), general manager of China Shipping Suppliers & Trading Co., Ltd., general manager and Party secretary of China Shipping & Sinopec Suppliers Co., Ltd., assistant to the president of China Shipping (Group) Company and general manager and deputy Party secretary of China Shipping International Ship Management Co., Ltd. Mr. Ding has been acting as deputy general manager of China Shipping (Group) Company and a member of the Party leadership group since April 2012. Mr. Ding graduated from Shanghai Maritime University with a master's degree in transportation planning and management and is a senior engineer. He joined the Company in December 2012.

MR. LIU XIHAN (劉錫漢), AGE 59

Non-executive Director of the Company. Mr. Liu was born in December 1955. He started his career from 1970, he was the general manager of Changjiang Cruise Overseas Travel Co., Ltd; the vice president and a member of the Communist Party Committee of China Changjiang National Shipping (Group) Corporation while working as the general manager of Wuhan Changjiang Shipping Company at the same time; the secretary of the Communist Party Committee and the general manager of China Changjiang National Shipping (Group) Corporation; the vice chairman of the board and the secretary of the Communist Party Committee of Sinotrans & CSC Holdings Co., Ltd; the vice chairman of the board, the general manager, the deputy secretary of the Communist Party Committee and the legal representative of Sinotrans & CSC Holdings Co., Ltd., the deputy general manager and a member of the Party leadership group of China Shipping (Group) Company. Mr. Liu graduated from the postgraduate class of the Party School of Central Committee of the Communist Party of China and the Master of Business Administration program at the Economics and Management School of Wuhan University. He has a master degree and is a senior economist. Mr. Liu joined the Company in June 2014.

MR. YU ZENGGANG (俞曾港), AGE 51

Non-executive Director of the Company. He is currently the deputy general manager, a member of the Party leadership group, the secretary to the board of directors and the press spokesperson of China Shipping (Group) Company, director of China Shipping Haisheng Co., Ltd. and the chairman of China Shipping (Europe) Holding GmbH. Mr. Yu was born in December 1963. He started his career from August 1984, and served as the chief representative of the Japan Representative Office of Shanghai Shipping Bureau, director and general manager of Shanghai Haixing Shipping (Japan) Co., Ltd., deputy general manager, general manager of the Development Division of China Shipping (Group) Company, vice president of China Shipping (North America) Holding Co., Ltd., president of China Shipping (Europe) Holding GmbH, general manager of the President Office of China Shipping (Group) Company, officer of the Board of Directors Office and General Office, secretary to the board of China Shipping (Group) Company. Mr. Yu graduated from Wuhan University of Technology with a bachelor's degree in engineering science in 1984 and earned a master's degree in 2012 from China Europe International Business School. He is also a senior engineer. He joined the Company in June 2014.

MR. CHEN JIHONG (陳紀鴻), AGE 57

Non-executive Director of the Company. He is a general manager of Shanghai Shipping (Group) Company, a supervisor of China Shipping Development Company Limited, and the chairman of the Shanghai Institute of Navigation. Mr. Chen started his career in March 1975 and has served as the deputy section chief of the publicity section, the deputy director of the corporate governance department, the director of the Party office and the section chief of the publicity section, the secretary of the discipline inspection commission and the section chief of the supervision section and secretary of the party and secretary of the discipline inspection commission of Shanghai Ocean Ship Repair Factory, director of organization department of the Party committee of the department of organization of China Shipping (Group) Company, a member of the standing committee of the Fang Cheng Gang Municipal Committee and the vice mayor of Fang Cheng Gang City of Guangxi Autonomous Region (temporary post), the secretary of the party and vice general manager of Tanker Branch of China Shipping Development Company Limited, head of the work department of the Party leadership group of China Shipping (Group) Company. Mr. Chen graduated from East China Normal University, majoring in Global Economics, with a postgraduate degree and MBA degree. Mr. Chen is a senior political officer and joined the Company in June 2013 as non-executive director.

Biographies of Directors, Supervisors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

MS. ZHANG NAN (張楠), AGE 66

Independent Non-executive Director of the Company. Ms. Zhang began her career in March 1969. She has served as the deputy secretary and secretary of the Communist Youth League, and the deputy director of political office in the Second Chemical Factory of Beijing Yanhua Corporation. She was the director of the office of the political department of Beijing Yanhua Corporation, the deputy director of the office of Beijing Electronics & Instrument Industrial Bureau Device Company, and the deputy director of the professional department on electronic devices and deputy director of the office of Beijing Computer Industry Corporation. She served as the deputy director of audit and compliance division of Beijing Electronic Industry Office, the deputy director of the research office of the State Council Production Office and the State Council Economics and Trade Office. She was the director of the division of economic law and regulations, the deputy director of the economic research center, the deputy director of the enterprise supervision bureau, and the director of the economics officer training center of the State Economic and Trade Commission. She served as the director of the economics officer training center and a supervisor (bureau class) of the supervisory board for large state-owned enterprises of the State-owned Assets Supervision and Administration Commission. She is currently a researcher of China Center for Comparative Politics and Economics and a special invited member of the scientific management committee and the enterprise risk management specialist committee of Sinohydro Corporation, an independent director of Rising Nonferrous Metals Share Co., Limited. Ms. Zhang graduated from the Party School of the Central Committee with a major in economic management and the Chinese Academy of Social Sciences with a major in economic law and is an senior economist. She was appointed as an independent non-executive director of the Company in June 2010.

MR. TEO SIONG SENG (張松聲), AGE 60

Mr. Teo graduated from Glasgow University in England, received a bachelor's degree (first-class honors) in Shipping Vessel Design and Maritime Engineering. He is the managing director of Pacific International Lines (Pte) Ltd., the president and chief executive officer of Singamas Container Holdings Limited (00716). He is former president of the Singapore Chinese Chamber of Commerce & Industry, and a nominated member of parliament of the Singapore Government. He had been the founding chairman of Singapore Maritime Foundation and chairman of Singapore Shipping Association. He is currently the chairman of the Singapore Business Federation, honorary consul of the United Republic of Tanzania in Singapore, the chairman of executive committee of Singapore Maritime Academy, the director of Business China (Singapore), and chairman of the Standard Steamship Owners' Protection and Indemnity Association (Asia) Ltd. Mr. Teo was appointed as an independent non-executive director of the Company in June 2013.

MR. CHEN LISHEN (陳立身), AGE 66

Independent Non-executive Director of the Company. Mr. Chen began his career in September 1968. He held several positions in Shanghai Port Authority, including the chief of Production Scheduling Division, the chief of the Business Division, the assistant to the head and the chief of the Business Division, and the deputy head. He also served as the vice president of Shanghai International Port (Group) Co., Ltd. Between June 2001 and April 2010, he served as deputy head of the Shanghai Port Authority and the vice president of Shanghai International Port (Group) Co., Ltd., and was primarily responsible for the business, production, security and quality of the group. Mr. Chen has made significant contributions to the "forward-leaping" development and outstanding achievement of the Port of Shanghai. Mr. Chen also played important roles in the development of container business and transshipment business, as well as the development of container and port logistics industries. Mr. Chen has extensive experiences in container terminal related businesses and graduated from Shanghai Municipal Industrial College of the Chinese Communist Party majoring in Party management. He is a senior economist and the current president of Container Branch of the China Ports & Harbors Association. He was appointed as an independent non-executive director of the Company in June 2013.

MR. GUAN YIMIN (管一民), AGE 64

Independent Non-executive Director of the Company. He is currently an independent director of Shanghai International Port (Group) Co., Ltd. and an external supervisor of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Mr. Guan began his career in January 1983. He taught in the accounting faculty of Shanghai University of Finance and Economics and served as deputy dean and standing deputy dean of the institute of adult education of Shanghai University of Finance and Economics. He was a professor of Shanghai University of Finance and Economics and Shanghai National Accounting Institute. Mr. Guan graduated from the accounting faculty of Shanghai University of Finance and Economics and was appointed as an independent non-executive director of the Company in June 2013. He is entitled to receive special subsidies granted by the State Council of China.

MR. SHI XIN (施欣), AGE 48

Independent Non-executive Director of the Company. He is also currently a doctoral tutor and professor in the professional in transport and communications planning and management of Shanghai Maritime University, a deputy director of maritime management committee of China Institute of Navigation, and an independent director of Ningbo Port Co., Ltd. He has extensive experience in the research of transport and communication planning and management. He has participated in research topics such as construction of Shanghai International Shipping Center, development of modern shipping service industry, and management of transport and communication industry. He has been awarded several provincial science and technology advancement awards and policy-making consultation achievement award. With extensive working experiences in enterprise management and consultation, Mr. Shi has also participated in the management consultation work for many well-known shipping and logistics enterprises. Mr. Shi is the leading lecturer and the guiding lecturer of EMBA and MBA courses. He graduated from Shanghai Jiao Tong University, majoring in management engineering, and received a doctorate degree. He was appointed as an independent non-executive director of the Company in June 2013.

SUPERVISORY COMMITTEE MEMBERS

MR. XU WENRONG (徐文榮), AGE 53

Chairman of the Supervisory Committee. Mr. Xu is also currently the deputy general manager, member of the Party leadership group, and chief of discipline & inspection group of China Shipping (Group) Company. He is also chairman of the supervisory committee of China Shipping Development Company Limited, chairman of China Shipping (South East Asia) Holdings Co., Limited, China Shipping International Ship Management Co., Ltd., China Shipping Property Co., Ltd., China Shipping Investment Co., Ltd., and principal of party school of China Shipping (Group) Company. He served as deputy general director of Petroleum Geophysical Exploration Bureau and general manage of International Exploration Bureau of China National Petroleum Corporation ("CNPC"), general director and deputy Party secretary of Petroleum Geophysical Exploration Bureau of CNPC, vice chairman, the general manager and deputy Party secretary of Bureau of Geophysical Prospecting of CNPC. He was the assistant to the general manager of CNPC, and at the same time, Mr. Xu was the director of R&D department of CNPC and the chairman of CNPC Services & Engineering Co., Ltd. He served as a member of the Party leadership group and the chief of discipline & inspection group of China Shipping (Group) Company. He has served as deputy general manager, member of the Party leadership group and chief of discipline & inspection group of China Shipping (Group) Company since 2014. Mr. Xu graduated from East China Petroleum Institute of China University of Petroleum with a bachelor's degree in engineering and obtained on-the-job post graduate (doctorate) degree in management from China University of Petroleum, he is a senior engineer with professor qualifications. He joined the Company in June 2013.

MR. YE HONGJUN (葉紅軍), AGE 52

Supervisor of the Company. Mr. Ye is currently the chief legal consultant of China Shipping (Group) Company. He worked in Beijing Communications Management Institute for Executives, and served in the MOC and has held the posts including a servant without fixed position, deputy department head, department head and the deputy section chief of the Legal Section, the deputy section chief of the Price Regulatory Section of the Water Transport Department and the section chief of the Regulation Section of the Water Transport Department. He served as the assistant to the head of the Maritime Safety Administration of the MOC, and the director of the Domestic Shipping Management Division of the Waterway Transportation Bureau of the MOT. He has served as the chief law consultant of China Shipping (Group) Company since April 2012. Mr. Ye received a master's degree in law from Fudan University and joined the Company in June 2013.

MR. TU SHIMING (屠士明), AGE 51

A Supervisor of the Company until 20 April 2015. Mr. Tu began his career in 1983. He served as chief of the finance section of the container branch under Shanghai Hai Xing Shipping Co., Ltd., and several positions in China Shipping (Group) Company, such as officer, deputy division chief and division chief of the audit division of the compliance department of China Shipping. Mr. Tu was deputy general manager of the compliance department of China Shipping (Group) Company. He has served as supervisor of the Company since April 2011. Mr. Tu graduated from Shanghai Harbour School, majoring in maritime accounting, and obtained a bachelor's degree in accounting from Shanghai University of Finance and Economics. He is a senior accountant. Mr. Tu served as a supervisor of the Company from October 2005 to June 2008 and joined the Company in April 2011.

MR. ZHU DONGLIN (朱冬林), AGE 55

He is a currently a Supervisor, secretary of the Communist Party Committee and the general manager of the Human Resources Division of the Company. Mr. Zhu was born in December 1959 and joined the Company in 1997, and has served as deputy director of the general manager office, deputy director and deputy director (in charge) of the general affairs office, deputy director of the Party and Mass Organisation Division, deputy general manager of the office of Secretary to the Board and the vice president of the Labour Union. Mr. Zhu has served as the general manager of the Human Resources Division of the Company since March 2012 and has served as the secretary of the Communist Party Committee of the Company since January 2014. Mr. Zhu graduated from Shanghai Maritime Institute in 1982 with a bachelor's degree majoring in Shipping Electrification and Automation and is a deputy researcher.

MR. SHEN KANGCHEN (沈康辰), AGE 74

Independent Supervisor of the Company. He has served as an instructor, lecturer and associate professor, successively in Chongqing Jiaotong University and Institute of Architecture and Engineering, and a visiting scholar to Carnegie Mellon University and University of Florida. He served as the vice president of Chongqing Jiaotong University, and the dean of faculty, the secretary of the Party committee and professor of Shanghai Maritime University. He was the vice president and professor of Shanghai Maritime University. He was the dean and professor of Shanghai Maritime University (during which he was invited to act as a visiting scholar of New Jersey Industry College). He was the head of Network Computing Institute of Shanghai Maritime University. He was the chief engineer of Shanghai Branch of CABR Technology Co., Ltd. He was an independent non-executive Director of the second and third session of the Board of the Company. Mr. Shen graduated from East China Institute of Water Conservation with a bachelor's degree majoring in water lane and port, and obtained his master's degree in engineering mechanics under the guidance of academician Xu Zhi Lun. He was appointed as an independent supervisor of the Company in June 2013.

MR. SHEN ZHONGYING (沈重英), AGE 70

Independent Supervisor of the Company. He has served in several governmental departments of Shaanxi. He served as chairman of Hong Kong Li Shan Company Limited, the deputy director of Shanghai Planned Economy Research Institution, the standing deputy office manager and office manager of Shanghai Supervision Management Office of Securities and Future, the Party secretary and the head of CSRC Shanghai Securities Management Office and the chief of CSRC Shanghai Inspection Bureau. He was a non-member governor of Shanghai Stock Exchange and the head of the Shanghai Stock Exchange Member Management Committee. He was a member of the twelfth Standing Committee of the Shanghai Municipal People's Congress. He was an independent non-executive director of the second and third session of the Board of the Company. Mr. Shen graduated from Shanghai Industrial College and was appointed as an independent supervisor of the Company in June 2013.

COMPANY SECRETARY

MR. YU ZHEN (俞震), AGE 37

Company Secretary of the Company. Mr. Yu was born in July 1977 and started his career from 1999, and served as finance department officer, finance department head of China Shipping International Trading Company, manager of finance department of China Shipping (Romania) Agency Co., Ltd., general manager of finance department of China Shipping (Europe) Holding GmbH. He joined the Company in November 2013 and has since served as deputy general manager of the General Manager Office/Directorate Secretary Office of the Company. He graduated from finance and accounting faculty of Shanghai Shipping College with a bachelor's degree in economics. Mr. Yu is a certified public accountant (CPA) of the People's Republic of China and a mid-level accountant.

SENIOR MANAGEMENT

MR. QIAN WEIZHONG (錢衛忠), AGE 48

Party secretary and deputy general manager of the Company. Mr. Qian started his career in 1987 and had served as the general manager assistant, deputy general manager, a member of the Party committee, deputy general manager (in charge), a member of the Party committee, general manager and a member of the Party committee of China Shipping Agency Company Limited since 2000. From December 2012 to March 2014, he was the vice president of China Shipping (North America) Holdings Company and the general manager of the Los Angeles branch of China Shipping (North America) Agency Company Limited (中國海運(北美)代理有限公司). Mr. Qian graduated from Jimei University, majoring in engine management, and Shanghai Maritime College, majoring in transportation plan and management. He holds a master's degree and is an economist. Mr. Qian joined the Company in March 2014.

MR. FENG XINGGUO (馮幸國), AGE 57

Deputy general manager, a member of the Party committee and chief captain of the Company. Mr. Feng assists the General Manager of the Company and is responsible for the security and technological work of the Company. Mr. Feng began his career in 1975, and has served as third officer, the second officer and the chief officer of Shanghai Maritime Bureau; the captain, captain supervisor, assistant to general manager and deputy general manager of vessel company No. 2 under Shanghai Hai Xing Shipping Co., Ltd.; Mr. Feng was the deputy general manager of Container Branch Company under Shanghai Hai Xing Shipping Co., Ltd.; general manager of security and technology department of the Company; the assistant to the general manager of the vessel administration center and the general manager of the security and technology department of the Company; the deputy general manager of vessel administration center and general manager of crew management department of the Company; the chief captain, deputy general manager of vessel administration center of the Company. From 2010 till now, he is the deputy general manager, a member of the Party committee and chief captain of the Company. Mr. Feng graduated from Shanghai Maritime Staff University, majoring in vessel piloting. He is a senior captain and senior engineer. He joined the Company in September 1997.

MR. SUI JUN (隋軍), AGE 43

Deputy general manager and member of the Party committee of the Company. Mr. Sui was the manager of the external trade department of the Dalian International Shipping Co., Ltd., deputy general manager, general manager of CS International Shipping Co., Ltd. (Dalian Branch), general manager of Dalian CS Logistics Co., Ltd. and general manager of CS Northern Logistics Co., Ltd. He was the general manager of CSCL (Dalian branch) from January 2003 to March 2013, and deputy Party secretary of CSCL (Dalian branch) from August 2007 to March 2013. From February 2012 till December 2012, he was also the assistant to the general manager of CSCL. He has been the deputy general manager and member of the Party committee of the Company since December 2012. Mr. Sui graduated from the China Europe International Business School EMBA program and Dalian Maritime University obtaining a master's degree in transportation planning and management. He is an economist and joined the Company in January 2003.

MR. CHEN WEI (陳威), AGE 44

Deputy general manager and member of the Party committee of the Company. Mr. Chen Wei was born in March 1970 and joined the Company in September 1997. He served as deputy general manager of the marketing department (in charge) and general manager of the marketing department. He served as president of China Shipping (Korea) Holdings Co., Limited and general manager of China Shipping Korea Co., Ltd. from June 2008 to February 2012. He was the president of China Shipping (South East Asia) Holdings Co., Limited from February 2012 to January 2014, and also served as general manager of Golden Sea Shipping Pte. Ltd. (鑫海航運有限公司) from July 2012 to January 2014. Mr. Chen Wei graduated from Beijing University with a bachelor's degree in economic law.

Biographies of Directors, Supervisors and Senior Management

MR. GU ZHONGDONG (辜忠東), AGE 44

Deputy general manager, member of the Party committee, senior captain, chairman of Labour Union and chief legal advisor of the Company. Mr. Gu Zhongdong was born in October 1970 and began his career in 1992. He served as third officer and second officer of Shanghai Shipping, first officer of Shanghai Haixing, captain of China Shipping International. He was the deputy general manager of the third department of shipping works of the vessel administration center of the Company, deputy manager of the security and technology department of the Company (in charge), and deputy general manager of the transportation department of China Shipping (Group) Company. He served as general manager and secretary of the Party branch of China Shipping Car Carrier Co., Ltd. from February 2012 to January 2014. Mr. Gu Zhongdong graduated from Dalian Maritime University, majoring in vessel piloting. In 2009, he was awarded with special subsidies granted by the State Council of China.

MR. CHEN SHUAI (陳帥), AGE 40

Deputy general manager of the Company. Mr. Chen Shuai was born in October 1974, and began his career in 1995. He joined the Company in September 1997 and has served as deputy manager of division one of the cargo transportation division of the Company, assistant to the general manager of CSCL HK, and general manager of the Americas division of the Company. He served as assistant to the general manager of the Company and general manager of the Americas division concurrently from December 2012 to January 2014. Mr. Chen Shuai graduated from the Shanghai Maritime Academy, majoring in marine engineering management.

MR. ZHANG MINGWEN (張銘文), AGE 36

Chief accountant and member of the Party committee of the Company. Mr. Zhang Mingwen was born in June 1978 and began his career in 1999. He served as officer and vice supervisor of the settlement center of China Shipping (Group) Company, vice supervisor and deputy chief of the capital center of the financial planning department of China Shipping (Group) Company, assistant to the general manager of the financial planning department of China Shipping (Group) Company and assistant to the general manager of the financial capital department of China Shipping (Group) Company. Mr. Zhang Mingwen joined the Company in November 2012 and served as the Company's deputy chief accountant and member of the Party committee from November 2012 to January 2014. He has served as the financial controller of the Company since April 2013. Mr. Zhang Mingwen graduated from Faculty of Finance of the Shanghai University of Finance and Economics, majoring in investment economics and obtaining a bachelor's degree in economics, and the Antai College of Economics & Management of Shanghai Jiao Tong University, majoring in business administration and receiving a MBA degree. He is a chartered financial analyst (CFA) and a senior accountant.

Report of the Board of Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2014 (the "Year").

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Group are owning, chartering and operating container vessels for the provision of international and domestic container marine transportation services. The principal activities of the subsidiaries are set out in Note 43 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 85 of this Annual Report.

DIVIDENDS

The accumulated loss calculated under PRC accounting standards of the Company and the Group as at 31 December 2014 was RMB962 million and RMB3,970 million, respectively. It was proposed that no profit distribution would be made for the year 2014 and no capitalization of capital common reserve fund would be made. The above proposal is subject to review at the Annual General Meeting.

RESERVES

Movement of the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 92 of this Annual Report and Note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the PRC Company Law, the Company may only distribute dividends out of its distributable profits (i.e. the Company's profit after income tax after offsetting: (i) the accumulated losses brought forward from the previous years; and (ii) the allocations to the statutory surplus reserve and, if any, the discretionary common reserve (in such order of priorities) before payment of any dividend on shares).

According to the Company's articles of association ("articles of association"), for the purpose of determining profit distribution, the distributable profit of the Company is the lesser of its profit after income tax determined in accordance with: (i) the PRC accounting standards and regulations; and (ii) Hong Kong Financial Reporting Standards.

As at 31 December 2014, the accumulated loss of the Company, calculated based on the above principles, amounted to approximately RMB962 million, which is prepared in accordance with the PRC accounting standards and regulations.

PRE-EMPTIVE RIGHTS

Under the articles of association and the laws of the PRC, no pre-emptive rights exist which require the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 4 of this Annual Report.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2014.

H SHARE SHARE APPRECIATION RIGHTS SCHEME AND THE BASIS OF DETERMINING THE EMOLUMENT OF THE DIRECTORS

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme (the "Scheme") and Implementation Methods" passed at the Company's second extraordinary general meeting held on 12 October 2005, the Company implemented the Scheme as appropriate incentive policy.

In accordance with the Scheme and its amendments dated 20 June 2006, 26 June 2007 and 26 June 2008, the eligible grantees are: the Directors (other than independent non-executive Directors), the Supervisors of the Company (the "Supervisors") (other than independent Supervisors), the senior management of the Company, the head in charge of department of each of the operational and management departments of the Company and the general managers and deputy general managers of the Company's subsidiaries.

The Company determines the remuneration of Directors by reference to the performance of Directors for the year ended 31 December 2014 and on the principle of linking Company's management with operation results.

Report of the Board of Directors

DIRECTORS AND SUPERVISORS

The Directors and Supervisors who held office during the year and up to the date of this Annual Report are:

DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Ms. Su Min
Mr. Ding Nong
Mr. Liu Xihan
Mr. Yu Zenggang
Mr. Chen Jihong
Mr. Wang Daxiong(1)
Mr. Zhang Rongbiao(1)

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(2)
Mr. Zhu Donglin(3)
Mr. Shen Kangchen
Mr. Shen Zhongying
Mr. Wang Xiuping(3)

According to the articles of association, the term of service of the Directors and Supervisors shall be 3 years.

Notes:

1. Mr. Wang Daxiong and Mr. Zhang Rongbiao resigned as Non-executive Directors of the Company on 4 March 2014 and 8 January 2014 respectively due to work arrangement, which became effective on 26 June 2014.

2. Mr. Tu Shiming resigned as the Employee Supervisor of the Company due to work arrangement, which came into effect on 20 April 2015.

3. Mr. Wang Xiuping resigned as the Employee Supervisor of the Company due to work arrangement, which came into effect on 27 January 2014. Mr. Zhu Donglin was elected as the Employee Supervisor of the Company at the fifth meeting of the fourth session of the employee representative meeting of the Company, which came into effect on 27 January 2014.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors of the Board and the Supervisory Committee for this term has a service contract with the Company until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016.

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any Director or Supervisor.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance (as defined in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")), in which a Director or a Supervisor is or was materially interested, directly or indirectly, subsisted during the year or at the end of the year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in which the Company or any of its subsidiary and its controlling shareholders (as defined in Appendix 16 to the Listing Rules) or a subsidiary of its controlling shareholders was a party, subsisted during the year or at the end of the year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in relation to the service provided by controlling shareholders or their subsidiaries to the Company or its subsidiaries, subsisted during the year or at the end of the year.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors, Supervisors and senior management of the Company are set out on pages 20 to 32 of this Annual Report. Each of Zhang Guofa, Huang Xiaowen, Su Min, Ding Nong, Liu Xihan and Yu Zenggang was as at 31 December 2014, the managing director, the deputy general manager, the chief accountant, the deputy general manager, the deputy general manager and the deputy general manager respectively of China Shipping, which was a company having, as at 31 December 2014, an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangements to which the Company or its subsidiary is or was a party to enable the Directors, Supervisors or chief executives of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate subsisted at the end of the year or at any time during the year.

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

As at 31 December 2014, the interests or short positions of the Directors, Supervisors or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(I) INTERESTS IN THE SHARES OF THE COMPANY

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

(L) – long position

(II) INTERESTS IN THE SHARES OF THE COMPANY UNDER THE RIGHTS SCHEME[1]

NAME	Number of underlying H shares	Capacity in which underlying H shares were held	Percentage in total H share capital
Directors:			
Zhang Guofa	2,218,050(L)	Beneficial owner	0.059%
Huang Xiaowen	3,334,050(L)	Beneficial owner	0.089%
Zhao Hongzhou	2,604,000(L)	Beneficial owner	0.069%
Wang Daxiong[2]	1,240,000(L)	Beneficial owner	0.033%
Supervisors:			
Tu Shiming[3]	246,450(L)	Beneficial owner	0.007%
Wang Xiuping[4]	1,395,000(L)	Beneficial owner	0.037%

(L) – long position

Notes:

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

2. Wang Daxiong has resigned as Director of the Company due to work arrangement, with effect from 26 June 2014.

3. Tu Shiming resigned as a Supervisor of the Company due to work arrangement, which came into effect on 20 April 2015.

4. Wang Xiuping has resigned as Supervisor of the Company due to work arrangement, with effect from 27 January 2014.

Save as disclosed above, as at 31 December 2014, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

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

As at 31 December 2014, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or the interests or short positions which have been notified to the Company and the Stock Exchange were as follows:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital (%)	Percentage in total share capital (%)
China Shipping	A Shares	5,361,837,500(L)	Beneficial owner	67.60	45.89
UBS AG[1]	H Shares	264,746,862(L) 121,744,071(S)	Beneficial owner, persons having a security interest in shares and interest of corporation controlled by the substantial shareholder	7.06 3.25	2.27 1.04
UBS Group AG	H Shares	264,746,862 121,744,071	persons having a security interest in shares and interest of corporation controlled by the substantial shareholder	7.06 3.25	2.27 1.04
Blackrock, Inc.	H Shares	237,308,650(L) 155,502,587(S)	Interest of corporation controlled by the substantial shareholder	6.33 4.15	2.03 1.33
Earnest Partners, LLC	H Shares	226,920,250(L)	Investment manager	6.05	1.94
The Northern Trust Company (ALA)	H Shares	249,945,900(P)	Approved lending agent	6.66	2.14

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

Notes:

1. According to the form of disclosure of interests submitted by UBS AG on 5 January 2015 (the date of the relevant event being 31 December 2013), these shares were held through certain subsidiaries of UBS AG. The 264,746,862 H shares (long position) were held as to 107,213,943 H shares in the capacity of beneficial owner; 119,471,000 shares were held in the capacity of persons having a security interest in shares and 38,061,919 shares were held in the capacity of interest of corporation controlled by the substantial shareholder. The 121,744,071 H shares (short position) were held as to 87,327,752 H shares in the capacity of beneficial owner and 34,416,319 shares were held in the capacity of interest of corporation controlled by the substantial shareholder.

Save as disclosed above, as at 31 December 2014, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interest or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interest or short positions which have been notified to the Company and the Stock Exchange.

DIRECTORS AND EMPLOYEES OF THE SUBSTANTIAL SHAREHOLDERS

Certain Directors and Supervisors of the Company are the director or employee of China Shipping (details of which are set out on page 36 of this Annual Report), and China Shipping has interests in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information that is within the knowledge of the Company and also known to the Directors, as at the date of this Annual Report, there was sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

MANAGEMENT CONTRACTS

No contracts were entered into and subsisted (other than the service contracts with any Directors or Supervisors or any of the full-time staff of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individuals, firms or body corporates.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased in aggregate less than 30% of its goods and services from its 5 largest suppliers and sold in aggregate less than 30% of its goods and services to its 5 largest customers.

For the year ended 31 December 2014, none of the Directors, Supervisors, their respective associates or any Shareholder (who to the knowledge of the Board owns more than 5% of the share capital of the Company) had any interest in the 5 largest customers or the 5 largest suppliers of the Group.

CONNECTED TRANSACTIONS

During the year, the Company entered into the following connected transactions:

1. THE CS YANG SHAN EQUITY TRANSFER AGREEMENT

- Date and parties of the transaction: on 3 January 2014, the Company and China Shipping Logistics Co., Ltd. ("CS logistics") entered into an equity transfer agreement ("Equity Transfer Agreement"), pursuant to which, the Company agreed to dispose the entire 100% equity interests in Shanghai China Shipping International Container Storage and Transportation Co., Ltd. ("CS Yangshan") ("CS Yangshan Equity Interests") to CS Logistics.

- Connected relationship of the parties of the transaction: CS Logistics is a subsidiary of China Shipping, the controlling shareholder of the Company. Accordingly, CS Logistics is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms:

  RMB305,411,200.38

  The consideration for the CS Yangshan Equity Interests was determined by reference to the bidding price submitted by CS Logistics to Shanghai United Assets and Equity Exchange ("SUAEE") when it bid for the CS Yangshan Equity Interests. As part of the listing requirements of SUAEE, the Company instructed China Tong Cheng Asset Appraisal Co., Ltd. (中通誠資產評估有限公司), an independent professional property valuer, to prepare a valuation report on CS Yangshan, which adopted the asset-based method and was made available to the public bidders for assessment of the value of the CS Yangshan Equity Interests. The appraised net asset value of CS Yangshan as at 30 September 2013 was RMB305.4112 million.

- Reasons for the transaction and the nature and extent of interests of the connected party in the transaction: The Board is of the view that, the disposal of the CS Yangshan Equity Interests by the Company to CS Logistics under the Equity Transfer Agreement ("CS Yangshan Disposal") is to optimise the structure of the Company's assets and is necessary for the overall development strategy of the Company.

  The Board (including the independent non-executive directors of the Company) considers that as the CS Yangshan Disposal was carried out through open bidding process on SUAEE with the consideration assessed by reference to the appraised net asset value prepared by an independent third party professional property valuer, the terms of the CS Yangshan Disposal are fair and reasonable, in the interests of the Company and the shareholders of the Company as a whole.

2. THE ZHENGJIN EQUITY TRANSFER AGREEMENT

- Date and parties of the transaction: On 3 January 2014, the Company and China Shipping Investment Co., Ltd. ("CS Investment") entered into an equity transfer agreement ("Equity Transfer Agreement"), pursuant to which, the Company agreed to dispose the entire 100% equity interests in Shanghai Zhengjin Industrials Co., Ltd. ("Zhengjin") to CS Investment.

- Connected relationship of the parties of the transaction: CS Investment is a subsidiary of China Shipping, the controlling shareholder of the Company. Accordingly, CS Investment is a connected person of the Company and the transaction constituted a connected transaction of the Company under the Listing Rules.

- Price and other terms:

  RMB372,723,032.33

  The consideration for the 100% interests in Zhengjin held by the Company ("Zhengjin Equity Interests") was determined by reference to the bidding price submitted by CS Investment to SUAEE when it bid for the Zhengjin Equity Interests. As part of the listing requirements of SUAEE, the Company instructed Vocational International (Beijing) Asset Appraisal Co., Ltd. (沃克森(北京)國際資產評估有限公司), an independent professional property valuer, to prepare a valuation report on Zhengjin, which adopted the asset-based method and was made available to the public bidders for assessment of the value of the Zhengjin Equity Interests. The appraised net asset value of Zhengjin as at 15 November 2013 was RMB372.7230 million.

- Reasons for the transaction and the nature and extent of interests of the connected party in the transaction: The Board is of the view that, the disposal of the Zhengjin Equity Interests by the Company to CS Investment under the Equity Transfer Agreement ("Zhengjin Disposal") is to optimise the structure of the Company's assets and is necessary for the overall development strategy of the Company.

  The Board (including the independent non-executive directors of the Company) considers that as the Zhengjin Disposal was carried out through open bidding process on SUAEE with the consideration assessed by reference to the appraised net asset value prepared by an independent third party professional property valuer, the terms of the Zhengjin Disposal are fair and reasonable, in the interests of the Company and the shareholders of the Company as a whole.

3. DISPOSAL OF 100% OF CSTD AND SUBSCRIPTION OF SHARES IN CSTD HK

- Dates and parties of the transaction: On 11 October 2013, the Company, China Shipping Terminal Development (H.K.) Co., Ltd. ("CSTD HK") and China Shipping (HK) Holdings Co., Ltd. ("China Shipping (HK) Holdings") entered into a share purchase agreement (the "Share Purchase Agreement"), pursuant to which the Company agreed to sell its 100% equity interest in CSTD to CSTD HK.

- Connected relationship of the parties of the transaction: China Shipping (HK) Holdings is a fully-owned subsidiary of China Shipping and CSTD HK is an indirect wholly-owned subsidiary of China Shipping. As China Shipping is the controlling shareholder of the Company, China Shipping (HK) Holdings and CSTD HK are connected persons of the Company and the transaction constitutes a connected transaction of the Company under the Listing Rules.

- Reasons for the transaction and the nature and extent of the interests of the connected party in the transaction: The Board is of the view that the streamline and consolidation of China Shipping Group's port businesses and assets into one platform will result in economies of scale and will allow the Company to focus on the development of its container transportation business. The port business will receive ample support from China Shipping Group in terms of financial resources, management and operation, and it will have a better development which is in the interest of the Company and its shareholders as a whole.

  The Share Purchase Agreement was negotiated and entered into on arm's length basis and on normal commercial terms. The Directors (including the independent non-executive Directors, after having considered the advice from the independent financial adviser) consider that the Share Purchase Agreement has been entered into on normal commercial terms, is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

- Price and other terms:

  Pursuant to the Share Purchase Agreement, the Company agreed to sell its 100% equity interest in CSTD to CSTD HK at a consideration equivalent to the valuation result of the appraised net asset value of CSTD as of 30 June 2013 after approval by State-owned Assets Supervision and Administration Commission of the PRC ("SASAC"), subject to approval by SASAC and Ministry of Commerce of the PRC ("MOFCOM") which will be settled through the issuance of new shares in CSTD HK to the Company. The issue price per share and the number of Consideration Shares (as defined in the Share Purchase Agreement) to be issued to the Company will be determined by the appraised net asset value of CSTD HK as of 30 June 2013 after approval by SASAC.

  In relation to the disposal of 100% equity interest in CSTD to CSTD HK, China Shipping (HK) Holdings agreed to inject new capital into CSTD HK by cash contribution in Hong Kong dollars, in consideration of which CSTD HK will issue new shares to China Shipping (HK) Holdings. The issue price per share in relation to the new shares in CSTD HK to be issued to China Shipping (HK) Holdings will be the same as the issue price per Consideration Share to be issued to the Company. The capital injection made by China Shipping (HK) Holdings will be considered to ensure that after the completion of the transaction, the Company and China Shipping (HK) Holdings will hold 49% and 51% shareholding in CSTD HK, respectively.

  The Company has completed the registration and approval procedure with SASAC as to the relevant asset appraisal report of CSTD on 25 November 2013 and the relevant asset appraisal report of CSTD HK has been approved by China Shipping on 26 November 2013. The approved valuation result of the appraised net assets value of CSTD and CSTD HK is RMB3,423,060,400 and RMB287,694,700, respectively. Accordingly, the final consideration of this transaction is RMB3,423,060,400, the issue price per Consideration Share to be issued to the Company is RMB1.23 and the number of Consideration Shares (as defined in the Share Purchase Agreement) to be issued to the Company pursuant to the Share Purchase Agreement is 2,782,975,935 new shares in the issued share capital of CSTD HK. The amount of capital injection by China Shipping (HK) Holdings is HK$4,100,352,855, the issue price per share of CSTD HK to be issued to China Shipping (HK) Holdings is HK$1.54 and the number of shares in CSTD HK to be issued to China Shipping (HK) Holdings is 2,662,566,789 new shares in the issued share capital of CSTD HK. As at 20 June 2014, the issue of consideration shares by CSTD HK to the Company, the capital injection by China Shipping (HK) Holdings to CSTD HK and the purchase of new shares of CSTD HK by China Shipping (HK) Holdings were completed. Moreover, CSTD has completed the change of business registration in relation to the transaction and the transaction was thus completed.

CONTINUING CONNECTED TRANSACTIONS

As at 31 December 2014, the Company had the following relevant annual caps which were announced and subsequently revised and approved at the Company's general meeting. The actual annual figures for the year ended 31 December 2014 in relation to those continuing connected transactions are also set out below. Terms used in the following table shall have the same meanings as defined in the Company's announcements dated 20 September 2012, 6 December 2012, 18 April 2013, 21 April 2014 and 8 August 2014.

No.	Particulars of transaction	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Transaction amount for the year ended 31 December 2014 RMB'000	Annual cap amount for the year ended 31 December 2014 RMB'000
(A)	**Revenue from connected transactions**					
1	Master Liner Services Agreement in respect of services to be provided by the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	Liner services	113,616	297,000
2	First Master IT Service Agreement in respect of products and services to be provided by the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	IT Service	13,970	30,000
3	Master Purchase Agreement for the provision of the Agreed Materials, Fuel, and related services by the Group	28 June 2013 28 June 2015	The Company and China Shipping (1)	Purchase Service	2,325,178	4,690,000
(B)	**Cost of connected transactions**					
4	Revised Master Provision of Containers Agreement in respect of containers leased to the Group	10 April 2007, 10 April 2016	The Company and China Shipping (1)	Lease of containers	154,107	550,000
5	Master Provision of Chassis Agreement in respect of container chassis etc. to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	Lease of container chassis	17,912	32,840
6	First Master Liner and Cargo Agency Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	Cargo and liner agency services	574,328	795,000

No.	Particulars of transaction	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Transaction amount for the year ended 31 December 2014 RMB'000	Annual cap amount for the year ended 31 December 2014 RMB'000
7	First Master Container Management Agreement in respect of services etc. to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	Container management services	178,912	230,000
8	Master Ship Repair Services Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	Ship repair services	47,432	114,000
9	Master Supply Agreement in respect of products and services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1), China Shipping & Sinopec Suppliers Co. (2)	Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	1,462,340	3,185,000
10	Master Depot Services Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	Depot services	14,573	24,000
11	First Master IT Service Agreement in respect of products and services to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	IT Service	29,955	103,000
12	Master Provision of Crew Members Agreement in respect of crew members to be provided to the Group	10 May 2004, 10 May 2016	The Company and China Shipping (1)	Provision of crew members	506,001	620,000

No.	Particulars of transaction	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Transaction amount for the year ended 31 December 2014 RMB'000	Annual cap amount for the year ended 31 December 2014 RMB'000
13	First Master Loading and Unloading Agreement and Second Master Loading and Unloading Agreement in respect of services to be provided to the Group	10 May 2004, 10 May 2016	First Master Loading and Unloading Agreement: The Company and China Shipping, Shanghai Terminal, Zhanjiang Terminal and Dalian Terminal(1); Second Master Loading and Unloading Agreement: The Company and West Basin Container Terminal LLC (2)	Loading and unloading services	1,211,294	1,330,000
14	Revised Master Provision of Containers Agreement in respect of containers to be purchased by the Group	10 April 2007, 10 April 2016	The Company and China Shipping (1)	Manufacture of containers	682,779	910,000
15	Master Tenancy Agreement in respect of products or services to be provided to the Group	31 December 2012, 31 December 2015	The Company and China Shipping (1)	Property rental	82,658	96,500
(C)	**Connected transactions for financial services**					
16	Financial Service Framework Agreement in respect of maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group at CS Finance Company	31 December 2009, 31 December 2015	The Company and China Shipping (1)	Deposit services	4,194,975	9,000,000

No.	Particulars of transaction	Signing date of the transaction and effective period after renewal every three years	Parties and connected relationship	Nature of transaction	Transaction amount for the year ended 31 December 2014 RMB'000	Annual cap amount for the year ended 31 December 2014 RMB'000
17	Financial Service Framework Agreement in respect of maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted to the Group by CS Finance Company	31 December 2009, 31 December 2015	The Company and China Shipping [1]	Loan services	1,211,900	6,000,000

Notes:

1. China Shipping is a controlling shareholder of the Company (as defined in the Listing Rules), which constitutes a connected person of the Company

2. Such companies are associates of China Shipping (as defined in the Listing Rules), which constitute connected persons of the Company

The reasons for the above continuing connected transactions (excluding the deposit services and loan services under the connected transactions for financial services), and the nature and extent of the interests of the connected party in the relevant continuing connected transactions are as follows:

The Company was established in 1997 as the container shipping arm of China Shipping. Due to the long established and close business relationship between the members of the Group and the China Shipping Group, a number of transactions have been entered into and are to be entered into between the Group and the relevant connected persons and their respective subsidiaries and associates, which are individually significant and collectively essential to the core business and operation of container marine transportation of the Group.

In addition, as China Shipping is one of the key state-owned enterprises and is a large shipping conglomerate that operates across different regions, sectors and countries, and the relevant connected persons (most of them are associates of China Shipping) are well-known marine transportation corporations with outstanding competency in shipping industry and have developed good experience and service systems in respect of the products and services under the continuing connected transactions set out above. The cooperation with China Shipping and other connected persons enables the Group to fully leverage on their advantages to achieve better operating performance.

Finally, the terms and conditions provided by the relevant connected persons in relation to the continuing connected transactions set out above are generally more favourable to the Group than those provided by independent third parties to the Group, or those provided by the relevant connected persons to independent third parties.

The reasons for providing the deposit services and loan services under the connected transactions for financial services, and the nature and extent of the interests of the connected party in the relevant continuing connected transactions are as follows:

The terms and conditions of deposit services, loan services, settlement services and other financial services provided by CS Finance Company under the Financial Services Framework Agreement are generally more favourable to the Group than those provided by independent third parties, or those provided by CS Finance Company to independent third parties. Furthermore, the Group is not restricted under the Financial Services Framework Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be made on costs and quality of services. Therefore, the Group may, but is not obliged to, continue to use CS Finance Company's deposit services, loan services, settlement services and other financial services if the service quality provided is competitive. Having such flexibility afforded under the Financial Services Framework Agreement, the Group is able to better manage its current capital and cash flow position.

In addition, it is also expected that CS Finance Company will mainly provide more efficient deposit services, loan services and settlement services to the Group, as compared to independent third-party banks.

For further details regarding the above continuing connected transactions and connected transactions, please refer to Note 42 to the consolidated financial statements. The Company confirmed that it has disclosed the connected transactions and continuing connected transactions pursuant to the definitions of "connected transaction" and "continuing connected transaction" (as the case may be) of Chapter 14A of the Listing Rules and pursuant to the disclosure requirements of Chapter 14A of the Listing Rules.

The independent non-executive Directors of the Company, Ms. Zhang Nan, Mr. Teo Siong Seng, Mr. Chen Lishen, Mr. Guan Yimin and Mr. Shi Xin have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether the above continuing connected transactions are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreement of the above continuing connected transactions governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Ernst & Young, the international auditor of the Company, has confirmed to the Company regarding the continuing connected transactions disclosed above that nothing has come to the auditor's attention that causes them to believe that:

1. the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

2. the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

3. the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

4. the disclosed continuing connected transactions have exceeded the maximum aggregate annual cap amount disclosed in the previous announcements dated 8 October 2009, 16 December 2010, 30 September 2011, 20 September 2012, 6 December 2012 and 18 April 2013, 21 April 2014 and 8 August 2014 made by the Company in respect of each of the disclosed continuing connected transactions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made an annual confirmation of his independence pursuant to the Listing Rules. The Company is of the view that all the independent non-executive Directors had been in compliance with the requirements of guidelines regarding independence as set out in the Listing Rules and are independent in accordance with the provisions of the guidelines.

PENSION SCHEME

Details of the Group's pension scheme for the year ended 31 December 2014 are set out in Note 2.4 to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2014, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the year.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

Report of the Board of Directors

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 53 to 73.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Mr. Guan Yimin and Ms. Zhang Nan, and one non-executive Director, namely Ms. Su Min. The Group's final results for the year ended 31 December 2014 have been reviewed by the audit committee of the Company.

AUDITORS

Auditors appointed by the Company in the past 3 years are as follows:

2012, 2013 and 2014 : Ernst & Young

The financial statements set out in this Annual Report have been audited by Ernst & Young who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Zhang Guofa
Chairman

Shanghai, the PRC
26 March 2015

Corporate Governance Report

The Group has always strived to enhance corporate governance standards and views corporate governance as a part of value creation and a reflection of the commitment of all Directors and senior management to comply with corporate governance. Transparency is maintained for shareholders and we aim to maximize the interests of shareholders.

The Board confirms that, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2014.

The Company will continue to consistently review the corporate governance practices of the Group to ensure that they are thoroughly implemented. Improvements will also be made to comply with the latest trends of corporate governance, including any new amendments to the Corporate Governance Code in the future.

Corporate Governance Report

A. BOARD OF DIRECTORS

1. COMPOSITION OF THE FOURTH SESSION OF THE BOARD

As approved by the annual general meeting for the year 2012, the fourth session of the Board consists of five executive Directors, five non-executive Directors and five independent non-executive Directors. As approved by the seventh meeting of the fourth session of the Board, Mr. Li Shaode and Mr. Xu Lirong resigned as Chairman, executive Director and Vice Chairman, executive Director of the fourth session of the Board of the Company respectively and Mr. Zhang Guofa was appointed as the Chairman and executive Director of the Company. As approved by the 2013 Annual General Meeting, with effect from 26 June 2014, Mr. Wang Daxiong and Mr. Zhang Rongbiao resigned as Non-executive Directors of the Company. Mr. Liu Xihan and Mr. Yu Zenggang were appointed as Non-executive Directors respectively for the fourth session of the Board of the Company. As at 31 December 2014, the members of the fourth session of the Board of the Company included:

Executive Directors:

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

Non-executive Directors:

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

Independent non-executive Directors:

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

The list of current Directors (including names, duties and brief biographies) is shown on the Company's website: www.cscl.com.cn. There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members, especially among the Chairman and General Manager.

In 2014, the Board had at least three independent non-executive Directors in accordance with the Listing Rules, of whom one had appropriate professional qualifications or accounting or related financial management expertise. Each independent non-executive Director has re-confirmed his/her independence to the Company in accordance with the Listing Rules. Based on their confirmation, the Company considers that they are independent.

2. RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for managing the businesses and affairs of the Group with an aim of enhancing shareholder value; presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects as set out in the annual and interim reports, and other price sensitive announcements and the reports submitted and other financial information to be disclosed pursuant to the Listing Rules; and reporting to regulators information which is required to be disclosed as per statutory requirements.

The Board owes fiduciary and statutory duties to the Company and the Group. Other duties include: formulating the overall strategy and policies of the Group, and the establishment of corporate and management goals, major operational measures and risk management policies in accordance with the strategic objectives of the Group; supervision and monitoring of the operational and financial performance of the Group; and approval of expenditure budget and key capital spending, key investments, major acquisitions and disposals of assets, corporate or financial reorganization, major finance consent and management matters.

The Board also delegates authority and obligation to the management to manage the Group, and to make relevant reports to the Board regarding the day-to-day management of the Group.

The Board has set up the Audit Committee, the Remuneration Committee, the Investment Strategy Committee and the Nomination Committee. Please refer to the following paragraphs for the composition and duties of the Audit Committee, the Remuneration Committee, the Investment Strategy Committee and the Nomination Committee. Each committee should present its recommendations to the Board in accordance with its own duties; such recommendations should be ultimately determined by the Board, unless prescribed clearly in each committee's terms of references.

The Company Secretary provides information regarding the latest developments in relation to the Listing Rules and other applicable regulatory requirements for all Directors. The Company confirms that the Company Secretary attended over 15 hours of professional training during the year. Any Director may require the Company Secretary to arrange independent professional advice at the expense of the Company to assist the Director(s) in discharging his/her/their duties to the Company effectively.

3. CORPORATE GOVERNANCE FUNCTION

The Board is responsible for formulation of the corporate governance function of the Company and performance of the following corporate governance duties:

(1) to formulate and review the Group's policies and practices on corporate governance;

(2) to review and monitor the training and continuing professional development of the directors and senior management;

(3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(4) to formulate, review and monitor the code of conduct of Directors and employees;and

(5) to review the Group's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

In 2014, the Board has performed its corporate governance duties through aspects such as the formulation of the Board Diversity Policy, the review and monitor of the training and continuing professional development of the directors and senior management and compliance with the relevant laws and regulations. It has also put great efforts on improving the Company's corporate governance practices.

4. CHAIRMAN AND GENERAL MANAGER

In 2014, Mr. Zhang Guofa and Mr. Zhao Hongzhou served as the Chairman and the General Manager of the Company respectively. As required by the articles of association of the Company, the Chairman and the General Manager perform their responsibilities separately. The General Manager is responsible for the management of the Company's production operations, the organization and implementation of the Company's Board resolutions, the organization and implementation of the Company's annual operation plan and investment proposal, the formulation of the internal management organization plan of the Company, the formulation of fundamental management system of the Company, the formulation of the fundamental rules of the Company, recommendation of appointment or dismissal of the Deputy Manager and financial controller of the Company, appointment or dismissal of personnel other than those required to be appointed or dismissed by the Board and performance of other duties delegated by the articles of association and the Board. The Deputy Manager and other senior management personnel are responsible for assisting the General Manager.

5. TRAINING OF THE DIRECTORS AND CONTINUING PROFESSIONAL DEVELOPMENT

(1) Newly appointed Directors

Each newly appointed Director will receive a set of training materials which cover the legal responsibilities of the Directors, the specific legal responsibilities, rules governing the dealings of the securities of listed company, disclosure of price sensitive information, discloseable transactions, connected transactions, other continuing responsibilities, Corporate Governance Code and disclosure of interests under the SFO to ensure the newly appointed Directors fully understand their duties under the Listing Rules and other regulations. In July 2014, the newly appointed Directors, namely Mr. Liu Xihan and Mr. Yu Zenggang attended such training.

(2) The Board of the Company shall be re-elected every three years. The current session of the Board commenced on June 2013 and attended the training organized by the Shanghai Securities Regulatory Bureau of China Securities Regulatory Commission pursuant to the relevant requirements. In 2014, Mr. Liu Xihan and Mr. Yu Zenggang, the Non-executive Directors, attended the above training.

(3) The Company will provide information about the updated or amended version of relevant laws and regulation on irregular basis to Directors for learning purposes. In compliance with the continuing professional development requirement under the Corporate Governance Code, the Directors attended the training regarding the functions and duties of Directors.

According to the Company's records, in order to comply with the new regulation of the Corporate Governance Code regarding continuing professional development, the Directors received the following training in 2014:

Director	Updates on the Board practice and development, corporate governance and regulation Reading materials	Risk management and strategy/ business/industry specific Briefings, seminars or training
EXECUTIVE DIRECTORS		
Zhang Guofa	✓	✓
Huang Xiaowen	✓	✓
Zhao Hongzhou	✓	✓
NON-EXECUTIVE DIRECTORS		
Su Min	✓	✓
Ding Nong	✓	✓
Liu Xihan	✓	✓
Yu Zenggang	✓	✓
Chen Jihong	✓	✓
Wang Daxiong(1)	✓	✓
Zhang Rongbiao(1)	✓	✓
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Zhang Nan	✓	✓
Teo Siong Seng	✓	✓
Chen Lishen	✓	✓
Guan Yimin	✓	✓
Shi Xin	✓	✓

Notes:

(1) Mr. Wang Daxiong and Mr. Zhang Rongbiao resigned as Non-executive Directors of the Company on 4 March 2014 and 8 January 2014 respectively due to work arrangement, which became effective on 26 June 2014.

(4) The Company provides latest information about the operation of the Company to the Board through monthly operation reports, physical board meetings and replies the questions raise by the Directors, so that the Directors can perform their duties.

6. BOARD MEETINGS

The Board meets at least four times a year. The Directorate Secretary Office would provide an official agenda of items to be considered and determined by the Board before any Board meeting. Notice would be given at least 14 days before each regular Board meeting. Directors may include related matters in the agenda for discussion at the Board meeting. The Company Secretary assists the Chairman of the Company to prepare an agenda for each Board meeting and ensures it is prepared in accordance with applicable statutory requirements and regulations in relation to the meeting. The ultimate agenda and Board papers would be sent to all Directors at least 3 days before the Board meeting. Any Director with a conflicting interest in any resolution to be considered by the Board should abstain from voting on such resolution.

The Board held 15 meetings during 2014. Record of attendance for each Director is set out as follows:

Attendance of Directors at Board Meetings and General Meetings

	Attendance of Board meetings						Attendance of General meetings (1)	
Name of Director	Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate (%)	Unable to attend in person for two consecutive board meetings	Annual general meetings attended	Extraordinary general meetings attended
Executive Directors:								
Zhang Guofa	15	14	1	12	100	No	1/1	0/1
Huang Xiaowen	15	14	1	12	100	No	0/1	1/1
Zhao Hongzhou	15	13	2	12	100	No	0/1	1/1
Non-executive Directors:								
Su Min	15	13	2	12	100	No	0/1	0/1
Ding Nong	12	11	1	8	100	No	1/1	0/1
Liu Xihan	7	7	0	5	100	No	0/0	0/1
Yu Zenggang	7	7	0	5	100	No	0/0	0/1
Chen Jihong	15	14	1	12	100	No	1/1	0/1
Wang Daxiong(2)	8	7	1	7	100	No	0/1	0/1
Zhang Rongbiao(2)	8	7	1	7	100	No	0/1	0/1

Name of Director	Attendance of Board meetings						Attendance of General meetings (1)	
	Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate (%)	Unable to attend in person for two consecutive board meetings	Annual general meetings attended	Extraordinary general meetings attended
Independent Non-executive Directors:								
Zhang Nan	15	14	1	12	100	No	0/1	0/1
Teo Siong Seng	15	13	2	12	100	No	0/1	1/1
Chen Lishen	15	14	1	12	100	No	1/1	0/1
Guan Yimin	15	14	0	12	100	No	1/1	0/1
Shi Xin	15	15	0	12	100	No	1/1	1/1

Notes:

(1) The number of meetings attended include the actual number of meetings attended by Directors/number of general meetings Directors are entitled to attend.

(2) Mr. Wang Daxiong and Mr. Zhang Rongbiao resigned as Non-executive Directors of the Company on 4 March 2014 and 8 January 2014 respectively due to work arrangement, which became effective on 26 June 2014.

7. SUPPLY OF AND ACCESS TO INFORMATION

All Directors of the Company are entitled to have access to the relevant documents and other information of the Board from the Company Secretary in order to make informed decisions.

8. APPOINTMENT AND RESIGNATION OF DIRECTORS

The Board reviews its structure, size and composition regularly. The Company appoints new directors to the Board in accordance with a formal, well thought-out and transparent procedure.

The Board held two meetings in 2014 to review the appointment and resignation of the directors and make recommendation hereon, and the attendance rate of the Directors was 100%. Record of attendance for each Director is set out as follows:

Executive Directors

Directors	Number of meetings attended	Attendance rate
Zhang Guofa	2	100%
Huang Xiaowen	2	100%
Zhao Hongzhou	2	100%

Non-executive Directors

Directors	Number of meetings attended	Attendance rate
Su Min	2	100%
Ding Nong	2	100%
Liu Xihan	–	–
Yu Zenggang	–	–
Chen Jihong	2	100%
Wang Daxiong	2	100%
Zhang Rongbiao	2	100%

Independent non-executive Directors

Directors	Number of meetings attended	Attendance rate
Zhang Nan	2	100%
Teo Siong Seng	2	100%
Chen Lishen	2	100%
Guan Yimin	2	100%
Shi Xin	2	100%

9. BOARD COMMITTEES

(1) Audit Committee

On 28 June 2013, a resolution was passed to elect the members of the fourth session of the Audit Committee of the Board at the first meeting of the fourth session of the Board. The fourth session of the Audit Committee of the Board consists of Mr. Guan Yimin and Ms. Zhang Nan, who are independent non-executive Directors and Ms. Su Min, who is a non-executive Director. Mr. Guan Yimin, who is an independent non-executive director, is the Chairman of the Audit Committee. The primary duties of the Audit Committee are to oversee the integrity of the financial reports, annual and interim reports of the Company, and review the financial control and internal control procedures of the Company.

In 2014, the Audit Committee of the Board held nine meetings with the average attendance rate of 100%.

Four regular meetings were held as follows:

(1) The seventh meeting of the fourth session of the Audit Committee of the Board was held with physical presence on 25 March 2014.

The following was heard during the meeting:

1. Report of domestic auditors on 2013 audit opinion and audit related matters;

2. Report of foreign external auditors on 2013 audit opinion and audit related matters;

3. Report of Baker Tilly China on the audit of 2013 internal control of the Company;

The meeting discussed and passed the following proposals by unanimous vote:

1. Proposal regarding 2013 financial report of the Company;

2. Proposal regarding implementation status of 2013 internal audit plan of the Company;

3. Proposal regarding 2014 internal audit plan of the Company;

4. Proposal regarding 2013 self-assessment report on internal control of the Company;

5. Proposal regarding reappointment of 2014 domestic and foreign external auditors and internal control auditors of the Company.

   5.1 Reappointment of Baker Tilly China as the domestic and foreign external auditors of the Company for 2014.

   5.2 Reappointment of Baker Tilly China as internal control auditors of the Company for 2014.

   5.3 Reappointment of Ernst & Young as the foreign external auditors of the Company for 2014.

6. Proposal regarding duties discharge of the Audit Committee of the Board of the Company 2013.

(2) The eighth meeting of the fourth session of the Audit Committee of the Board was held on 25 April 2014 by communication voting method, during which the proposal regarding the first quarterly report 2014 of the Company was passed by unanimous vote.

(3) The tenth meeting of the fourth session of the Audit Committee of the Board was held with physical presence on 26 August 2014.

The following was heard during the meeting:

1. Report on internal control status of the Company for 1H 2014;

2. Report on the implementation status of internal audit of the Company for 1H 2014;

3. Report of foreign external auditors on the financial report and related audit matters of the Company for 1H 2014;

4. Report of domestic auditors on the financial report and related audit matters of the Company for 1H 2014;

The meeting discussed and passed the following proposals by unanimous vote:

1. Proposal regarding the 1H 2014 financial report of the Company;

2. Proposal regarding the audit fees for domestic and foreign external auditors 2014.

(4) The eleventh meeting of the fourth session of the Audit Committee of the Board was held on 28 October 2014 by communication voting method, during which the following proposals were passed by unanimous vote:

1. Proposal regarding 2014 third quarterly report of the Company;

2. Proposal regarding the newly issued or amended accounting standards by the Ministry of Finance in 2014.

Five extraordinary meetings were held as follows:

(1) The fourth meeting of the fourth session of the Audit Committee of the Board was held on 3 January 2014 by communication voting method, during which the proposal regarding 2013 domestic and foreign external audit plan were passed by unanimous vote.

(2) The fifth meeting of the fourth session of the Audit Committee of the Board was held on 27 January 2014 by communication voting method, during which the proposal regarding amendment to the working rules of the Audit Committee of the Board was passed by unanimous vote.

(3) The sixth meeting of the fourth session of the Audit Committee of the Board and the meeting between Audit Committee and auditors was held on 12 March 2014, the following was heard during the meeting:

1) Report of domestic auditors on preliminary audit opinions on 2013 audit and audit related matters;

2) Report of foreign external auditors on preliminary audit opinions on 2013 audit and audit related matters;

3) 2013 self-assessment report on internal control (draft for approval);

4) Report of auditors on preliminary audit opinions on 2013 internal control audit and audit related matters.

(4) The ninth meeting of the fourth session of the Audit Committee of the Board was held on 7 August 2014 by communication voting method, during which the proposal regarding revision of annual cap for connected transaction conducted during normal course of business under loading and unloading agreement was passed by unanimous vote.

(5) The twelfth meeting of the fourth session of the Audit Committee of the Board was held on 9 December 2014 by communication voting method, during which the proposal regarding the 2014 audit plan for domestic and foreign external audit was passed by unanimous vote. Record of attendance for each member of the Audit Committee is set out as follows:

Directors	**Number of meetings attended/ Number of meetings held**	**Attendance rate**
The fourth session of the Audit Committee of the Board		
Guan Yimin *(independent non-executive Director) (Chairman)*	9/9	100%
Zhang Nan *(independent non-executive Director)*	9/9	100%
Su Min *(non-executive Director)*	9/9	100%

(2) Remuneration Committee

On 28 June 2013, a resolution was passed to elect the members of the fourth session of the Remuneration Committee of the Board at the first meeting of the fourth session of the Board. The fourth session of the Remuneration Committee of the Board consists of Mr. Chen Lishen and Mr. Shi Xin, who are independent non-executive Directors and Mr. Wang Daxiong, who is a non-executive Director. Mr. Chen Lishen, who is an independent non-executive director, is the Chairman of the Remuneration Committee. Mr. Wang Daxiong resigned as non-executive Director and member of the Remuneration Committee of the Company with effect from 26 June 2014. Meanwhile, as approved by the 2013 annual general meeting, Mr. Yu Zenggang has been appointed as non-executive Director and member of the Remuneration Committee of the Company with effect from 26 June 2014.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and Supervisors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; to have the delegated responsibility by the Board to determine the specific remuneration packages of Directors and senior management holding positions in the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance based remuneration; to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; to review and approve the compensation payable to executive Directors and Supervisors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the issuer; to review and approve compensation arrangements relating to dismissal or removal of Directors or Supervisors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and to ensure that no Director or Supervisor or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held one meeting in 2014. The average attendance rate was 100%. The first meeting of the fourth session of the Remuneration Committee of the Board assessed the performance and reviewed the remuneration of senior management of the Company for the year 2013 at the meeting. The resolution regarding remuneration of the Directors, Supervisors and senior management for the year 2014 was reviewed at the meeting and was recommended to the Board for approval. Record of attendance for each member of the Remuneration Committee is set out as follows:

Directors	**Number of meetings attended/ Number of meetings held**	**Attendance rate**
The fourth session of the Remuneration Committee of the Board		
Chen Lishen *(independent non-executive Director) (Chairman)*	1/1	100%
Shi Xin *(independent non-executive Director)*	1/1	100%
Wang Daxiong *(non-executive Director)* (1)	1/1	100%
Yu Zenggang *(non-executive Director)* (2)	0/0	Not Applicable

Notes:

(1) Mr. Wang Daxiong resigned as non-executive Director and member of the Remuneration Committee of the Company on 4 March 2014 due to work arrangement, which became effective on 26 June 2014.

(2) Mr. Yu Zenggang has been appointed as non-executive Director and member of the Remuneration Committee of the Company with effect from 26 June 2014. Subsequent to his appointment, the Remuneration Committee of the Company did not hold any meeting for the year ended 31 December 2014.

(3) *Investment Strategy Committee*

On 28 June 2013, a resolution on establishing the Investment Strategy Committee of the fourth session of the Board was passed at the first meeting of the fourth session of the Board. The Investment Strategy Committee of the fourth session of the Board consists of Mr. Li Shaode, Mr. Xu Lirong, Mr. Zhang Guofa, Mr. Huang Xiaowen, Mr. Zhao Hongzhou, who are executive Directors and Mr. Wang Daxiong, who is a non-executive Director and Ms. Zhang Nan, Mr. Teo Siong Seng and Mr. Shi Xin, who are independent non-executive Directors. Mr. Li Shaode, the former Chairman of the Company, was the Chairman of the Investment Strategy Committee. Following the respective resignation of Mr. Li Shaode and Mr. Xu Lirong as Chairman, executive Director and Vice Chairman, executive Director of the Company on 2 December 2013, they ceased to be members of the Investment Strategy Committee. After the resignation of Mr. Li Shaode, Mr. Zhang Guofa, the Chairman of the Company, served as the Chairman of the Investment Strategy Committee. Following the resignation of Mr. Wang Daxiong as non-executive Director of the Company on 26 June 2014, he ceased to be a member of the Investment Strategy Committee of the Company. Meanwhile, as approved by the 2013 annual general meeting, Mr. Yu Zenggang has been appointed as non-executive Director and member of the Investment Strategy Committee of the Company with effect from 26 June 2014.

The primary duties of the Investment Strategy Committee are to consider and make recommendations on the strategic plan for the Company's long-term development; the material investments and financing plans and material capital operation and asset operating project, which are subject to the Board's approval, in accordance with the articles of association of the Company.

The Investment Strategy Committee held two meetings in 2014. The average attendance rate is 100%. The first meeting of the fourth session of the Investment Strategy Committee of the Board reviewed the proposal regarding 2014-2016 rolling development plan of the Company. The second meeting of the fourth session of the Investment Strategy Committee of the Board reviewed the proposals regarding 2015 CSCL investment plan and 2015 CSCL asset disposal plan, all the proposals were passed by unanimous vote. Record of attendance for each member of the Investment Strategy Committee is set out as follows:

Directors	**Number of meetings attended/ Number of meetings held**	**Attendance rate**
The fourth session of the Investment Strategy Committee of the Board		
Zhang Guofa (executive Director) *(Chairman)*	2/2	100%
Huang Xiaowen *(executive Director)*	2/2	100%
Zhao Hongzhou *(executive Director)*	2/2	100%
Yu Zenggang *(non-executive Director)*	1/1	100%
Zhang Nan *(independent non-executive Director)*	2/2	100%
Teo Siong Seng *(independent non-executive Director)*	2/2	100%
Shi Xin *(independent non-executive Director)*	2/2	100%
Wang Daxiong *(non-executive Director)* (1)	1/1	100%

Notes:

(1) On 4 March 2014, Mr. Wang Daxiong resigned as non-executive Director of the Company due to work arrangement, which came into effect on 26 June 2014.

(4) Nomination Committee

On 28 June 2013, a resolution on establishing the Nomination Committee of the fourth session of the Board was passed at the first meeting of the fourth session of the Board. The Nomination Committee consists of Ms. Zhang Nan, Mr. Teo Siong Seng and Mr. Shi Xin, who are independent non-executive Directors, and Mr. Zhang Guofa, who is an executive Director and Mr. Wang Daxiong, who is a non-executive Director. Ms. Zhang Nan, the independent non-executive Director, was the Chairman of the Nomination Committee. Following the resignation of Mr. Wang Daxiong as non-executive Director of the Company on 26 June 2014, he ceased to be a member of the Nomination Committee of the Company. Meanwhile, as approved by the 2013 annual general meeting, Mr. Yu Zenggang has been appointed as non-executive Director and member of the Nomination Committee of the Company with effect from 26 June 2014.

The primary duties of the Nomination Committee include: to make recommendations to the Board on the head count and composition of the Board and the composition of senior management in accordance with the Company's business activities, assets size and shareholding structure; to consider and make recommendations to the Board on the selection criteria and procedures of the Directors and the members of senior management; to review and make recommendations on the qualifications of the candidates of the Directors and the members of senior management; and to assess the independence of the independent non-executive Directors.

On 28 August 2013, the Board of the Company passed the Board Diversity Policy. The Nomination Committee has formulated a Board Diversity Policy, which has been set out in the working rules of the Nomination Committee. The main contents are: when determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, cultural and education background, professional experience, skills, knowledge and term of service. All appointments of the Board of Directors are based on meritocracy, and candidates will be considered against objective criteria, taking into account the benefits of board diversity. The final selection of candidates will be determined based on their merits and contribution to the Board. The composition of the Board is basically in line with the diversity principle, details of composition are set out in "Composition of the fourth session of the Board" under the section headed "Corporate Governance Report". The biographies of Directors set out on pages 20 to 32 of this Annual Report also set out the diversified skills, professional knowledge, experience and qualifications of the Directors.

In 2014, the Nomination Committee held four meetings with average attendance rate of 100%.

On 9 January 2014, the second meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

1. Proposal regarding resignation of Mr. Zhang Rongbiao as non-executive Director of the Company

2. Proposal regarding appointment of Mr. Liu Xihan as non-executive Director of the Company

3. Proposal regarding appointment and resignation of senior management including Mr. Chen Wei

On 6 March 2014, the third meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

1. Proposal regarding change of senior management of the Company

    1.1 Accept resignation of Mr. Huang Xinming as deputy general manager of the Company

    1.2 Appoint Mr. Qian Weizhong as deputy general manager of the Company

On 15 April 2014, the fourth meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

1. Proposal regarding change of non-executive directors of the Company

    1.1 Accept resignation of Mr. Wang Daxiong as non-executive Director of the Company

    1.2 Elect Mr. Yu Zenggang as non-executive Director of the Company

On 28 April 2014, the fifth meeting of the fourth session of the Nomination Committee of the Board reviewed and approved the followings:

1. Proposal regarding change of board secretary of the Company

    1.1 Accept resignation of Mr. Ye Yumang as board secretary of the Company

    1.2 Nominate Mr. Yu Zhen as board secretary of the Company

All resolutions mentioned above were agreed to be submitted to the Board for further review. Record of attendance rate of each member of the Nomination Committee is set out as follows:

Directors	Number of meetings attended/ Number of meetings held	Attendance rate
The fourth session of the Nomination Committee of the Board		
Zhang Nan *(independent non-executive Director) (Chairman)*	4/4	100%
Teo Siong Seng *(independent non-executive Director)*	4/4	100%
Shi Xin *(independent non-executive Director)*	4/4	100%
Zhang Guofa *(executive Director)*	4/4	100%
Wang Daxiong *(non-executive Director)* (1)	4/4	100%
Yu Zenggang *(non-executive Director)* (2)	0/0	Not Applicable

Notes:

(1) On 4 March 2014, Mr. Wang Daxiong resigned as non-executive Director of the Company due to work arrangement, which came into effect on 26 June 2014.

(2) Mr. Yu Zenggang has been appointed as non-executive Director and member of the Nomination Committee of the Company with effect from 26 June 2014. Subsequent to his appointment, the Nomination Committee of the Company did not hold any meeting for the year ended 31 December 2014.

10. SECURITIES TRANSACTION BY DIRECTORS AND SUPERVISORS

The Company had adopted a code of conduct on terms no less exacting than the required standard as set out in the Model Code as set out in Appendix 10 to the Listing Rules as the standards for the Directors', Supervisors' and relevant employees' securities transactions. The Company confirmed, having made specific enquiries with all Directors and Supervisors, that for the year ended 31 December 2014, its Directors and Supervisors have complied with the requirements relating to Directors' and Supervisors' dealing in securities as set out in the Model Code. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

11. H SHARE APPRECIATION RIGHTS SCHEME

To motivate the Directors, Supervisors, members of senior management and other important personnel of the Company to work for the Company's development and the shareholders' long-term interest, the Company adopted the H Share Appreciation Rights Scheme on 12 October 2005. Details of the Scheme were set out in the Company's circular to shareholders dated 26 August 2005.

12. ANNUAL REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Company is determined according to the remuneration policy and structure of the Company.

For the year ended 31 December 2014, the remuneration of senior management is divided into the following grades:

Basic annual salary grade	No. of people
RMB300,000 and below	1
RMB300,001 to RMB500,000	2
RMB500,001 to RMB700,000	3
RMB700,001 and above	4

Details of the annual remuneration of Directors for the year ended 31 December 2014 are set out in Note 10 to the consolidated financial statements.

13. THE TERM OF OFFICE FOR NON-EXECUTIVE DIRECTORS OF THE FOURTH SESSION OF THE BOARD

Non-executive Directors	Term of office starting date	Term of office expiration date
Su Min	28 June 2013	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Ding Nong	28 June 2013	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Yu Zenggang	26 June 2014	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Liu Xihan	26 June 2014	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Chen Jihong	28 June 2013	until the conclusion of the annual general meeting for the year 2015, i.e. in or around June 2016
Wang Daxiong	28 June 2013	26 June 2014
Zhang Rongbiao	28 June 2013	26 June 2014

B. ACCOUNTABILITY AND AUDITING

1. EXTERNAL AUDITORS

Baker Tilly China and Ernst & Young were appointed as the domestic and foreign external auditors of the Company respectively at the 2013 annual general meeting by the shareholders until the conclusion of the next annual general meeting.

The Company has paid Ernst & Young RMB7,250,000 as remuneration for its auditing service and related service provided for the year 2014. The Company has paid Baker Tilly China RMB5,550,000 as remuneration for its auditing service and related service provided for the year 2014. The Company has paid Baker Tilly China RMB700,000 as remuneration for its internal control and auditing service provided for the year 2014.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors of the Company have confirmed their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014. Ernst & Young, the external auditor of the Company, has confirmed its reporting responsibilities as set out in the auditor's report in the financial statements of the Company for the year ended 31 December 2014.

C. INTERNAL CONTROL

The Board of the Company is responsible for the internal control system of the Company and its subsidiaries and review of its effectiveness. The Board of the Company will assess and review the effectiveness of the internal control system through discussion with senior management, internal audit team and external auditors and refer to the report submitted by the internal audit team. The internal audit team will review all the important controls, including financial control, operation and compliance control and risk management function, based on its audit plan. The internal audit team will report its findings to Board of the Company and make recommendations regarding the improvement of the internal control of the Company. The Audit Committee of the Board has considered the recommendations made by the external auditor in the meeting of the Audit Committee of the Board.

The Board of the Company will at least annually review the effectiveness of the internal control system of the Company and its subsidiaries. The Board of the Company will review the effectiveness of the internal control with reference to the assessment of the Audit Committee of the Board, management, internal audit team and external auditors. The annual review will also consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the year ended 31 December 2014, according to the assessment of the Audit Committee, senior management and the internal audit team, the Board of the Company has reviewed the effectiveness of the internal control system of the Company and its subsidiaries.

D. SHAREHOLDER RIGHTS

1. PROCEDURES FOR EXTRAORDINARY GENERAL MEETINGS ("EXTRAORDINARY GENERAL MEETINGS") CONVENED BY SHAREHOLDERS

Shareholders demanding the convention of an extraordinary general meeting shall proceed as follows:

(1) Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Board of Directors the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and these Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving such proposal. The aforementioned number of shares held are calculated based on the number shares held by the shareholder on the date of submission of the written proposal.

(2) In the event that the Board of Directors does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing.

(3) Failure of the Supervisory Committee to issue the notice of the general meeting shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders individually or collectively holding 10% or more of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on a unilateral basis. The procedures of convening of the meeting should be similar to those of convening a general meeting by the Board of Directors as far as possible. The location of the meeting should also be at the location of the Company.

(4) Where the shareholder(s) decide(s) to convene the general meeting by itself/themselves, it/they shall send out a written notice to the Board, and shall put on the records of the dispatched office of CSRC at the locality of the Company and the stock exchange. The convening shareholder shall submit relevant evidence to the local office of CSRC at the place where the Company is located and the stock exchange(s) upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.

(5) The Board of Directors and the secretary to the Board of Directors shall cooperate with respect to matters relating to a general meeting convened by shareholders at its/their own discretion. The Board of Directors shall provide the register of shareholders as of the date of record date.

(6) The reasonable expenses to a general meeting convened by shareholders at their own discretion shall be borne by the Company and deducted from the monies payable by the Company to the defaulting directors.

2. PROCEDURES FOR THE PROPOSAL OF MOTIONS AT GENERAL MEETINGS

At general meetings of the Company, shareholder(s) severally or jointly holding more than 3% of the Company's shares may propose motions to the Company. Shareholder(s) severally or jointly holding 3% or more of the Company's shares may submit an extraordinary motions in writing to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days upon receipt of such extraordinary motions, to announce the particulars of the extraordinary motions.

3. PROCEDURES FOR SHAREHOLDERS TO RECOMMEND AN INDIVIDUAL FOR ELECTION FOR DIRECTOR

Shareholder nominees who fulfil requirements can participate in elections for the position of director at the Company's annual general meeting and extraordinary general meeting. According to the articles of association:

(1) List of candidates for directors shall be submitted as a resolution to be resolved at general meetings. Candidates for directors other than independent directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 3% of the total number of shares attached with voting rights of the Company, and shall be elected at a general meeting of the Company. Candidates for independent directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 1% of the total number of shares attached with voting rights of the Company, and shall be elected at a general meeting of the Company.

(2) A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which the director is to be elected and at least seven days before the date of such meeting, and the notice period shall not be shorter than seven days.

(3) Resolutions in respect of the election of directors shall be passed using an accumulative voting method.

(4) The Company shall announce the general meeting voting results in a timely manner. Appointed directors shall enter into an appointment contract with the Company.

4. PROCEDURES FOR SHAREHOLDERS TO MAKE INQUIRIES TO THE BOARD OF DIRECTORS

Shareholders can at any time submit their inquiries and questions in writing to the Board of Directors through the Company Secretary. The Company Secretary can be contacted through the following methods:

23rd Floor, 628 Minsheng Road, Shanghai, the PRC

Postal code: 200135

Email: ir@cnshipping.com

Shareholders can also make inquiries to the Board at the Company's general meetings.

E. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has put particular emphasis on communication with shareholders. All information related to the operation, business strategies, and development of the Group is provided in the Company's annual report and interim report. The Company encourages shareholders to attend the annual general meetings and each extraordinary general meeting, which should serve as valuable communication forums for each other and with the management.

The Company actively promotes and enhances investor relations. The Company has set up a specialized management post for investor relations responsible for issues related to investor relations. The Company utilizes promotions, road shows, telephone conferences, the Company's website and investor visits to strengthen the ties and communications with investors and securities analysts as well as to constantly raise awareness of the Company among investors.

Shareholders, investors and members of the public can obtain latest information of the Group on the Company's website.

F. SUBSTANTIAL CHANGE TO THE COMPANY'S ARTICLES OF ASSOCIATION

On 26 June 2014, the Company convened the annual general meeting of 2013 where the Resolution Regarding the Proposed Amendment to the Company's Articles of Association was considered and passed, which updated the legal address and accurately reflected certain state-owned shares completing the transfer to the National Council for Social Security Fund according to applicable PRC regulations. For details of the specific amendments, please refer to the Company's circular dated 30 April 2014.

G. COMPANY SECRETARY

Mr. Yu Zhen and Ms. Ng Sau Mei are joint company secretaries of the Company. Ms. Ng (KCS Hong Kong Limited) is one of our joint company secretaries. Mr. Yu Zhen, secretary to the Board, is one of our main contact persons with the Hong Kong Stock Exchange. Pursuant to Rule 3.29 of the Listing Rules, as at 31 December 2014, Mr. Yu Zhen and Ms. Ng Sau Mei had attended more than 15 hours of relevant professional training.

Social Responsibility

As a shipping company, it is our responsibility to protect the ocean. Since its establishment, CSCL has been endeavoring to respect the environment, include environment protection as one of the basic principles in enterprise operation, mitigate the impact of sails on environment, incorporate daily energy conservation and emission reduction into performance evaluation of the company, pursue energy efficiency. The Company spares no efforts to contribute to preserving the eco-diversity of the ocean and to achieve a genuine harmony with the ocean.

CSCL applies energy conservation and environment protection technologies in its operation, increase energy use efficiency. By innovative technologies and structure, on the basis of low energy consumption, low emission and low pollution, it decreases the consumption of high-carbon energies, increases the dependence on clean energies and promotes green sails. The Company always focuses on lowering carbon emission during transportation when it is fulfilling its environment protection responsibility, and alleviating the burden on the environment by lowering the emission, improving the efficiency and developing new energies. As a shipping company, CSCL launches environment management in every production activity. CSCL strictly obeys related state laws and international conventions about environment protection, tackles with the challenges on resources and environment, effectively controls pollution emission by an integrated environment management mechanism and pursues the harmony between the Company and the ocean.

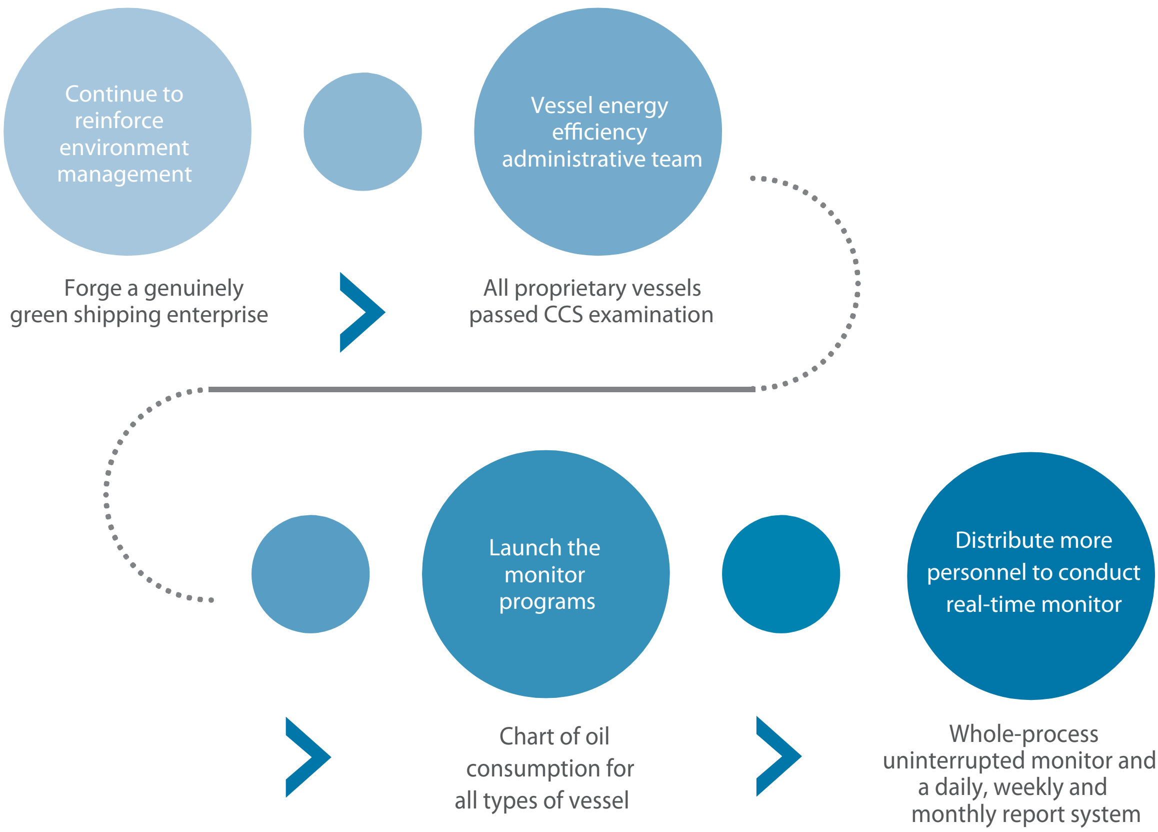
CONSTRUCTION OF ENVIRONMENT MANAGEMENT SYSTEM

In 2014, the Company continues to reinforce the construction of environment management system, promote green development concept for everyone, improve the environment protection mechanism, ensure that environment protection is involved in vessel transportation and daily management and forge a genuinely green shipping enterprise.

In 2011, the vessel energy efficiency administrative team for the Company was founded. They compiled the Energy Efficiency Management Plan for all proprietary vessels, and implemented all of them. All the proprietary vessels of the Company passed the CCS examination and obtained the Vessel Energy Efficiency Certificate. The team developed and operated the energy efficiency information system, formulated Energy Efficiency Program, and compiled the Operational Guidelines for Vessel Energy Efficiency Management.

Social Responsibility

From this year, the Company also launched the monitor programs for "daily oil consumption of vessels", "trim optimization", "engine speed appliance", "suspension on abnormal conditions", "schedule management", etc. For "daily oil consumption of vessels", which is a key monitor item, the Company sorted and checked the basic data and compiled a chart of oil consumption for all types of vessel. At the same time, the Company distributed more personnel to conduct real-time monitor, make sure that the requirements are met in every vessel, every route and every segment so as to offer whole-process uninterrupted monitor and establish a daily, weekly and monthly report system.



LOWER THE IMPACT OF TRANSPORTATION ON ENVIRONMENT

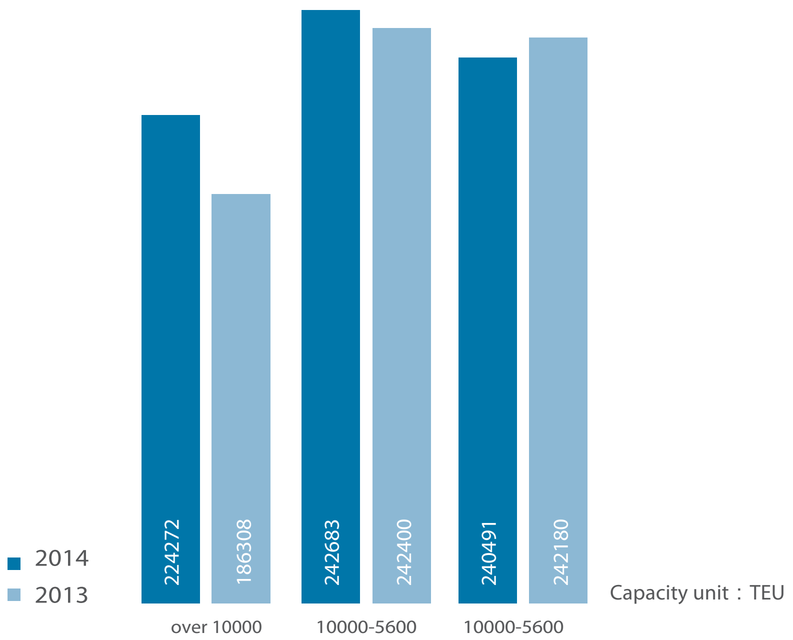
FORGE A GREEN FLEET

The Company adapts itself to the trend of great vessel in shipping market, pursues a low-carbon and environment-friendly operation, dedicates to the optimization and restructuring of fleet structure, and strives to forge a "modern, scaled, young and low carbon" container fleet. The company attaches great importance to build a green vessel that is safe, environment-friendly and energy efficient. It speeds up to phase out old vessels that are high in energy consumption and cost and low in competitiveness, build an environment-friendly fleet that features large vessels, young crew members and low-carbon facilities. In this way can it advocates green transportation, decreases carbon emission and contributes to the development of shipping industry.

In 2014, the Company received seven 10,000TEU new vessels and two 19,100TEU vessels: "CSCL Globe" and "CSCL Pacific", the largest and most advanced in the world. It continues with the disposal of old and small vessels, making the fleet more modern, scaled and low-carbon, therefore boosting the competitiveness of the fleet of the Company.

SIZE OF THE FLEET

In 2014, by phasing out old vessels, the Company advocates green transportation, decreases carbon emission and contributes to the development of shipping industry.



Social Responsibility

Newly-delivered "CSCL Globe" and "CSCL Pacific" ships are the first two of the five 19100TEU container ships ordered by CSCL. It has a total length of 400 meters, a width of nearly 60 meters, and a draft of 14.5 meters. With a service speed of 23, it has most of the advanced technologies of the world and is therefore renowned as "A380 in shipping industry".

The newly-delivered "CSCL Globe" and "CSCL Pacific" have better emission reduction and energy conservation performance. They save 20% of oil compared to normal 10000TEU container ships, reducing carbon emission by almost 30,000 tons every year, that is about planting over 160 trees. This demonstrates the Company's determination to pursue a low-carbon development.

IMPROVE ENERGY EFFICIENCY

In 2014, the Company continues to expand economical speed to more vessels and propel energy conservation and emission reduction of vessels. It prescribed that on the condition of normal and safe function of engines and auxiliary machineries, the speed of engines can be lowered to decrease fuel consumption. It also specified the speed indicators of "economical speed", "extremely low speed" and "special economical speed" for vessels of different types, the specific operational procedures and requirements for maintenance and monitor on related facilities so as to save fuel consumption.

By the end of December 2014, 52 of the 71 proprietary large container ships had launched 15% MCR, eight 4700TEU vessels had launched 20% MCR, and six 10000TEU vessels had dropped MCR to 20%. This helps lower the speed and save the fuel.

2007
50 %
MCR

2009
40 %
MCR

2012
30 %
MCR

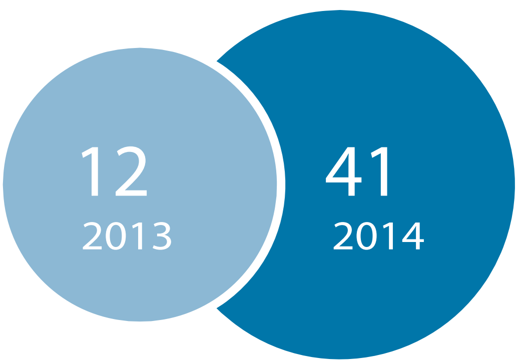
2013
25 %
MCR

2014
15 %
MCR

CSCL continues to expand economical speed to more vessels

INVEST ON TECHNOLOGICAL INNOVATION, CONSERVE THE ENERGY AND REDUCE THE EMISSION

The Company continues to transform the bulbous bow of large container vessels so as to lower emission of CO_2 and other pollutants while increasing fuel efficiency. It continues to install best trim software on more vessels, formulates rules related to the implementation of best trim software on shore-base and vessels. It also adopts uninterrupted monitor to safeguard oil-conservation effects.



Installation of best trimming software on vessels (number of vessels)

HOW BEST TRIM WORKS TO SAVE ENERGY

Studies related to energy saving effects of best trimming show that vessels of different type, under different condition of draft (full-load, ballast, semi-ballast) can correspond to a best trimming afloat condition. Since 2013, based on the findings, CSCL formulated rules to achieve best trimming optimization for sea shores and vessels, and dedicate special personnel to monitor on the condition. According to preliminary statics, around 5% of fuel is saved.

* Best trimming energy conservation theory refers to the fact that under certain amount of load (with certain displacement volume), if the trimming (fore and aft draft) is changed, the shape of underwater part of the vessel will change, resulting in a change of wave-making resistance, friction resistance and viscous pressure resistance. Besides, due to the changes of motion attitude, different trimming (fore and aft draft) will cause changes in wake flow field and thus influencing the efficiency of propellers.

Investment on technological innovation (RMB 10,000)

2014	2013
4502.3	1012.3

Total SO_2 emission (10,000 tons)

2014	2013
9.37	11.32

Total CO_2 emission (10,000 tons)

2014	2013
583.7	705.6

ENCOURAGE THE USE OF NEW ENERGY

Since the second half of 2012, Puhai Shipping, the subsidiary of CSCL, has been studying the LNG dual fuel power system restructuring of container vessels together with Maritime Safety Administration of Department of Transportation, Shanghai Maritime Safety Administration, CCS Shanghai branch and China Shipping Vessel Studying institution. After one year of research and demonstration, in December 2013, the 198 TEU container vessel "Puhai 211" started pilot restructuring process in CCS Lixin Shipyard. On 8 April 2014, the vessel had a trial voyage and became the first restructured vessel in Shanghai, and the first vessel to go through dual fuel power system restructuring in accordance with the CCS examination standard of "standard for natural gas powered vessel" that took effect in 1 September, 2013. After the restructuring, "Puhai 211" demonstrated better performance in energy conservation and emission reduction and became more environment-friendly. More significantly, after the restructuring and trial voyage, Puhai Shipping became the pioneer in LNG dual fuel power system restructuring of container vessels among shipping industry, it contributed to the experience in restructuring, operation and examination in LNG dual fuel power system, and offered a standard practice for related departments such as Maritime Safety Administration and the CCS.

PROTECT MARITIME ECOLOGICAL SYSTEM

Biodiversity is the most valuable legacy. The rapid development of shipping industry is the main reason of explosive increase of biological invasion, which spreads through ballast. In order to prevent the ballast from spreading unwanted aquatic organisms and pathogens, we installed ballast water treatment plant for all newly built vessels since 2012. In this way, we effectively prevent the spreading of aquatic organisms in different waters and the disruption of ecological balance. This is a forward-looking practice of CSCL to protect the maritime environment.

In order to prevent the pollution of vessels and regulate the disposal of slop, the Company formulated strict and integrated rules so as to on the one hand, decrease the amount of slop or sanitary sewage, and on the other hand, intensify the management on slop gathering, disposing and discharging. Every vessel of the Company is equipped with oil-water separator monitor device, and the environment-friendly facilities are in sound operation.

Report of the Supervisory Committee

In accordance with the regulations of the Company Law, the Securities Law, the articles of association and the rules of procedures of the Supervisory Committee of China Shipping Container Limited (hereinafter the "Company"), the Supervisory Committee of the Company upheld the spirit of responsibility to all shareholders, faithfully carried out its supervisory obligations and commenced work in a proactive and effective manner, thus safeguarding the statutory interests of the shareholders of the Company.

I. WORKING STATUS OF THE SUPERVISORY COMMITTEE

During the Reporting Period, the Supervisory Committee of the Company attended general manager meetings, board meetings, general meetings and examined subsidiaries according to the regulations of the articles of association of the Company, conducting thorough monitoring and inspection on the operating status and financial status of the Company, as well as the status of the Board and management carrying out their obligations.

During the Reporting Period, the Supervisory Committee convened four meetings:

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Fourth meeting of the fourth session of the Supervisory Committee	26 March 2014	Onsite meeting	All	1. Resolution regarding the 2013 financial statements of the Company 2. Resolution regarding the profit distribution of the Company in 2013 3. Resolution regarding the 2013 annual report of the Company (full text and summary) 4. Resolution regarding the 2013 supervisory committee report
Fifth meeting of the fourth session of the Supervisory Committee	29 April 2014	Voting through written correspondence	All	Resolution 1 Resolution regarding the 2014 first quarterly report of the Company

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Sixth meeting of the fourth session of the Supervisory Committee	28 August 2014	Onsite meeting	All	1. Review of the Company's resolution regarding the work report of the general manager for the first half of 2014 2. Review of the Company's resolution regarding the financial report for the first half of 2014 3. Review of the Company's resolution regarding the half-year report and the interim report of 2014
Seventh meeting of the fourth session of the Supervisory Committee	30 October 2014	Voting through written correspondence	All	1. Resolution regarding the 2014 third quarterly report of the Company 2. Resolution regarding the implementation of relevant accounting standards newly promulgated or amended by the Ministry of Finance in 2014

II. INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE

1. OPERATING STATUS OF THE COMPANY

The Board and management of the Company were able to strictly adhere to the Company Law, Securities Law, articles of association of the Company and relevant laws of the place of listings. During the Reporting Period, we have not identified any violation of relevant laws and regulations or the articles of association of the Company for the actions of the Board and management of the Company or any acts of them being against the interests of the Company.

2. FINANCIAL STATUS OF THE COMPANY

The 2014 financial report of the Company fairly reflected the financial status and operating results of the Company, and is truthful and reliable.

3. ACTUAL USE OF PROCEEDS FROM THE COMPANY'S CAPITAL RAISING EXERCISE

During the Reporting Period, the Company did not raise any capital nor did it use capital raised in previous periods in the current period.

4. ACQUISITIONS, DISPOSALS AND CONNECTED TRANSACTIONS OF THE COMPANY

During the Reporting Period, we are of the view that the prices the Company paid or received for transactions relating to acquisitions and disposals of assets were reasonable and no insider dealing was found. The connected transactions of the Company strictly adhered to the principles of equality, fairness, openness, were completed on normal commercial terms and fulfilled statutory procedures, and there were no acts which harmed the interest of the Company.

5. SELF-ASSESSMENT REPORT ON INTERNAL CONTROL OF THE COMPANY

The Supervisory Committee thoroughly reviewed the 2014 Self-assessment Report on Internal Control submitted by the Board and are of the view that the internal control of the Company during the Reporting Period was sound and effective. The self-assessment report accurately reflected the establishment and implementation of the internal control system of the Company.

The Supervisory Committee of the Company will continue to strictly adhere to the regulations of the Company Law, Securities Law, and the articles of association of the Company and diligently carry out its monitoring duties to effectively safeguard the legal interests of the Company and all shareholders.

China Shipping Container Lines Company Limited
Supervisory Committee

26 March 2015

Independent Auditors' Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
安永會計師事務所
香港中環添美道1號
中信大廈22樓
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Fax 傳真: +852 2868 4432
ey.com

TO THE SHAREHOLDERS OF
CHINA SHIPPING CONTAINER LINES COMPANY LIMITED
(Established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Shipping Container Lines Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 85 to 203, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst &Young
Certified Public Accountants

Hong Kong
26 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014 RMB'000	2013 RMB'000
CONTINUING OPERATIONS			
Revenue	5	**36,077,425**	33,917,357
Costs of services	6	**(34,839,333)**	(36,004,215)
Gross profit/(loss)		**1,238,092**	(2,086,858)
Selling, administrative and general expenses	6	**(963,275)**	(916,383)
Other income	7	**788,350**	451,194
Other gains, net	8	**898,527**	133,977
Operating profit/(loss)		**1,961,694**	(2,418,070)
Finance costs	11	**(468,294)**	(457,618)
Share of profits and losses of:			
Associates	21	**77,915**	41,760
Joint ventures	22	**6,209**	5,541
Profit/(Loss) before income tax from continuing operations		**1,577,524**	(2,828,387)
Income tax expense	12	**(547,530)**	(36,290)
Profit/(Loss) for the year from continuing operations		**1,029,994**	(2,864,677)
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	14	**38,756**	280,632
PROFIT/(LOSS) FOR THE YEAR		**1,068,750**	(2,584,045)
Attributable to:			
Owners of parent	13	**1,044,036**	(2,610,098)
Non-controlling interests		**24,714**	26,053
		1,068,750	(2,584,045)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
(Expressed in RMB per share)	16		
– Basic and diluted			
For profit/(loss) for the year		**RMB0.089**	(RMB0.223)
For profit/(loss) from continuing operations		**RMB0.086**	(RMB0.245)

Details of the dividends payable and proposed for the year are disclosed in note 15 to the financial statements.

The notes on pages 94 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit/(Loss) for the year	**1,068,750**	(2,584,045)
Other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**4,715**	–
Share of other comprehensive loss of associates	**(32,334)**	–
Exchange differences on translation of foreign operations	**10,724**	(147,475)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(16,895)**	(147,475)
Total comprehensive income/(loss) for the year	**1,051,855**	(2,731,520)
Attributable to:		
Owners of parent	**1,027,451**	(2,757,302)
Non-controlling interests	**24,404**	25,782
	1,051,855	(2,731,520)

The notes on pages 94 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**36,369,808**	32,290,294
Investment properties		**2,093**	2,148
Leasehold land and land use rights	18	**–**	75,991
Intangible assets	19	**18,916**	20,406
Investments in associates	21	**3,754,380**	297,303
Investments in joint ventures	22	**52,402**	51,067
Derivative financial instruments	23	**4,026**	–
Deferred tax assets	35	**10,479**	496,534
Total non-current assets		**40,212,104**	33,233,743
Current assets			
Inventories	27	**1,185,498**	1,545,370
Trade and notes receivables	28	**2,384,511**	2,476,402
Prepayments and other receivables		**401,953**	375,245
Derivative financial instruments	23	**697**	–
Restricted cash	29	**500**	2,100
Cash and cash equivalents	29	**9,355,888**	9,014,462
		13,329,047	13,413,579
Assets of a disposal group classified as held for sale	14	**–**	4,169,566
Total current assets		**13,329,047**	17,583,145
Total assets		**53,541,151**	50,816,888
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**11,683,125**	11,683,125
Special reserves	31(a)	**20,150**	38,278
Other reserves	31(b)	**16,873,604**	16,895,316
Accumulated losses	31(c)	**(3,784,442)**	(4,845,260)
		24,792,437	23,771,459
Non-controlling interests		**85,046**	446,595
Total equity		**24,877,483**	24,218,054

Consolidated Statement of Financial Position

	Notes	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings	*32*	**13,463,254**	10,917,131
Domestic corporate bonds	*33*	**1,793,981**	1,791,530
Finance lease obligations	*34*	**150,281**	186,597
Deferred tax liabilities	*35*	**75**	27
Total non-current liabilities		**15,407,591**	12,895,285
Current liabilities			
Trade payables	*36*	**3,825,897**	3,890,379
Other payables and accruals		**658,358**	757,256
Interest-bearing bank and other borrowings	*32*	**8,690,651**	8,020,195
Finance lease obligations – current portion	*34*	**36,978**	34,773
Tax payable		**19,193**	14,060
Provisions	*37*	**25,000**	25,000
		13,256,077	12,741,663
Liabilities directly associated with the assets classified as held for sale	*14*	**–**	961,886
Total current liabilities		**13,256,077**	13,703,549
Total liabilities		**28,663,668**	26,598,834
Total equity and liabilities		**53,541,151**	50,816,888
Net current assets		**72,970**	3,879,596
Total assets less current liabilities		**40,285,074**	37,113,339

The notes on pages 94 to 203 are an integral part of these consolidated financial statements.

Zhang Guofa
Director

Zhao Hongzhou
Director

Statement of Financial Position

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
		As at 31 December	
ASSETS			
Non-current assets			
Property, plant and equipment	*17*	**16,487,795**	17,389,782
Intangible assets	*19*	**12,011**	11,207
Deferred tax assets	*35*	**6,250**	491,889
Investments in subsidiaries	*20*	**12,146,838**	13,241,339
Investments in associates	*21*	**3,644,569**	213,972
Investments in joint ventures	*22*	**41,500**	41,500
Total non-current assets		**32,338,963**	31,389,689
Current assets			
Inventories	*27*	**652,209**	912,977
Trade and notes receivables	*28*	**1,069,273**	1,188,531
Prepayments and other receivables		**237,268**	201,871
Cash and cash equivalents	*29*	**5,394,887**	5,445,944
		7,353,637	7,749,323
Assets of a disposal group classified as held for sale	*14*	**–**	2,133,649
Total current assets		**7,353,637**	9,882,972
Total assets		**39,692,600**	41,272,661
EQUITY			
Share capital	*30*	**11,683,125**	11,683,125
Special reserves	*31(a)*	**14,902**	34,832
Other reserves	*31(b)*	**19,012,889**	19,012,889
Accumulated losses	*31(c)*	**(1,437,547)**	(2,134,094)
Total equity		**29,273,369**	28,596,752

Statement of Financial Position

	Notes	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings	*32*	**600,000**	2,600,000
Domestic corporate bonds	*33*	**1,793,981**	1,791,530
Total non-current liabilities		**2,393,981**	4,391,530
Current liabilities			
Trade payables	*36*	**4,948,341**	4,602,319
Other payables and accruals		**2,054,512**	1,657,277
Interest-bearing bank and other borrowings	*32*	**997,397**	1,999,783
Provision	*37*	**25,000**	25,000
Total current liabilities		**8,025,250**	8,284,379
Total liabilities		**10,419,231**	12,675,909
Total equity and liabilities		**39,692,600**	41,272,661
Net current (liabilities)/assets		**(671,613)**	1,598,593
Total assets less current liabilities		**31,667,350**	32,988,282

The notes on pages 94 to 203 are an integral part of these consolidated financial statements.

Zhang Guofa
Director

Zhao Hongzhou
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of parent						
	Issued capital RMB'000	Special reserves RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	11,683,125	2,229	17,041,861	(2,198,638)	26,528,577	945,084	27,473,661
(Loss)/profit for the year	–	–	–	(2,610,098)	(2,610,098)	26,053	(2,584,045)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	(147,204)	–	(147,204)	(271)	(147,475)
Total comprehensive (loss)/income for the year ended 31 December 2013	–	–	(147,204)	(2,610,098)	(2,757,302)	25,782	(2,731,520)
Transaction with owners							
Capital injection from non-controlling interests	–	–	–	–	–	45,428	45,428
Disposal of subsidiaries	–	–	–	–	–	(422,222)	(422,222)
Dividends paid to non-controlling interests	–	–	–	–	–	(147,477)	(147,477)
Accrued special reserve during the year	–	176,601	–	(176,601)	–	–	–
Used special reserve during the year	–	(140,552)	–	140,552	–	–	–
Others	–	–	659	(475)	184	–	184
At 31 December 2013	11,683,125	38,278	16,895,316	(4,845,260)	23,771,459	446,595	24,218,054

The notes on pages 94 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of parent						
	Issued capital RMB'000	Special reserves RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	11,683,125	38,278	16,895,316	(4,845,260)	23,771,459	446,595	24,218,054
Profit for the year	–	–	–	1,044,036	1,044,036	24,714	1,068,750
Other comprehensive income for the year:							
Share of other comprehensive loss of associates	–	–	(32,334)	–	(32,334)	–	(32,334)
Cash flow hedges, net of tax	–	–	4,715	–	4,715	–	4,715
Exchange differences on translation of foreign operations	–	–	11,034	–	11,034	(310)	10,724
Total comprehensive income for the year ended 31 December 2014	–	–	(16,585)	1,044,036	1,027,451	24,404	1,051,855
Transaction with owners							
Capital injection from non-controlling interests	–	–	594	–	594	41,935	42,529
Disposal of subsidiaries	–	(883)	(6,395)	–	(7,278)	(422,270)	(429,548)
Liquidation of a subsidiary	–	–	–	–	–	(946)	(946)
Dividends paid to non-controlling interests	–	–	–	–	–	(4,522)	(4,522)
Accrued special reserve during the year	–	174,364	–	(174,364)	–	–	–
Used special reserve during the year	–	(191,609)	–	191,609	–	–	–
Others	–	–	674	(463)	211	(150)	61
At 31 December 2014	11,683,125	20,150	16,873,604	(3,784,442)	24,792,437	85,046	24,877,483

The notes on pages 94 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	Year ended 31 December 2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	*39(a)*	**2,819,487**	(1,071,578)
Income tax paid		**(106,399)**	(72,607)
Net cash generated from/(used in) operating activities		**2,713,088**	(1,144,185)
Cash flows from investing activities			
Purchase of items of property, plant and equipment and intangible assets		**(5,909,290)**	(2,637,863)
Purchase of an investment property		**–**	(2,227)
Proceeds from disposal of items of property, plant and equipment	*39(b)*	**126,606**	161,409
Disposal of subsidiaries	*38*	**231,051**	696,342
Disposal of joint ventures		**–**	28,389
Increase in investments in joint ventures and associates		**(7,538)**	(21,020)
Increase in investments in available-for-sale financial investments		**(499,445)**	(284,057)
Dividends received from associates		**19,308**	17,466
Dividends received from joint ventures		**6,205**	44,621
Dividends received from available-for-sale financial assets		**12,600**	12,576
Interest received		**161,178**	126,158
Net cash used in investing activities		**(5,859,325)**	(1,858,206)
Cash flows from financing activities			
Interest paid		**(574,690)**	(587,056)
Capital injection from non-controlling shareholders		**42,529**	45,428
New bank loans		**11,636,482**	19,589,402
Repayment of bank loans		**(8,151,048)**	(14,947,659)
Capital element of finance lease payments		**(34,111)**	(126,648)
Interest element of finance lease payments		**(12,135)**	(15,956)
Liquidation of a subsidiary		**(946)**	–
Dividends paid to non-controlling interests		**(4,522)**	(20,286)
Net cash generated from financing activities		**2,901,559**	3,937,225
Net (decrease)/increase in cash and cash equivalents		**(244,678)**	934,834
Cash and cash equivalents at beginning of year	*29*	**9,602,804**	8,830,970
Effect of foreign exchange rate changes, net		**(2,238)**	(163,000)
Cash and cash equivalents at end of year	*29*	**9,355,888**	9,602,804
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position		**9,355,888**	9,014,462
Cash and short term deposits attributable to a discontinued operation		**–**	588,342
Cash and cash equivalents as stated in the statement of cash flows		**9,355,888**	9,602,804

The notes on pages 94 to 203 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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 Shares"), 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 Shares"), which were listed on the Shanghai Stock Exchange on 12 December 2007.

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 26 March 2015.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for cash-settled share-based compensation plan which has been measured at fair value as explained in the accounting policies set out below. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.1 BASIS OF PREPARATION *(continued)*

BASIS OF CONSOLIDATION *(continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(continued)*

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(continued)*

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

HKAS 1 Amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in HKFRS, and do not effect recognition and measurement. The Company will adopt HKAS 1 Amendments on 1 January 2016 and is currently assessing the impact of HKAS 1 Amendments upon adoption.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SUBSIDIARIES

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BUSINESS COMBINATIONS AND GOODWILL *(continued)*

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FAIR VALUE MEASUREMENT

The Group measures its derivative financial instruments at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements 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 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

RELATED PARTIES *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly-controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION *(continued)*

Costs incurred on the subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

	Estimated useful lives
Container vessels	25 years from the date of first registration
Improvements under operating leases	5 years or the period of the lease, whichever is the shorter
Buildings	30 to 40 years
Containers	12 years
Port and depot infrastructure	20 to 50 years
Loading machinery	8 to 20 years
Motor vehicles, computer, office equipment and furniture	3 to 8 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Vessels under construction are stated at cost less accumulated impairment losses. Cost of vessel under construction includes all direct costs relating to the construction and acquisition of vessels incurred by the Group. No depreciation is provided for vessels under construction until such time as the relevant vessels are completed and ready for intended use. Vessels under construction are transferred to container vessels upon the completion of the construction.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION *(continued)*

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 years.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

LEASEHOLD LAND AND LAND USE RIGHTS

All land in the PRC is state-owned or collectively-owned and no individual land ownership exists. The Group acquires the right to use certain land. The premiums paid for this right are treated as prepayment for operating lease and recorded as leasehold land and land use rights, which are amortised over the lease period using the straight-line method.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(a) *Port line use rights*

Port line use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the port lines for periods of 50 years. Amortisation of port line use rights are calculated on the straight-line method over the period of the port line use rights.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INTANGIBLE ASSETS (OTHER THAN GOODWILL) *(continued)*

(b) Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;

– management intends to complete the software product and use or sell it;

– there is an ability to use or sell the software product;

– it can be demonstrated how the software product will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

– the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed eight years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASES

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVESTMENTS AND OTHER FINANCIAL ASSETS *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVESTMENTS AND OTHER FINANCIAL ASSETS *(continued)*

Available-for-sale financial investments (continued)

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

IMPAIRMENT OF FINANCIAL ASSETS *(continued)*

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings, domestic corporate bonds and finance lease obligations.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING *(continued)*

Initial recognition and subsequent measurement (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING *(continued)*

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INCOME TAX *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Liner services, freight revenues from the operation of the international and domestic containerised transportation business are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage;

(b) from chartering of vessels under operating leases, over the periods of the respective leases on the straight-line basis;

(c) from container terminal operation, when the services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

SHARE-BASED PAYMENTS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments.

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial option valuation model, taking into account the terms and conditions upon which the instruments were granted (note 9). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is measured at the end of each reporting period up to and including the settlement date, with changes in fair value recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

OTHER EMPLOYEE BENEFITS

(a) Pension obligations

The full-time employees of the Group employed in Mainland China are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulae. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans based on percentages of the total salary of employees, subject to a certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

The Group also operates a defined contribution Mandatory Provident Fund ("MPF") scheme for its employees employed in Hong Kong. The Group and the employees both contribute 5% of the employees' relevant income per month as required by the Hong Kong MPF Scheme Ordinance subject to a maximum of HKD1,500 per person.

The Group's contributions to the above defined contribution schemes are charged to the consolidated statement of profit or loss as incurred.

(b) Housing benefits

All full-time employees of the Group employed in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis, subject to a certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the funds are expensed as incurred.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 2.19% and 2.73% has been applied to the expenditure on the individual assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

FOREIGN CURRENCIES

Certain subsidiaries incorporated outside Mainland China have Hong Kong dollars ("HKD"), United States dollars ("USD"), South African rand ("ZAR"), Brazilian real ("BRL") and Nigerian Naira ("NGN") as their functional currencies. The functional currency of Mainland China subsidiaries is the RMB. As the Group mainly operates in Mainland China, the RMB is used as the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES *(continued)*

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of non-PRC established subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC established subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC established companies which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Lease accounting

Judgement is required in the initial classification of leases as either operating leases or finance leases and, in respect of finance leases, determining the appropriate discount rate implicit in the lease to discount minimum lease payments. In respect of certain leases classified as finance leases, it has not been possible to reliably estimate lessors' residual values and management has been required to independently estimate an appropriate discount rate. Judgement is also required in respect of the treatment of gains and losses arising on the sale and leaseback of assets. The accounting policy for leases is set out in note 2.4.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(i) Impairment of container vessels and containers

The Group assesses whether vessels and containers have any indication of impairment, in accordance with the accounting policy stated in note 2.4 to the financial statements for the year ended 31 December 2014. As at 31 December 2014, after reviewing the external and internal evidence, the directors considered the indication of impairment, and an assessment of the recoverable amounts of the assets has been conducted.

(ii) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the asset, and the current scrap values of steel in an active market at each measurement date. The depreciation expense will change where the useful lives or residual values of property, plant and equipment are different from the previous estimate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

ESTIMATION UNCERTAINTY *(continued)*

(ii) Useful lives and residual values of property, plant and equipment (continued)

Were the useful lives to differ by 10% from management's estimates as at 31 December 2014 with all other variables held constant, the estimated depreciation expense of property, plant and equipment for the year would have been approximately RMB145,115,000 lower or RMB177,363,000 higher for the year ended 31 December 2014.

Were the residual values to differ by 10% from management's estimates as at 31 December 2014 with all other variables held constant, the estimated depreciation expense of property, plant and equipment for the year would have been approximately RMB31,583,000 lower or higher for the year ended 31 December 2014.

(iii) Income taxes and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement 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, the differences will impact the income tax and deferred income tax provisions in the period in which the determination is made.

Recognition of deferred income tax assets depends on the management's expectation of future taxable profit that will be available against which the deferred income tax assets can be utilised. The outcome of their actual utilisation may be different.

(iv) Provision of cost of services

Cost of services, which comprise container and cargo costs, vessel and voyage costs, and sub-route and other costs, are recognised on a percentage of completion basis as set out in note 2.4. Invoices in relation to these expenses are normally received several months after the expenses have been incurred. Consequently, recognition of costs of services is based on the rendering of services as well as the latest tariff agreed with vendors. If the actual expenses of a voyage differ from the estimated expenses, this will have an impact on costs of services in future periods.

4 FINANCIAL RISK MANAGEMENT

4.1 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars ("USD") and Hong Kong dollars ("HKD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is considering using forward contracts to cover the foreign currency exposures in the future, where appropriate.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against the USD/HKD with all other variables held constant, post-tax profit for the year would have been RMB15,493,000 lower/higher (2013: post-tax profit of RMB51,195,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of USD/HKD-denominated trade and notes receivables, prepayments and other receivables and cash and cash equivalents, and foreign exchange gains/losses on translation of USD/HKD-denominated bank borrowings, trade payables, finance lease obligations and other payables and accruals.

(ii) Cash flow and fair value interest rate risk

Other than the short-term deposits placed with bank balances and cash at bank, the Group has no other significant interest bearing assets. The risk on the Group's income and operating cash flows from changes in market interest rates is low.

The Group's interest rate risk arises from borrowings, domestic corporate bonds, and finance lease obligations. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk; finance lease obligations, domestic corporate bonds and bank borrowings issued at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2014 and 2013, around 12% and 37% of the Group's borrowings, domestic corporate bonds, and finance lease obligations were at fixed rates, respectively. During 2014 and 2013, the Group's bank borrowings at variable rates were denominated in USD. The weighted average effective interest rates and terms of repayment of the Group's borrowings are disclosed in note 32.

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.1 FINANCIAL RISK FACTORS *(continued)*

(a) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk *(continued)*

As at 31 December 2014, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB235,663,000 lower/higher (2013: post-tax loss of RMB201,143,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate bank borrowings.

(iii) Price risk

The container transport and logistics activities are sensitive to economic fluctuations. The Group is exposed to freight rate risk. The Group's revenue will increase/decrease by RMB315,368,000 (2013: increase/decrease RMB303,609,000) for a 1% increase/reduction of the average container freight rates with all other variables held constant.

The Group is also exposed to fluctuations in bunker prices. Bunker cost is part of the voyage expenses and is a significant cost item to the Group. Management monitors conditions and bunker price fluctuations and where appropriate, bunker forward contracts are used to lock up the price of part of the Group's bunker requirements. As at 31 December 2014, the Group did not have bunker forward contracts (2013: Nil).

(b) Credit risk

The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has policies that limit the amount of credit exposure to any financial institutions. The total carrying amounts of trade and notes receivables, prepayments and other receivables and cash and cash equivalents represents the maximum credit exposure of the Group. The Group has also policies in place to ensure that services are rendered to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers.

Maximum credit risk exposure relating to off-balance sheet financial guarantees is related to the Company which provides to subsidiaries loans and other banking facilities amounting to approximately RMB8,998 million (2013: RMB7,685 million) as at 31 December 2014, being the face value of the borrowings under guarantee and with a maturity term to year 2017 (2013: to year 2015).

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.1 FINANCIAL RISK FACTORS *(continued)*

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve comprises undrawn borrowing facilities (note 32) and cash and cash equivalents (note 29)) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location and take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary; monitoring liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

For the year ended 31 December 2014, the Group's operating profit and profit for the year amounted to RMB1,961,694,000 and RMB1,029,994,000, respectively. The net operating cash inflow amounted to RMB2,713,088,000.

The directors of the Company believe that based on the Group's available unused banking facilities in excess of RMB2,061 million and its cash and cash equivalents of RMB9,356 million, the Group has sufficient financial resources to satisfy its working capital requirements and payments of liabilities and its forthcoming future capital commitments as and when they fall due.

The table below analyses the Group and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest calculated based on the interest rate at the end of the reporting period).

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.1 FINANCIAL RISK FACTORS *(continued)*

(c) Liquidity risk (continued)

The Group

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2014				
Interest-bearing bank and other borrowings *(note 32)*	**8,690,651**	**2,734,020**	**7,371,352**	**3,357,882**
Domestic corporate bonds *(note 33)*	**–**	**–**	**1,800,000**	**–**
Interest payables in relation to the borrowings and domestic corporate bonds	**480,065**	**351,036**	**508,396**	**261,630**
Finance lease obligations *(note 34)*	**47,128**	**47,147**	**121,585**	**–**
Trade payables *(note 36)*	**3,825,897**	**–**	**–**	**–**
Other payables and accruals	**503,860**	**–**	**–**	**–**
At 31 December 2013				
Interest-bearing bank and other borrowings *(note 32)*	8,020,195	7,067,374	2,454,772	1,394,985
Domestic corporate bonds *(note 33)*	–	–	1,800,000	–
Interest payables in relation to the borrowings and domestic corporate bonds	455,318	310,720	280,762	20,544
Finance lease obligations *(note 34)*	46,996	46,991	129,835	38,284
Trade payables *(note 36)*	3,890,379	–	–	–
Other payables and accruals	524,851	–	–	–

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.1 FINANCIAL RISK FACTORS *(continued)*

(c) *Liquidity risk (continued)*

The Company

	Less than 1 year RMB'000	**Between 1 and 2 years** RMB'000	**Between 2 and 5 years** RMB'000	**Over 5 years** RMB'000
At 31 December 2014				
Interest-bearing bank and other borrowings *(note 32)*	**997,397**	**600,000**	**–**	**–**
Domestic corporate bonds *(note 33)*	**–**	**–**	**1,800,000**	**–**
Interest payables in relation to the borrowings and domestic corporate bonds	**107,434**	**81,180**	**81,180**	**–**
Trade payables *(note 36)*	**4,948,341**	**–**	**–**	**–**
Other payables and accruals	**1,996,841**	**–**	**–**	**–**
At 31 December 2013				
Interest-bearing bank and other borrowings *(note 32)*	1,999,783	2,600,000	–	–
Domestic corporate bonds *(note 33)*	–	–	1,800,000	–
Interest payables in relation to the borrowings and domestic corporate bonds	199,745	176,891	162,360	–
Trade payables *(note 36)*	4,602,319	–	–	–
Other payables and accruals	1,581,488	–	–	–

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings, domestic corporate bonds and finance lease obligations as shown in the consolidated statement of financial position) less cash and cash equivalents.

The gearing ratios of the Group at 31 December 2014 and 2013 were as follows:

	2014 **RMB'000**	2013 RMB'000
Interest-bearing bank and other borrowings *(note 32)*	**22,153,905**	18,937,326
Domestic corporate bonds *(note 33)*	**1,793,981**	1,791,530
Finance lease obligations *(note 34)*	**187,259**	221,370
Less: Cash and cash equivalents *(note 29)*	**(9,355,888)**	(9,014,462)
Net debt	**14,779,257**	11,935,764
Total equity	**24,877,483**	24,218,054
Gearing ratio (net debt/total equity)	**59.4%**	49.3%

Note:

The increase of gearing ratio is mainly due to the increase in borrowings and decrease of total equity of the Group as a result of operating loss.

5 REVENUE AND SEGMENT INFORMATION

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

The chief operating decision-maker assesses the performance of the operating segments based on a measure of operating profit/(loss), which is reconciled to profit/(loss) before income tax.

The container terminal and related business was classified as held for sale and its carrying amount will be recovered principally through a sale transaction approved by the Board rather than through continuing operation. For the years ended 31 December 2014 and 2013, all the losses/profits from continuing operations are generated through container shipping and related business.

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

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Pacific	**9,366,710**	9,847,162
Europe/Mediterranean	**8,921,941**	7,836,977
Asia Pacific	**6,777,882**	5,846,905
China Domestic	**5,772,195**	6,213,860
Other Lanes	**1,064,590**	727,804
Logistic Services and Others	**4,174,107**	3,444,649
Turnover	**36,077,425**	33,917,357

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.

No revenue derived from a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the years ended 31 December 2014 and 2013.

6 COSTS AND EXPENSES BY NATURE

Costs of services, and selling, administrative and general expenses of continuing operations are analysed as follows:

	2014	2013
	RMB'000	RMB'000
Costs of services		
Container repositioning and management	**10,473,533**	9,997,141
Bunkers consumed or sold	**9,315,693**	10,213,356
Operating lease rentals	**2,958,644**	3,366,099
Port charges	**2,024,404**	1,970,053
Depreciation *(note 17)*	**1,531,369**	1,431,610
Employee benefit expenses *(note 9)*	**1,289,719**	1,302,847
Sub-route costs and others	**7,245,971**	7,723,109
	34,839,333	36,004,215
Selling, administrative and general expenses		
Employee benefit expenses *(note 9)*	**554,912**	513,829
Rental expenses	**95,325**	48,326
Telecommunication and utilities expenses	**67,008**	68,920
Depreciation *(note 17)*	**25,217**	26,728
Repair and maintenance expenses	**5,925**	3,091
Auditors' remuneration	**12,800**	13,800
Amortisation *(note 18 and note 19)*	**6,194**	8,497
(Reversal)/provision for impairment of trade receivables *(note 28)*	**(210)**	4,725
Office expenses and others	**196,104**	228,467
	963,275	916,383
	35,802,608	36,920,598

7 OTHER INCOME

	2014	2013
	RMB'000	RMB'000
Interest income	**199,594**	130,557
Government grant related to income	**279,784**	135,756
Refund of value-added tax ("VAT") *(Note a)*	**295,002**	170,787
Information technology services fees	**13,970**	14,094
	788,350	451,194

Note:

(a) Starting from 1 January 2012, the Company, Shanghai Puhai Shipping Lines Co., Ltd. and Yangshan International Container Storage & Transportation Co., Ltd., subsidiaries of the Group, are entitled to a refund of VAT, in accordance with "Circular of the Ministry of Finance and the State Administration of Taxation on Tax Policies in the Nationwide Pilot Collection of Value Added Tax in Lieu of Business Tax in the Transportation Industry and Certain Modern Services Industries" ("the Circular").

8 OTHER GAINS, NET

	2014	2013
	RMB'000	RMB'000
Losses on disposal of items of property, plant and equipment	**(18,399)**	(19,846)
Gains on disposal of subsidiaries *(note 38)*	**947,456**	–
Compensation	**–**	5,241
Net foreign exchange (losses)/gains	**(30,530)**	29,778
Gains on physical inventory count *(Note a)*	**–**	118,804
	898,527	133,977

Note:

(a) During the year ended 31 December 2013, the Company identified an inventory count surplus of the spare parts during the physical inventory count and the surplus of RMB118,804,000 was recognised in other gains, net.

9 EMPLOYEE BENEFIT EXPENSES

An analysis of staff costs, including directors' and supervisors' emoluments, is set out below:

	2014 **RMB'000**	2013 RMB'000
Staff salaries and hiring of crews	**1,098,753**	1,119,217
Social welfare benefits	**745,141**	714,720
Change in fair value of share-based compensation liabilities	**737**	(17,261)
	1,844,631	1,816,676

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's second Special General Meeting held on 12 October 2005, the Company implemented an H Share share appreciation rights scheme as an incentive to its directors and employees. Under this scheme, which was adopted by the shareholders of the Company on 12 October 2005, and amended by the shareholders on 20 June 2006, 26 June 2007 and 26 June 2008, the H Share share appreciation rights (the "Rights") are granted in units with each unit representing one H Share. No shares of the Company will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantee will receive a cash payment from the Company in RMB, subject to any applicable withholding tax, translated from the HKD amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company's H Shares, representing the market price in excess of the exercise price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise.

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 30%, 60% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised after the expiration of the term of the scheme shall lapse.

Until the liabilities relating to the Rights are settled, the Group re-measures the fair value of the liabilities at the end of the reporting period by using a binomial option valuation model. Changes in fair value of the liabilities are recognised in the consolidated statement of profit or loss.

9 EMPLOYEE BENEFIT EXPENSES *(continued)*

Movements in the number of share appreciation rights outstanding and their related weighted average exercise prices during the year are as follows:

	2014		2013	
	Average exercise price (HKD per share)	**Unit of Rights (thousands)**	Average exercise price (HKD per share)	Unit of Rights (thousands)
At 1 January	**2.83**	**85,052**	2.83	93,850
Forfeited	**2.68**	**(5,177)**	2.83	(8,798)
At 31 December	**2.84**	**79,875**	2.83	85,052

Up to 31 December 2014, no rights granted have been exercised (2013: Nil). As at 31 December 2014, the expiry dates of the outstanding Rights fell in the year of 2015.

The fair value of the liability relating to the Rights is estimated on the end of each reporting period by using a binomial option valuation model based on an expected volatility of 60%, exercise price shown above, expected dividend yield of 2% and risk-free interest rate of 0.1%. The volatility compared with the valuation report measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company and other comparable companies.

During the year ended 31 December 2014, the Group recognised a loss of approximately RMB737,000 (2013: a gain of RMB17,261,000) as a result of the increase in fair value of the share-based compensation liability related to the Rights from approximately RMB23,488,000 as at 31 December 2013 to approximately RMB24,225,000 as at 31 December 2014. As at 31 December 2014, the unrecognised compensation cost of the outstanding Rights was approximately RMB477,273 (2013: RMB1,050,000) which is expected to be recognised in the next year.

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of every director and supervisor is set out below:

Name of director and supervisor	Fees RMB'000	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000	Unit of the Rights granted *(note 9)*
For the year ended 31 December 2014					
Directors					
Mr. Zhang Guofa	–	–	–	–	2,218,050
Mr. Huang Xiaowen	–	–	–	–	3,334,050
Ms. Su Min	–	–	–	–	–
Mr. Ding Nong	–	–	–	–	–
Mr. Liu Xihan *(a)*	–	–	–	–	–
Mr. Yu Zenggang *(a)*	–	–	–	–	–
Mr. Chen Jihong	–	–	–	–	–
Mr. Zhao Hongzhou	–	799	128	927	2,604,000
Mr. Wang Daxiong *(b)*	–	–	–	–	1,240,000
Mr. Zhang Rongbiao *(b)*	–	–	–	–	–
Ms. Zhang Nan	138	–	–	138	–
Mr. Zhang Songshen	300	–	–	300	–
Mr. Chen Lishen	75	–	–	75	–
Mr. Guan Yimin	138	–	–	138	–
Mr. Shi Xin	138	–	–	138	–
Supervisors					
Mr. Xu Wenrong	–	–	–	–	–
Mr. Ye Hongjun	–	–	–	–	–
Mr. Tu Shiming	–	631	120	751	246,450
Mr. Shen Zhongying	138	–	–	138	–
Mr. Shen Kangchen	–	–	–	–	–
Mr. Wang Xiuping *(j)*	180	–	–	180	–
Mr. Zhu Donglin *(c)*	–	658	60	718	–

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

Name of director and supervisor	Fees RMB'000	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000	Unit of the Rights granted *(note 9)*
Senior management					
Mr. Huang Xinming *(d)*	–	349	62	411	2,604,000
Mr. Qian Weizhong *(e)*	–	500	63	563	–
Mr. Li Zhigang *(f)*	–	–	–	–	1,399,650
Mr. Feng Xingguo	–	643	119	762	1,240,000
Mr. Sui Jun	–	638	122	760	1,395,000
Mr. Gu Zhongdong *(g)*	–	480	58	538	–
Mr. Chen Wei *(g)*	–	480	76	556	–
Mr. Chen Shuai *(g)*	–	663	59	722	1,395,000
Mr. Zhang Mingwen	–	663	59	722	–
Mr. Yu Zhen *(h)*	–	399	52	451	–
Mr. Ye Yumang *(i)*	–	67	–	67	1,240,000
	1,107	6,970	978	9,055	18,916,200

Notes:

(a) Appointed on 26 June 2014

(b) Resigned on 26 June 2014

(c) Appointed on 27 January 2014

(d) Resigned on 4 March 2014

(e) Appointed on 4 March 2014

(f) Resigned on 10 January 2014

(g) Appointed on 7 January 2014

(h) Appointed on 29 April 2014

(i) Resigned on 29 April 2014

(j) Resigned on 27 January 2014

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

Name of director and supervisor	Fees RMB'000	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000	Unit of the Rights granted *(note 9)*
For the year ended 31 December 2013					
Directors					
Mr. Li Shaode *(a)*	–	–	–	–	3,382,100
Mr. Xu Lirong *(a)*	–	–	–	–	–
Mr. Zhang Guofa	–	–	–	–	2,218,050
Mr. Huang Xiaowen	–	–	–	–	3,334,050
Mr. Zhao Hongzhou	–	703	322	1,025	2,604,000
Mr. Zhang Jianhua *(b)*	–	–	–	–	1,240,000
Ms. Su Min	–	–	–	–	–
Mr. Wang Daxiong	–	–	–	–	1,240,000
Mr. Xu Hui *(b)*	–	–	–	–	1,085,000
Mr. Chen Jihong	–	–	–	–	–
Mr. Ding Nong	–	–	–	–	–
Mr. Lin Jianqing *(b)*	–	–	–	–	525,450
Mr. Zhang Rongbiao	–	–	–	–	–
Ms. Zhang Nan	100	–	–	100	–
Mr. Wu Daqi *(b)*	–	–	–	–	–
Mr. Shen Kangchen *(b)*	50	–	–	50	–
Mr. Jim Poon *(b)*	150	–	–	150	–
Mr. Shen Zhongying *(b)*	50	–	–	50	–
Mr. Zhang Songshen *(c)*	150	–	–	150	–
Mr. Chen Lishen *(c)*	50	–	–	50	–
Mr. Guan Yimin *(c)*	50	–	–	50	–
Mr. Shi Xin *(c)*	50	–	–	50	–

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

Name of director and supervisor	Fees RMB'000	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000	Unit of the Rights granted *(note 9)*
Supervisors					
Mr. Chen Decheng *(b)*	50	–	–	50	948,600
Mr. Xu Wenrong *(c)*	–	–	–	–	–
Mr. Tu Shiming	–	589	309	898	246,450
Mr. Kou Laiqi *(b)*	–	–	–	–	156,550
Mr. Ye Hongjun *(c)*	–	–	–	–	–
Mr. Wang Xiuping	–	638	16	654	1,395,000
Mr. Hua Min *(b)*	50	–	–	50	–
Mr. Shen Kangchen *(c)*	50	–	–	50	–
Ms. Pan Yingli *(b)*	50	–	–	50	–
Mr. Shen Zhongying *(c)*	50	–	–	50	–
Senior management					
Mr. Huang Xinming	–	703	358	1,061	2,604,000
Mr. Li Zhigang	–	583	313	896	1,399,650
Mr. Feng Xingguo	–	595	307	902	1,240,000
Mr. Sui Jun	–	596	307	903	1,395,000
Mr. Liu Chong *(d)*	–	80	37	117	–
Mr. Zhang Mingwen	–	508	145	653	–
Mr. Ye Yumang	–	363	65	428	1,240,000
	900	5,358	2,179	8,437	26,253,900

Notes:

(a) Resigned on 2 December 2013

(b) Resigned on 28 June 2013

(c) Appointed on 28 June 2013

(d) Resigned on 18 April 2013

10 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

No directors or supervisors of the Company waived any emoluments during the year ended 31 December 2014 (2013: Nil). No discretionary bonus was paid to any of the directors or supervisors of the Company during the year ended 31 December 2014 (2013: Nil).

In year 2014, fair value of the Rights granted to the directors and supervisors of the Company increased by approximately RMB115,000 (2013: decreased by approximately RMB5,045,000).

(B) FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included one director, one supervisor and three senior managers (2013: one director, one supervisor and three senior managers), details of whose remuneration are set out in note 10(a) above.

(C) During the year ended 31 December 2014, no emoluments were paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

11 FINANCE COSTS

	2014 **RMB'000**	2013 RMB'000
Interest expenses:		
– Borrowings and domestic corporate bonds	**499,845**	502,527
– Finance lease obligations	**12,230**	15,956
Total interest expenses	**512,075**	518,483
Less: Amount capitalised in vessels under construction	**(43,781)**	(60,865)
	468,294	457,618

The capitalisation rate applied to funds borrowed and bonds issued generally and utilised for the vessels under construction was 2.19% (2013: 3.56%) per annum for the year ended 31 December 2014.

12 INCOME TAX EXPENSE

	2014	2013
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax *(Note (a))*	**57,205**	35,562
– Hong Kong profits tax *(Note (b))*	**1,597**	387
– Others	**2,625**	–
Deferred income tax *(note 35)*	**486,103**	341
	547,530	36,290

Notes:

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

According to the Corporate Income Tax Law of the People's Republic of China, which was effective from 1 January 2008, the CIT rate applicable of the Company and its subsidiaries incorporated in PRC was 25% for the year ended 31 December 2014 and 2013.

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

(b) Hong Kong profits tax

Hong Kong profits tax was provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits of the Group's companies operated in Hong Kong for the year ended 31 December 2014.

12 INCOME TAX EXPENSE *(continued)*

Notes: (continued)

(c) The taxation on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the taxation rate applicable to the Company as follows:

	2014 **RMB'000**	2013 RMB'000
Profit/(loss) before income tax from continuing operations	**1,577,524**	(2,828,387)
Less: Share of results of associates	**(77,915)**	(41,760)
Share of results of joint ventures	**(6,209)**	(5,541)
	1,493,400	(2,875,688)
Tax calculated at an income tax rate of 25% (2013: 25%)	**373,350**	(718,922)
Tax losses for which no deferred income tax asset was recognised	**17,511**	289,750
Derecognition of tax losses previously recognised	**316,850**	–
(Income)/loss not subject to tax	**(189,402)**	425,243
Effect of different tax rate or tax base of subsidiaries and others	**29,221**	40,219
	547,530	36,290

13 PROFIT ATTRIBUTABLE TO OWNERS OF PARENT

The profit attributable to owners of parent includes a gain of RMB676,618,000 for the year ended 31 December 2014, which has been dealt with in the financial statements of the Company (2013: loss of RMB1,016,486,000).

14 DISCONTINUED OPERATION

On 11 October 2013, the Company announced the decision of its board of directors to dispose of China Shipping Terminal Company Limited ("CSTD"). CSTD engages in operating container terminals. The disposal was completed on 20 June 2014.

The results of CSTD for the period ended 20 June 2014 and the year ended 31 December 2013 are presented below:

	Period ended 20 June 2014 RMB'000	Year ended 31 December 2013 RMB'000
Revenue	**132,876**	399,386
Costs of services	**(79,620)**	(223,406)
Selling, administrative and general expenses	**(25,745)**	(66,269)
Other income	**22,945**	27,192
Other (losses)/gains, net	**(7,023)**	244,706
Finance costs	**(21,786)**	(77,030)
Share of profits and losses of:		
Associates	**1,289**	1,906
Joint ventures	**25,617**	49,634
Profit of the discontinued operation	**48,553**	356,119
Loss recognised on the remeasurement to fair value	**–**	–
Profit before tax from the discontinued operation	**48,553**	356,119
Income tax:		
Related to pre-tax profit	**(9,797)**	(75,487)
Profit for the year from the discontinued operation	**38,756**	280,632

14 DISCONTINUED OPERATION *(continued)*

The net cash flows incurred by CSTD for the period ended 20 June 2014 and the year ended 31 December 2013 are as follows:

	Period ended 20 June 2014 RMB'000	Year ended 31 December 2013 RMB'000
Operating activities	**19,112**	(112,733)
Investing activities	**(483,783)**	464,632
Financing activities	**313,926**	111,566
Exchange gain/(loss) on cash and cash equivalents	**2,901**	(4,903)
Net cash inflow	**(147,844)**	458,562
Earnings per share:		
Basic, from the discontinued operation	**0.31 cents**	2.24 cents
Diluted, from the discontinued operation	**0.31 cents**	2.24 cents

The calculation of basic earnings per share from the discontinued operation is based on:

	2014	2013
Profit attributable to ordinary equity holders of the parent from the discontinued operation	**RMB36,046,000**	RMB261,150,000
Weighted average number of ordinary shares in issue during the year *(note 16)*	**11,683,125,000**	11,683,125,000

Diluted earnings per share amounts are the same as the basic earnings per share.

15 DIVIDENDS

The directors do not recommend a dividend in respect of the year ended 31 December 2014 (2013: Nil).

16 EARNINGS/(LOSS) PER SHARE

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

	2014	2013
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)		
From continuing operations	**1,007,990**	(2,871,248)
From a discontinued operation	**36,046**	261,150
Shares		
Weighted average number of ordinary shares in issue (thousands)	**11,683,125**	11,683,125

Diluted earnings/(loss) per share amounts are the same as the basic earnings/(loss) per share, as the Company did not have any potential dilutive ordinary shares during the years ended 31 December 2014 and 2013.

17 PROPERTY, PLANT AND EQUIPMENT

	The Group									
	Container vessels RMB'000	Vessels under construction RMB'000	Improvements under operating leases RMB'000	Buildings RMB'000	Construction in progress RMB'000	Containers RMB'000	Port and depot infrastructure RMB'000	Loading machinery RMB'000	Motor vehicles, computer, office equipment and furniture RMB'000	Total RMB'000
At 1 January 2013										
Cost	34,166,375	2,237,195	104,086	330,666	1,739,011	2,581,886	1,071,949	1,470,253	553,518	44,254,939
Accumulated depreciation and impairment losses	(6,689,080)	–	(90,101)	(66,214)	–	(912,864)	(129,320)	(340,989)	(349,431)	(8,577,999)
Net book amount	27,477,295	2,237,195	13,985	264,452	1,739,011	1,669,022	942,629	1,129,264	204,087	35,676,940
Year ended 31 December 2013										
Opening net book amount	27,477,295	2,237,195	13,985	264,452	1,739,011	1,669,022	942,629	1,129,264	204,087	35,676,940
Exchange difference	(317,879)	(50,806)	(18)	(6)	–	(54,196)	–	(1,798)	(696)	(425,399)
Transfers	1,488,665	(1,488,665)	–	–	–	–	–	–	–	–
Additions	286,914	1,646,106	6,081	13,572	18,363	578,068	2,411	5,077	10,529	2,567,121
Disposals	(163,624)	–	(99)	–	–	(10,737)	–	(2,941)	(2,246)	(179,647)
Disposal of subsidiaries	–	–	–	–	(1,737,080)	–	–	(580,067)	(4,849)	(2,321,996)
Assets included in a discontinued operation	–	–	(10,653)	(43,330)	(1,751)	(133)	(928,543)	(491,683)	(10,020)	(1,486,113)
Depreciation *(note 6)*	(1,283,318)	–	(4,175)	(11,022)	–	(116,294)	(16,497)	(57,852)	(51,454)	(1,540,612)
Closing net book amount	27,488,053	2,343,830	5,121	223,666	18,543	2,065,730	–	–	145,351	32,290,294
At 31 December 2013										
Cost	35,174,284	2,343,830	95,413	287,309	18,543	3,058,922	–	–	448,479	41,426,780
Accumulated depreciation and impairment losses	(7,686,231)	–	(90,292)	(63,643)	–	(993,192)	–	–	(303,128)	(9,136,486)
Net book amount	27,488,053	2,343,830	5,121	223,666	18,543	2,065,730	–	–	145,351	32,290,294
Year ended 31 December 2014										
Opening net book amount	27,488,053	2,343,830	5,121	223,666	18,543	2,065,730	–	–	145,351	32,290,294
Exchange difference	46,924	5,677	7	–	–	8,413	–	–	112	61,133
Transfers	6,539,672	(6,539,672)	56,983	–	(57,358)	–	–	–	375	–
Additions	56,179	4,981,236	26,246	–	46,298	838,928	–	–	21,957	5,970,844
Disposals	(129,531)	–	–	(176)	–	(10,332)	–	–	(1,473)	(141,512)
Disposal of subsidiaries	–	–	–	(175,906)	–	(12)	–	–	(78,447)	(254,365)
Depreciation *(note 6)*	(1,370,025)	–	(11,112)	(1,331)	–	(134,347)	–	–	(39,771)	(1,556,586)
Closing net book amount	32,631,272	791,071	77,245	46,253	7,483	2,768,380	–	–	48,104	36,369,808
At 31 December 2014										
Cost	41,365,275	791,071	178,890	52,978	7,483	3,891,517	–	–	358,808	46,646,022
Accumulated depreciation and impairment losses	(8,734,003)	–	(101,645)	(6,725)	–	(1,123,137)	–	–	(310,704)	(10,276,214)
Net book amount	32,631,272	791,071	77,245	46,253	7,483	2,768,380	–	–	48,104	36,369,808

17 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	The Company						
	Container vessels RMB'000	Vessels under construction RMB'000	Improvements under operating leases RMB'000	Buildings RMB'000	Construction in progress RMB'000	Motor vehicles, computer, office equipment and furniture RMB'000	Total RMB'000
At 1 January 2013							
Cost	21,673,068	1,267,093	–	195,778	1,932	196,115	23,333,986
Accumulated depreciation and impairment losses	(5,187,431)	–	–	(47,177)	–	(142,626)	(5,377,234)
Net book amount	16,485,637	1,267,093	–	148,601	1,932	53,489	17,956,752
Year ended 31 December 2013							
Opening net book amount	16,485,637	1,267,093	–	148,601	1,932	53,489	17,956,752
Transfers	1,488,665	(1,488,665)	–	–	–	–	–
Additions	48,180	221,572	–	–	16,612	238,284	524,648
Disposals	(92,102)	–	–	(143,832)	–	(48)	(235,982)
Depreciation	(839,268)	–	–	(3,388)	–	(12,980)	(855,636)
Closing net book amount	17,091,112	–	–	1,381	18,544	278,745	17,389,782
At 31 December 2013							
Cost	23,117,812	–	–	51,946	18,544	434,351	23,622,653
Accumulated depreciation and impairment losses	(6,026,700)	–	–	(50,565)	–	(155,606)	(6,232,871)
Net book amount	17,091,112	–	–	1,381	18,544	278,745	17,389,782
Year ended 31 December 2014							
Opening net book amount	**17,091,112**	**–**	**–**	**1,381**	**18,544**	**278,745**	**17,389,782**
Transfers	**–**	**–**	**55,714**	**–**	**(55,714)**	**–**	**–**
Additions	**43,259**	**–**	**–**	**–**	**37,170**	**6,217**	**86,646**
Disposals	**(118,543)**	**–**	**–**	**–**	**–**	**(423)**	**(118,966)**
Depreciation	**(853,935)**	**–**	**(4,643)**	**(38)**	**–**	**(11,051)**	**(869,667)**
Closing net book amount	**16,161,893**	**–**	**51,071**	**1,343**	**–**	**273,488**	**16,487,795**
At 31 December 2014							
Cost	**23,042,528**	**–**	**55,714**	**51,946**	**–**	**440,145**	**23,590,333**
Accumulated depreciation and impairment losses	**(6,880,635)**	**–**	**(4,643)**	**(50,603)**	**–**	**(166,657)**	**(7,102,538)**
Net book amount	**16,161,893**	**–**	**51,071**	**1,343**	**–**	**273,488**	**16,487,795**

17 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) As at 31 December 2014, the net book value of the Group's containers and motor vehicles held under finance leases amounted to approximately RMB240,991,000 (2013: RMB297,810,000).

(b) As at 31 December 2014, the net book value of container vessels and containers of the Group pledged as securities for the bank borrowings amounted to approximately RMB8,344,784,000 (2013: RMB5,942,678,000) (note 32).

(c) As at 31 December 2014, the net book value of the assets leased out under operating leases, where the Group and the Company are the lessors, comprised vessels under chartering arrangements amounting to RMB3,206,648,000 and RMB3,047,044,000 (2013: RMB761,099,504 and RMB4,239,201,000), respectively.

(d) During the year ended 31 December 2014, the capitalised borrowing costs of the Group and the Company included in vessels under construction and construction in progress amounted to approximately RMB43,781,000 and nil (2013: RMB60,865,000 and RMB23,246,000), respectively.

(e) As at 31 December 2014, the accumulated impairment losses of the container vessels of the Group included under "accumulated depreciation and impairment losses" amounted to RMB17,886,000 (2013: RMB26,363,000).

(f) Depreciation expenses of RMB1,531,369,000 has been charged to consolidated statement of profit or loss within costs of services and RMB25,217,000 has been charged to consolidated statement of profit or loss within selling, administrative and general expenses (note 6) (2013: RMB1,431,610,000 has been charged to consolidated statement of profit or loss within costs of services; RMB26,728,000 has been charged to consolidated statement of profit or loss within selling, administrative and general expenses and RMB82,274,000 was included in the profit for the year from a discontinued operation).

18 LEASEHOLD LAND AND LAND USE RIGHTS

	The Group RMB'000	The Company RMB'000
Year ended 31 December 2013		
Opening net book value	92,981	10,877
Assets included in a discontinued operation	(14,583)	–
Disposals	–	(10,528)
Amortisation charge for the year *(note 6)*	(2,407)	(349)
Closing net book amount	75,991	–
At 31 December 2013		
Cost	90,341	–
Accumulated amortisation	(14,350)	–
Net book amount	75,991	–
Year ended 31 December 2014		
Opening net book value	**75,991**	**–**
Disposal of subsidiaries	**(75,991)**	**–**
Closing net book amount	**–**	**–**
At 31 December 2014		
Cost	**–**	**–**
Accumulated amortisation	**–**	**–**
Net book amount	**–**	**–**

The Group's and the Company's leasehold land and land use rights are located in the PRC, and are held on lease periods ranging from 30 to 50 years.

19 INTANGIBLE ASSETS

	The Group			The Company
	Port line use rights	Computer software	Total	Computer software
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2013				
Opening net book value	2,673	26,057	28,730	11,206
Exchange difference	–	(123)	(123)	–
Additions	–	2,506	2,506	2,091
Assets included in a discontinued operation	(2,615)	(940)	(3,555)	–
Amortisation charge for the year *(note 6)*	(58)	(7,094)	(7,152)	(2,090)
Closing net book amount	–	20,406	20,406	11,207
At 31 December 2013				
Cost	–	43,627	43,627	18,211
Accumulated amortisation	–	(23,221)	(23,221)	(7,004)
Net book amount	–	20,406	20,406	11,207
Year ended 31 December 2014				
Opening net book value	**–**	**20,406**	**20,406**	**11,207**
Exchange difference	**–**	**9**	**9**	**–**
Additions	**–**	**4,886**	**4,886**	**3,355**
Disposal of subsidiaries	**–**	**(191)**	**(191)**	**–**
Amortisation charge for the year *(note 6)*	**–**	**(6,194)**	**(6,194)**	**(2,551)**
Closing net book amount	**–**	**18,916**	**18,916**	**12,011**
At 31 December 2014				
Cost	**–**	**47,455**	**47,455**	**21,568**
Accumulated amortisation	**–**	**(28,539)**	**(28,539)**	**(9,557)**
Net book amount	**–**	**18,916**	**18,916**	**12,011**

The Group's port line use rights to the port line located in Jinzhou, the PRC, can be used for 50 years since the year 2008. The amortisation of intangible assets of RMB6,194,000 (2013: RMB6,626,000) has been charged to "selling, administrative and general expenses".

20 INVESTMENTS IN SUBSIDIARIES – THE COMPANY

	2014 RMB'000	2013 RMB'000
Investments in subsidiaries – unlisted shares, at cost	**12,146,838**	13,241,339

The changes in investments in subsidiaries during the year comprised the following:

(i) During the year, the Company disposed its 100% equity interests in its subsidiaries, Shanghai China Shipping International Container Storage and Transportation Co., Ltd. ("CS Yangshan"), Shanghai Zhengjin Industrials Co., Ltd. ("Zhengjin") and China Shipping Terminal Development Co., Ltd. ("CSTD"). Further details of this disposal are included in note 38 to the financial statements.

(ii) In January 2014, the Company acquired a 60% equity interest in Golden Sea Shipping Pte. Ltd. from a fellow subsidiary of the Company at a cash consideration of USD1,747,400;

(iii) In August 2014, the Company made capital investment in a subsidiary, Golden Sea Shipping Pte. Ltd. by cash injection of USD6,000,000, representing a 60% equity interest in the subsidiary;

(iv) In July 2014, the Company made capital investments in a newly established company, Shenzhen E-Shipping Gateway Co., Ltd. by cash injection of RMB10,000,000 representing a 50% equity interest in the subsidiary;

(v) In August 2014, the Company made capital investment in a subsidiary, China Shipping Container Lines (Fuzhou) Co., Ltd. by cash injection of RMB345,000, representing a 10% directly equity interest and the Company holds 90% equity interest of China Shipping Container Lines (Fuzhou) Co., Ltd through its other subsidiaries; and

(vi) The fair value of share option benefits amounting to approximately RMB18,709,000 (2013: RMB18,140,000) attributable to directors and employees (note 9) of subsidiaries is recorded as investments in subsidiaries.

The list of the principal subsidiaries of the Company as at 31 December 2014 is set out in note 43(a).

21 INVESTMENTS IN ASSOCIATES

THE GROUP

	2014	2013
	RMB'000	RMB'000
Beginning of year	**297,303**	293,965
Increase in investments *(Note a)*	**3,430,597**	20,000
Share of profit of associates	**77,915**	43,666
Share of other comprehensive income of associates	**(32,334)**	–
Others	**207**	–
Interests in associates included in a discontinued operation	**–**	(42,862)
Dividend received	**(19,308)**	(17,466)
End of year	**3,754,380**	297,303

THE COMPANY

	2014	2013
	RMB'000	RMB'000
Unlisted investments, at cost		
Beginning of year	**213,972**	213,972
Increase in investments *(Note a)*	**3,430,597**	–
End of year	**3,644,569**	213,972

21 INVESTMENTS IN ASSOCIATES *(continued)*

Notes:

(a) In June 2014, the Company subscribed a 49% equity interest in China Shipping Terminal Development (H.K.) Co., Ltd. ("CSTD HK") at a consideration of its 100% equity interest in its subsidiary, CSTD. Further details are included in note 38 to the financial statements.

(b) The interests in associates as at 31 December 2014 included goodwill of RMB41,303,000 (2013: RMB670,000). The Group's share of the result of its associates, all of which are unlisted, and the aggregated assets and liabilities (excluding goodwill), are as follows:

	2014				2013			
	CSTD HK RMB'000	**Angang Vehicle Trans-portation Co., Ltd. RMB'000**	**CS Finance RMB'000**	**Total RMB'000**	Angang Vehicle Trans-portation Co., Ltd. RMB'000	*Ningbo Mei Shan Port RMB'000	CS Finance RMB'000	Total RMB'000
Total assets	**4,161,534**	**96,513**	**2,799,595**	**7,057,642**	97,721	43,089	2,442,152	2,582,962
Total liabilities	**567,645**	**43,985**	**2,529,064**	**3,140,694**	32,871	227	2,210,369	2,243,467
Net assets	**3,593,889**	**52,528**	**270,531**	**3,916,948**	64,850	42,862	231,783	339,495
Revenue	**131,257**	**162,452**	**102,127**	**395,836**	123,936	3,000	96,040	222,976
Net profit	**21,541**	**3,138**	**53,236**	**77,915**	360	1,906	41,400	43,666
Percentage of interest held	**49.00%**	**20.07%**	**25.00%**		20.07%	20.00%	25.00%	

* Interests in Ningbo Meishan Bonded Port Area New Bay Terminal Management Co., Ltd. ("Ningbo Mei Shan Port") were included in the discontinued operation as at 31 December 2013.

21 INVESTMENTS IN ASSOCIATES *(continued)*

Notes: (continued)

(c) CSTD HK, which is considered a material associate of the Group, engages in operating container terminals and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of CSTD HK adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2014 **RMB'000**
Revenue	**372,517**
Net profit	**136,282**
Other comprehensive income	**(108,019)**
Total comprehensive income for the year	**28,263**
Dividend received	**–**
Current assets	**740,686**
Non-current assets, excluding goodwill	**7,752,241**
Current liabilities	**(816,497)**
Non-current liabilities	**(341,963)**
Non-controlling interests	**(416,064)**
Net assets, excluding goodwill	**6,918,403**
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	**49%**
Group's share of net assets of the associate, excluding goodwill	**3,390,017**
Goodwill on acquisition (less cumulative impairment)	**25,452**
Carrying amount of the investment	**3,415,469**

(d) The details of the associates of the Group and the Company as at 31 December 2014 are set out in note 43(b).

22 INVESTMENTS IN JOINT VENTURES

THE GROUP

	2014 RMB'000	2013 RMB'000
Beginning of year	51,067	1,329,542
Increase in investments	–	1,020
Share of profit of joint ventures	6,209	55,175
Others	–	665
Dividends declared by joint ventures	(4,919)	(44,679)
Liquidation of joint ventures	–	(28,870)
Interests in joint ventures included in a discontinued operation	–	(1,261,501)
Exchange differences	45	(285)
End of year	52,402	51,067

THE COMPANY

	2014 RMB'000	2013 RMB'000
Unlisted investments, at cost		
Beginning of year	41,500	41,500
Increase in investments	–	–
End of year	41,500	41,500

Notes:

(a) There are no significant contingent liabilities relating to the Group and the Company's interests in the joint ventures, and no significant contingent liabilities of the ventures themselves.

22 INVESTMENTS IN JOINT VENTURES *(continued)*

Notes: (continued)

(b) There was no goodwill included in the interests in joint ventures as at 31 December 2014 (2013: RMB31,959,000). The Group's share of the results of its joint ventures, all of which are unlisted, and their aggregated assets and liabilities (excluding goodwill), are as follows:

	2014 Total RMB'000
Total assets	**130,408**
Total liabilities	**78,006**
Net assets	**52,402**
Revenue	**39,051**
Net profit	**6,209**
Percentage of interest held	**45%-50%**

	2013				
	*Guangzhou Nansha Port Stevedoring Corporation Limited RMB'000	*Dalian International Container Terminal Co., Ltd. RMB'000	Others included in continuing operations RMB'000	*Others RMB'000	Total RMB'000
Total assets	1,377,335	941,941	131,787	630,679	3,081,742
Total liabilities	718,621	544,544	80,720	393,330	1,737,215
Net assets	658,714	397,397	51,067	237,349	1,344,527
Revenue	297,814	109,372	37,255	212,805	657,246
Net profit	45,876	(4,505)	5,541	8,263	55,175
Percentage of interest held	40%	30%	45%-50%	30%-49%	

* Interests in these joint ventures were included in the discontinued operation as at 31 December 2013.

(c) The details of the joint ventures of the Group and the Company as at 31 December 2014 are set out in note 43(c).

23. DERIVATIVE FINANCIAL INSTRUMENTS – THE GROUP

	2014	2013
	Assets	Assets
	RMB'000	RMB'000
Interest rate swaps	**4,723**	–
Portion classified as non-current:		
Interest rate swaps	**4,026**	–
Current portion	**697**	–

CASH FLOW HEDGES

At 31 December 2014, the Group had interest rate swap agreements in place with a total notional amount of US$377,355,600 whereby they receive interests at variable rates equal to the 3 month London Interbank Offered Rate ("LIBOR") on the notional amounts and pay interests at fixed rates of 1.37% to 1.58%. The swaps are used to hedge the exposure to changes in the cash flow of its secured loans with variable rates. The secured loans and the interest rate swap agreements have the same critical terms. The hedge of the interest rate swaps was assessed to be effective.

24 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Assets per statement of financial position:				
Loans and receivables				
– Trade and notes receivables *(note 28)*	**2,384,511**	2,476,402	**1,069,273**	1,188,531
– Other receivables	**245,418**	255,517	**187,087**	201,872
– Restrict cash *(note 29)*	**500**	2,100	**–**	–
– Cash and cash equivalents *(note 29)*	**9,355,888**	9,014,462	**5,394,887**	5,445,944
	11,986,317	11,748,481	**6,651,247**	6,836,347
Derivative financial instruments *(note 23)*	**4,723**	–	**–**	–
Liabilities per statement of financial position:				
Financial liabilities at amortised cost				
– Trade payables *(note 36)*	**3,825,897**	3,890,379	**4,948,341**	4,602,319
– Other payables and accruals	**503,860**	524,851	**1,996,841**	1,581,488
– Interest-bearing bank and other borrowings *(note 32)*	**22,153,905**	18,937,326	**1,597,397**	4,599,783
– Domestic corporate bonds *(note 33)*	**1,793,981**	1,791,530	**1,793,981**	1,791,530
– Finance lease obligations *(note 34)*	**187,259**	221,370	**–**	–
	28,464,902	25,365,456	**10,336,560**	12,575,120

25 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

GROUP

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Derivative financial instruments	**4,723**	–	**4,723**	–
Financial liabilities				
Long term borrowing	**13,463,254**	10,917,131	**13,451,171**	10,872,225
Domestic corporate bonds	**1,793,981**	1,791,530	**1,784,964**	1,706,526
Finance lease obligations	**150,281**	186,597	**150,281**	186,597
	15,407,516	12,895,258	**15,386,416**	12,765,348

COMPANY

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial liabilities				
Long term borrowing	**600,000**	2,600,000	**587,917**	2,555,094
Domestic corporate bonds	**1,793,981**	1,791,530	**1,784,964**	1,706,526
	2,393,981	4,391,530	**2,372,881**	4,261,620

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and notes receivables, trade payables, financial assets included in other receivables, financial liabilities included in accruals and other payables and, short term borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

25 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The Group's corporate finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of long term borrowing, domestic corporate bonds, and finance lease obligations have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease obligations, and interest-bearing bank as at 31 December 2014 was assessed to be insignificant.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including interest rate swaps, are measured using valuation techniques similar to swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties and interest rate curves. The carrying amounts of interest rate swaps are the same as their fair values.

As at 31 December 2014, the marked to market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

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 that are unadjusted in active markets 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

25 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

FAIR VALUE HIERARCHY *(continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Group

As at 31 December 2014

	Fair value measurement using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Assets measured at fair value:			
Derivative financial instruments	**4,723**	**–**	**4,723**
Liabilities for which fair values are disclosed:			
Long term borrowing	**–**	**13,463,254**	**13,463,254**
Domestic corporate bonds	**–**	**1,793,981**	**1,793,981**
Finance lease obligations	**–**	**150,281**	**150,281**
	–	**15,407,516**	**15,407,516**

As at 31 December 2013

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
Liabilities for which fair values are disclosed:	
Long term borrowing	10,917,131
Domestic corporate bonds	1,791,530
Finance lease obligations	186,597
	12,895,258

25 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

FAIR VALUE HIERARCHY *(continued)*

Company

As at 31 December 2014

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
Liabilities for which fair values are disclosed:	
Long term borrowing	**600,000**
Domestic corporate bonds	**1,793,981**
	2,393,981

As at 31 December 2013

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
Liabilities for which fair values are disclosed:	
Long term borrowing	2,600,000
Domestic corporate bonds	1,791,530
	4,391,530

26 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

(A) TRADE AND NOTES RECEIVABLES

As at 31 December 2014, the Group's trade and notes receivables of RMB2,344,820,000 (2013: RMB2,064,190,000) and the Company's trade and notes receivables of RMB971,335,000 (2013: RMB1,208,953,000) were due within three months. Trade and notes receivables that were due within three months mainly represent those due from customers with good credit history and a low default rate. Trade and notes receivables that were either past due or impaired are disclosed in note 28.

None of the financial assets that are fully performing has been renegotiated in the last year.

(B) CASH AND CASH EQUIVALENTS

The Group categorises its cash in banks into the following:

- Group 1 – Major international banks (Citibank, ABN AMRO Bank, etc.)
- Group 2 – Top four banks in the PRC (China Construction Bank, Bank of China, Agricultural Bank of China and Industrial and Commercial Bank of China)
- Group 3 – Other reputable PRC banks

The management considered the credit risk in respect of cash and bank deposits with financial institutions is relatively small as each counterparty either bears a high credit rating or is a large PRC bank. The management believes the state is able to support the PRC banks in the event of a crisis.

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Group 1	**945,942**	1,002,671	**213,308**	514,784
Group 2	**3,435,441**	4,246,825	**2,403,372**	3,248,361
Group 3*	**4,974,505**	3,764,966	**2,778,207**	1,682,799
	9,355,888	9,014,462	**5,394,887**	5,445,944

* Included cash on hand held by companies of the Group

27 INVENTORIES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bunkers	**899,160**	1,420,095	**383,922**	789,955
Others	**286,338**	125,275	**268,287**	123,022
	1,185,498	1,545,370	**652,209**	912,977

28 TRADE AND NOTES RECEIVABLES

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

The carrying amounts of trade and notes receivables approximated their fair values as at the end of reporting periods.

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables				
– Subsidiaries	**–**	–	**285,435**	145,647
– Fellow subsidiaries *(note 42(c))*	**333,418**	338,914	**175,048**	64,813
– Third parties	**1,858,108**	1,850,220	**440,164**	726,606
	2,191,526	2,189,134	**900,647**	937,066
Notes receivable	**192,985**	287,268	**168,626**	251,465
	2,384,511	2,476,402	**1,069,273**	1,188,531

28 TRADE AND NOTES RECEIVABLES *(continued)*

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 3 months	**2,344,821**	2,064,190	**971,335**	1,208,953
4 to 6 months	**56,954**	333,358	**31,647**	887
7 to 9 months	**49,410**	74,461	**49,376**	622
10 to 12 months	**222**	70,223	**196**	2,206
Over 1 year	**952**	2,525	**35,746**	–
	2,452,359	2,544,757	**1,088,300**	1,212,668
Less: Provision for impairment of receivables	**(67,848)**	(68,355)	**(19,027)**	(24,137)
	2,384,511	2,476,402	**1,069,273**	1,188,531

The carrying amounts of the trade and notes receivables are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**1,396,135**	1,292,324	**707,178**	1,011,085
USD	**887,172**	1,023,454	**344,880**	167,654
HKD	**46,155**	95,206	**6,613**	20
Other currencies	**55,049**	65,418	**10,602**	9,772
	2,384,511	2,476,402	**1,069,273**	1,188,531

The maximum exposure to credit risk at the reporting date is the total carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

28 TRADE AND NOTES RECEIVABLES *(continued)*

CREDIT POLICY

Credit terms in a range within three months are granted to those customers with a good payment history. There is no concentration of credit risk with respect to trade receivables, as the Group and the Company have a large number of customers, internationally dispersed.

As at 31 December 2014, based on the invoice date, trade receivables of the Group and the Company that were aged over three months amounted to RMB107,539,000 and RMB116,965,000 (2013: RMB480,567,000 and RMB3,715,000), respectively. They are regarded as over-due and partially impaired, and the related amounts of provisions, estimated by management based on historic experiences of credit losses amounted to RMB67,848,000 and RMB19,027,000 (2013: RMB68,355,000 and RMB24,137,000), respectively.

The movements in the provision for impairment of trade and notes receivables are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**68,355**	65,401	**24,137**	25,198
Disposal of subsidiaries	**(297)**	–	**–**	–
Provision for impairment of trade receivables *(note 6)*	**(210)**	4,435	**(5,110)**	(1,061)
Provision balance included in a discontinued operation	**–**	(1,481)	**–**	–
At 31 December	**67,848**	68,355	**19,027**	24,137

The creation and release of provision for impaired receivables have been included in "selling, administrative and general expenses from continuing operations" in the consolidated statement of profit or loss (note 6) (2013: a reversal of RMB290,000 has been included in the profits for the year from a discontinued operation).

29 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at banks and in hand	**4,358,371**	3,575,544	**1,301,520**	2,523,732
Short-term bank deposits	**4,998,017**	5,441,018	**4,093,367**	2,922,212
	9,356,388	9,016,562	**5,394,887**	5,445,944
Less: Restricted cash	**(500)**	(2,100)	**–**	–
	9,355,888	9,014,462	**5,394,887**	5,445,944

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**4,476,370**	4,457,684	**3,678,832**	3,791,364
HKD	**56,153**	38,484	**33**	12
USD	**4,607,985**	4,319,262	**1,704,277**	1,620,509
Other currencies	**215,380**	199,032	**11,745**	34,059
	9,355,888	9,014,462	**5,394,887**	5,445,944

As at 31 December 2014, certain of the Group's current time deposits of RMB500,000 (2013: RMB2,100,000) were pledged to the Customs as guarantees for import.

30 SHARE CAPITAL

	The Group and the Company			
	Number of shares	A Shares	H Shares	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid:				
At 1 January 2013,				
31 December 2013 and 2014	11,683,125	7,932,125	3,751,000	11,683,125

Notes:

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

31 OTHER RESERVES AND RETAINED EARNINGS

(A) SPECIAL RESERVE

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**38,278**	2,229	**34,832**	449
Disposal of subsidiaries	**(883)**	–	**–**	–
Accrued during the year	**174,364**	176,601	**160,531**	158,844
Used during the year	**(191,609)**	(140,552)	**(180,461)**	(124,461)
At 31 December	**20,150**	38,278	**14,902**	34,832

According to "Circular on Printing and Distributing the Administrative Measures for the Withdrawal and Use of Expenses for Safety Production of Enterprises" issued by the Ministry of Finance and the Safety Production General Bureau on 14 February 2012, the Group is required to accrue a "Safety Fund" to improve the production safety. The Group should accrue the Safety Fund from 1 January 2012. The accrual standard rate is 1% of the revenue from transportation services of the PRC entities of the Group. The fund is accrued monthly according to revenue and in a progressive way.

31 OTHER RESERVES AND RETAINED EARNINGS *(continued)*

(B) OTHER RESERVES

	The Group			
	Capital surplus	Statutory surplus reserve	Translation	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	17,024,773	1,355,763	(1,338,675)	17,041,861
Currency translation difference	–	–	(147,204)	(147,204)
Others	659	–	–	659
Balance at 31 December 2013	17,025,432	1,355,763	(1,485,879)	16,895,316
Balance at 1 January 2014	**17,025,432**	**1,355,763**	**(1,485,879)**	**16,895,316**
Share of other comprehensive loss of associates	**(32,334)**	**–**	**–**	**(32,334)**
Cash flow hedges, net of tax	**4,715**	**–**	**–**	**4,715**
Capital injection from non-controlling Interests	**594**	**–**	**–**	**594**
Disposal of subsidiaries	**(6,395)**	**–**	**–**	**(6,395)**
Currency translation difference	**–**	**–**	**11,034**	**11,034**
Others	**674**	**–**	**–**	**674**
Balance at 31 December 2014	**16,992,686**	**1,355,763**	**(1,474,845)**	**16,873,604**

	The Company		
	Capital surplus	Statutory surplus reserve	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013 till 31 December 2014	17,657,126	1,355,763	19,012,889

31 OTHER RESERVES AND RETAINED EARNINGS *(continued)*

(C) ACCUMULATED LOSSES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**(4,845,260)**	(2,198,638)	**(2,134,094)**	(1,083,225)
Profit/(loss) for the year	**1,044,036**	(2,610,098)	**676,618**	(1,016,486)
Accrued special reserve during the year	**(174,364)**	(176,601)	**(160,531)**	(158,844)
Used special reserve during the year	**191,609**	140,552	**180,460**	124,461
Others	**(463)**	(475)	**–**	–
At 31 December	**(3,784,442)**	(4,845,260)	**(1,437,547)**	(2,134,094)

Capital surplus mainly represents share premium and reserves arising from business combinations under common control.

In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, each of the companies of the Group registered in the PRC is required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of the reserve reaches 50% of the company's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, the statutory surplus reserve fund must be maintained at a minimum of 25% of the entity's share capital after this issuance.

32 INTEREST-BEARING BANK AND OTHER BORROWINGS

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Long-term bank borrowings	**12,251,354**	8,317,131	**–**	–
Borrowing from parent and ultimate holding company *(note 42(c))*	**1,211,900**	2,600,000	**600,000**	2,600,000
	13,463,254	10,917,131	**600,000**	2,600,000
Current				
Short-term bank borrowings	**1,407,370**	1,707,132	**611,900**	304,845
Commercial paper notes	**2,447,600**	2,438,760	**–**	–
Long-term bank borrowings – current portion	**4,835,681**	3,874,303	**–**	–
Borrowing from a subsidiary	**–**	–	**385,497**	1,694,938
	8,690,651	8,020,195	**997,397**	1,999,783
	22,153,905	18,937,326	**1,597,397**	4,599,783
Representing:				
Borrowing from a related party – unsecured	**1,211,900**	2,600,000	**985,497**	4,294,938
Bank borrowings				
– unsecured	**13,281,412**	12,379,878	**611,900**	304,845
– secured	**7,660,593**	3,957,448	**–**	–
	22,153,905	18,937,326	**1,597,397**	4,599,783

32 INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

The maturity periods of the borrowings are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**8,690,651**	8,020,195	**997,397**	1,999,783
In the second year	**2,734,020**	7,067,374	**600,000**	2,600,000
In the third to fifth year	**7,371,352**	2,454,772	**–**	–
After fifth year	**3,357,882**	1,394,985	**–**	–
	22,153,905	18,937,326	**1,597,397**	4,599,783

The exposure of the Group and the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 6 months	**21,245,875**	15,657,359	**997,397**	1,999,783
6 to 12 months	**600,000**	–	**600,000**	–
In the second to fifth year	**308,030**	2,600,000	**–**	2,600,000
After fifth year	**–**	679,967	**–**	–
	22,153,905	18,937,326	**1,597,397**	4,599,783

As at 31 December 2014, the secured long-term bank borrowings of the Group were secured by the following collateral:

(i) Legal mortgage over certain container vessels, containers and port and depot infrastructure of the Group with a net book value of approximately RMB8,344,784,000 (2013: RMB5,942,678,000) (note 17(b)), and

(ii) Charges over shares of certain vessels-owning subsidiaries of the Group.

32 INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB				
– at fixed rates	**600,000**	2,600,000	**600,000**	2,600,000
USD				
– at fixed rates	**613,980**	375,122	**305,950**	–
– at floating rates	**20,939,925**	15,962,204	**691,447**	1,999,783
	22,153,905	18,937,326	**1,597,397**	4,599,783

The weighted average effective interest rates at the end of reporting periods are set out as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank borrowings				
– RMB	**–**	5.67%	**–**	–
– USD	**2.16%**	2.71%	**1.25%**	1.76%
Borrowing from a related party				
– RMB	**3.60%**	4.75%	**3.60%**	4.69%
– USD	**2.86%**	–	**0.17%**	0.17%

The carrying amounts of the current bank borrowings approximated their fair values as at the end of reporting periods as the impact of discounting is 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 6.00% (2013: 6.55%), are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Carrying amounts	**13,463,254**	10,917,131	**600,000**	2,600,000
Fair values	**13,451,171**	10,872,225	**587,917**	2,555,094

32 INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

The Group had the following undrawn borrowing facilities as at 31 December 2014:

	The Group	
	2014	2013
	RMB'000	RMB'000
Floating rate:		
– Expiring within one year	**305,950**	–
– Expiring beyond one year	**1,755,168**	1,704,466
	2,061,118	1,704,466

33 DOMESTIC CORPORATE BONDS

	The Group and the Company	
	2014	2013
	RMB'000	RMB'000
Non-current domestic corporate bonds	**1,793,981**	1,791,530

On 12 June 2007, the Company issued domestic corporate bonds in the PRC with a face value of RMB1,800,000,000, pursuant to the approval obtained from the National Development and Reform Commission of the PRC. The bonds are denominated in RMB and 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 that are directly attributable to the bonds amounting to approximately RMB24,512,000. As at 31 December 2014, the estimated fair value of the bonds was approximately RMB1,784,964,000 (2013: RMB1,706,526,000). The fair value is calculated based on the discounted cash flows using applicable discount rates from the prevailing market interest rates offered to the Group for debts with substantially the same characteristics and maturity dates. The discount rate used was approximately 6.00% (2013: 6.55%) per annum.

34 FINANCE LEASE OBLIGATIONS – THE GROUP

	2014			2013		
	Minimum lease payment RMB'000	**Finance charges RMB'000**	**Net present value of minimum lease payment RMB'000**	Minimum lease payment RMB'000	Finance charges RMB'000	Net present value of minimum lease payment RMB'000
Finance lease obligations						
Within one year	**47,128**	**10,150**	**36,978**	46,996	12,223	34,773
In the second year	**47,147**	**7,939**	**39,208**	46,991	10,120	36,871
In the third to fifth year	**121,585**	**10,512**	**111,073**	129,835	16,898	112,937
After fifth year	**–**	**–**	**–**	38,284	1,495	36,789
	215,860	**28,601**	**187,259**	262,106	40,736	221,370
Less: Within one year (current portion)	**(47,128)**	**(10,150)**	**(36,978)**	(46,996)	(12,223)	(34,773)
	168,732	**18,451**	**150,281**	215,110	28,513	186,597

The average effective interest rate of finance lease obligations of the Group is 5.78% (2013: 5.80%) per annum.

The carrying amounts of finance lease obligations approximated their fair value as at the end of reporting periods. The fair values were determined based on discounted cash flows using approximately 6.00% (2013: 6.55%) per annum.

All finance lease obligations are denominated in USD.

35 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deferred income tax assets:				
– Deferred income tax assets to be settled after more than 12 months	**10,479**	496,534	**6,250**	491,889
Deferred income tax liabilities:				
– Deferred income tax liabilities to be settled after more than 12 months	**(75)**	(27)	**–**	–
	10,404	496,507	**6,250**	491,889

The movements in the deferred income tax assets/(liabilities) are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Beginning of year	**496,507**	496,848	**491,889**	491,889
Charged to consolidated statement of profit or loss *(note 12)*	**(486,103)**	(341)	**(485,639)**	–
End of year	**10,404**	496,507	**6,250**	491,889

35 DEFERRED INCOME TAX *(continued)*

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

	Tax losses RMB'000	Others RMB'000	Total RMB'000
The Group			
At 1 January 2013	488,921	7,938	496,859
Charged to consolidated statement of profit or loss	(3,282)	2,957	(325)
At 31 December 2013	485,639	10,895	496,534
Charged to consolidated statement of profit or loss	(485,639)	(416)	(486,055)
At 31 December 2014	**–**	**10,479**	**10,479**
The Company			
At 1 January 2013 and 31 December 2013	485,639	6,250	491,889
Charged to consolidated statement of profit or loss	(485,639)	–	(485,639)
At 31 December 2014	**–**	**6,250**	**6,250**

Deferred income tax liabilities:

	Others RMB'000
The Group	
At 1 January 2013	(11)
Charged to consolidated statement of profit or loss	(16)
At 31 December 2013	(27)
Charged to consolidated statement of profit or loss	(48)
At 31 December 2014	**(75)**
The Company	
At 1 January 2013, 31 December 2013 and 2014	–

35 DEFERRED INCOME TAX *(continued)*

As at 31 December 2014, the Group and the Company derecognised deferred income tax assets of RMB316,850,000 in respect of cumulative tax losses amounting to RMB1,267,401,000 ("The Cumulative Tax Losses"). No deferred tax asset has been recognised by the Group and the Company on cumulative tax losses amounting to approximately RMB3,620,530,000 and RMB3,364,845,000 respectively, as it is uncertain that taxable profits will be available against which the tax losses can be utilised. Tax losses amounting to approximately RMB3,478,916,000 of the Group will expire in one to five years from 1 January 2015 and the remaining tax losses amounting to approximately RMB141,614,000 are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. All tax losses of the Company will expire in two to four years from 1 January 2015.

36 TRADE PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables				
– Subsidiaries	**–**	–	**3,739,259**	3,389,343
– Fellow subsidiaries *(note 42(c))*	**873,069**	795,372	**753,980**	616,931
– Third parties	**2,952,828**	3,095,007	**455,102**	596,045
	3,825,897	3,890,379	**4,948,341**	4,602,319

The ageing analysis of the trade payables based on invoice dates is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 3 months	**3,782,579**	3,642,819	**4,940,612**	4,594,742
4 to 6 months	**8,961**	121,760	**4,138**	3,557
7 to 9 months	**11,196**	89,017	**999**	1,259
10 to 12 months	**14,847**	15,353	**2,521**	2,761
1 to 2 years	**8,314**	21,430	**71**	–
	3,825,897	3,890,379	**4,948,341**	4,602,319

36 TRADE PAYABLES *(continued)*

The carrying amounts of the trade payables are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**1,910,611**	1,979,837	**3,634,419**	3,303,602
HKD	**71,067**	77,549	**3**	14,565
USD	**1,734,502**	1,665,597	**1,311,492**	1,237,492
Other currencies	**109,717**	167,396	**2,427**	46,660
	3,825,897	3,890,379	**4,948,341**	4,602,319

The carrying amounts of the trade payables approximated their fair values as at the end of reporting periods.

37 PROVISION

	Legal claims
	RMB'000
The Group and the Company	
At 1 January 2013, 31 December 2013 and 2014	25,000

The provision for legal claims of RMB25,000,000 is related to a legal claim brought against the Company by customers of the Company. In the opinion of the Company's directors, after taking into account legal advice, the outcome of this legal claim will not give rise to any significant loss beyond the amounts provided as at 31 December 2014.

38 DISPOSAL OF SUBSIDIARIES

	2014	2013
	RMB'000	RMB'000
Net assets disposed of:		
Property, plant and equipment	**1,689,362**	2,321,996
Leasehold land and land use rights	**90,306**	–
Intangible assets	**3,431**	–
Available-for-sale financial assets	**1,145,642**	–
Investments in associates	**44,151**	–
Investments in joint ventures	**1,238,676**	–
Inventories	**10,867**	–
Trade and notes receivables	**117,756**	–
Prepayments and other receivables	**78,741**	–
Cash and bank balances	**492,648**	59,708
Interest-bearing bank and other borrowings – non-current	**(372,000)**	–
Trade payables	**(29,436)**	(32,573)
Other payables and accruals	**(220,066)**	(7,520)
Interest-bearing bank and other borrowings – current	**(707,000)**	(1,403,340)
Tax payable	**208**	–
Non-controlling interests	**(422,270)**	(422,222)
	3,161,016	516,049
Special reserves	**(883)**	–
Other reserves	**(6,395)**	–
Gain on disposal of subsidiaries	**947,456**	240,001
	4,101,194	756,050
Satisfied by:		
Cash	**678,134**	756,050
Interests in associates	**3,423,060**	–
	4,101,194	756,050

38 DISPOSAL OF SUBSIDIARIES *(continued)*

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

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

On 20 June 2014, the Company disposed of 100% equity interest in its subsidiary, China Shipping Terminal Development Co., Ltd. ("CSTD") to China Shipping Terminal Development (H.K.) Co., Ltd. ("CSTD HK") after approval by State-owned Assets Supervision and Administration Commission of the State Council of the PRC which was settled through the issuance of 2,782,975,935 new shares which is equal to 49% equity interest in CSTD HK to the Company. The consideration of the subscription which equals to the valuation result was RMB3,423,060,000. The net assets attributable to the Group disposed amounted to RMB2,770,845,000. The Group had a gain on disposal of RMB652,215,000.

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

	2014 **RMB'000**	2013 RMB'000
Cash consideration	**678,134**	756,050
Cash and bank balances disposed of	**(447,083)**	(59,708)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**231,051**	696,342

39 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

(A) Reconciliation of the profit/(loss) before income tax to net cash generated from/(used in) operations:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit/(loss) before income tax:		
From continuing operations	**1,577,524**	(2,828,388)
From a discontinued operation *(note 14)*	**48,553**	356,119
Depreciation *(note 17)*	**1,596,318**	1,540,612
Amortisation *(notes 18, 19)*	**6,718**	9,559
Dividend income from available-for-sale financial assets	**(19,201)**	(12,576)
Share of results of associates	**(79,204)**	(43,666)
Share of results of joint ventures	**(31,826)**	(55,175)
Interest expense	**477,755**	518,692
Finance charge of finance lease obligations *(note 11)*	**12,230**	15,956
Interest income	**(201,610)**	(117,409)
Change in fair value of share-based compensation liability *(note 9)*	**737**	(17,261)
Provision for impairment of trade receivables	**(566)**	4,434
Gains on disposal of items of property, plant and equipment	**28,403**	18,238
Loss on disposal of a joint venture	**–**	481
Gain on disposal of subsidiaries *(note 38)*	**(947,456)**	(240,001)
Operating profit/(loss) before working capital changes	**2,468,375**	(850,385)
Decrease/(increase) in inventories	**360,689**	(319,032)
Decrease/(increase) in trade and notes receivables	**81,793**	(332,805)
(Increase)/decrease in prepayments and other receivables	**(13,157)**	178,172
Decrease/(increase) in restricted cash	**1,600**	(1,100)
(Decrease)/increase in trade payables	**(52,640)**	61,643
(Decrease)/increase in accruals and other payables	**(27,173)**	191,929
Net cash generated from/(used in) operations	**2,819,487**	(1,071,578)

39 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS *(continued)*

(B) Proceeds from disposal of items of property, plant and equipment comprise:

	2014	2013
	RMB'000	RMB'000
Net book amount *(note 17)*	**141,512**	179,647
Losses on disposal of items of property, plant and equipment	**(18,399)**	(18,238)
Proceeds from disposal of items of property, plant and equipment from discontinued operations	**3,493**	–
Proceeds from disposal of items of property, plant and equipment	**126,606**	161,409

40 COMMITMENTS

(A) CAPITAL COMMITMENTS

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

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Contracted but not provided for:				
– Vessels under construction	**1,755,168**	6,492,589	**–**	–

40 COMMITMENTS *(continued)*

(B) LEASE COMMITMENTS – THE GROUP AND THE COMPANY ARE THE LESSEES

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

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Land and buildings:				
– Within one year	**82,526**	38,988	**37,013**	3,689
– In the second to fifth year	**177,947**	59,239	**107,499**	2,889
– After fifth year	**44,971**	12,651	**–**	–
	305,444	110,878	**144,512**	6,578
Vessels chartered in and containers under operating leases:				
– Within one year	**2,724,802**	2,548,751	**14,239**	32,559
– In the second to fifth year	**5,091,447**	6,032,487	**–**	–
– After fifth year	**1,039,428**	868,228	**–**	–
	8,855,677	9,449,466	**14,239**	32,559
	9,161,121	9,560,344	**158,751**	39,137

Note:

After the disposal of certain containers in 2012, the Group entered into operating lease agreements whereby the Group leased back the containers disposed of from the purchaser with an initial lease term of two years to four years. The rental payable by the Group was determined on the terms agreed with by both parties on an arm's length basis.

40 COMMITMENTS *(continued)*

(C) FUTURE OPERATING LEASE ARRANGEMENTS – THE GROUP AND THE COMPANY ARE THE LESSORS

As at 31 December 2014 and 2013, the Group and the Company had future aggregate minimum lease receipts under non-cancellable operating leases, where the Group and the Company are the lessors as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Vessels chartered-out under operating leases:				
– Within one year	**488,492**	53,656	**290,012**	599,737
– In the second to fifth year	**429,016**	16,875	**607,012**	1,074,273
– After fifth year	**3,300**	3,125	**20,139**	55,510
	920,808	73,656	**917,163**	1,729,520

(D) OTHER COMMITMENTS

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

	The Group	
	2014	2013
	RMB'000	RMB'000
Investments:		
– Contracted but not provided for	**–**	312,000
– Authorised but not contracted for	**–**	39,200
	–	351,200

41 CONTINGENT LIABILITIES

As at 31 December 2014, the Group and the Company had no significant contingent liabilities.

42 SIGNIFICANT RELATED-PARTY TRANSACTIONS

The Group is part of a larger group of companies under China Shipping Group and has extensive transactions and relationships with members of the China Shipping Group incorporated in the PRC. 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. As the Group has early adopted the revised standard of HKAS 24 Related Party Disclosure since 1 January 2010, the Group and the Company are not required to disclose details of transactions with the government and other government-related entities.

(A) FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013, THE DIRECTORS ARE OF THE VIEW THAT THE FOLLOWING COMPANIES ARE SIGNIFICANT RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP:

Name	Relationship with the Group
China Shipping (Group) Company	Parent and ultimate holding company
Rich Shipping Co., Ltd.	Fellow subsidiary
China Shipping (Turkey) Agency Co., Ltd.	Fellow subsidiary
China Shipping (Group) Mediterranean Shipping Rep. Office	Fellow subsidiary
China Shipping (Group) Africa Rep. Office	Fellow subsidiary
China Shipping Development Co., Ltd.	Fellow subsidiary
China Shipping Logistics Co., Ltd.	Fellow subsidiary
China Shipping Agency Co., Ltd.	Fellow subsidiary
China Shipping Air Cargo Co., Ltd.	Fellow subsidiary
China Shipping Industry Co., Ltd.	Fellow subsidiary
China Shipping Investment Co., Ltd.	Fellow subsidiary
China Shipping International Trading Co., Ltd.	Fellow subsidiary
China Shipping Telecommunications Co., Ltd.	Fellow subsidiary
Dong Fang International Investment Co., Ltd.	Fellow subsidiary
China Shipping Agency(Australia) Holdings Pte Ltd.	Fellow subsidiary
China Shipping Japan Co., Ltd.	Fellow subsidiary
China Shipping Agency (Korea) Co., Ltd.	Fellow subsidiary
China Shipping (Europe) Holding GmbH	Fellow subsidiary
China Shipping (Hong Kong) Holdings Co., Ltd.	Fellow subsidiary
China Shipping (North America) Holding Co., Ltd.	Fellow subsidiary
China Shipping (Western Asia) Holdings Co., Ltd.	Fellow subsidiary
China Shipping (South Eastern Asia) Holding Co., Ltd.	Fellow subsidiary
Shanghai Universal Logistics Equipment Co., Ltd.	Fellow subsidiary
China Shipping International Ship Management Co., Ltd.	Fellow subsidiary
China Shipping & Sinopec Suppliers Co., Ltd.	Fellow subsidiary
China Shipping Finance Co., Ltd.	Fellow subsidiary and associate
Dalian Vanguard International Logistics Co., Ltd.	Joint ventures

In addition to the related party information shown elsewhere in these consolidated financial statements, 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 years of 2014 and 2013 and balances arising from related party transactions for the years ended 31 December 2014 and 2013.

42 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(B) SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

	2014	2013
	RMB'000	RMB'000
Transactions with parent and ultimate holding company		
Non-current borrowing	**611,900**	600,000
Interest expense from non-current borrowing	**46,754**	106,262
Transactions with fellow subsidiaries		
Revenue:		
Liner services	**113,616**	155,343
Fuel supply	**2,325,178**	1,125,712
Port services	**23,108**	24,742
Agency services	**92,467**	293
Information technology services	**13,970**	14,094
Expenditure:		
Lease of containers	**154,107**	182,287
Lease of vessels	**3,300**	–
Lease of chassis	**17,912**	22,088
Lease of properties	**82,658**	20,072
Cargo and liner agency services	**574,328**	587,593
Container management services	**178,912**	150,070
Ship repair services	**47,432**	75,580
Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	**1,462,340**	2,127,274
Depot services	**14,573**	8,559
Information technology services	**29,955**	43,054
Provision of crew members	**506,001**	31,926
Loading and unloading services	**1,211,294**	583,709
Purchase of containers	**682,779**	479,025
Container ground transport costs	**2,939**	4,858
Transactions with China Shipping Finance Co., Ltd. ("CS Finance", a fellow subsidiary and associate)		
Borrowings	**500,000**	643,040
Interest expense from borrowings	**6,899**	934
Interest income from deposits	**46,020**	93,682

42 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(B) SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES *(continued)*

Disposal of subsidiary

On 6 January 2014, the Company disposed of 100% equity interests in its subsidiaries, CS Yangshan and Zhengjin to fellow subsidiaries for considerations of RMB305,411,000 and RMB372,723,000 respectively (note 38).

On 22 June 2014, the Company disposed of a 100% equity interest in its subsidiary, CSTD to a fellow subsidiary and associate, CSTD HK, for a consideration of 49% equity interest in CSTD HK (note 38).

Disposal of a subsidiary's equity interest

On 1 January 2014, the Company disposed of a 40% equity interest in its subsidiary, Golden Sea Shipping Pte. Ltd. to a fellow subsidiary, China Shipping (South Eastern Asia) Holding Co., Ltd., for a consideration of USD1,164,900.

(C) BALANCES WITH RELATED PARTIES

	2014 **RMB'000**	2013 RMB'000
Balances with parent and ultimate holding company		
Borrowings	**(1,211,900)**	(2,600,000)
Interest payables	**(1,132)**	(79,247)

	2014 **RMB'000**	2013 RMB'000
Balances with fellow subsidiaries		
Trade receivables	**343,746**	349,396
Provisions	**(10,328)**	(10,482)
	333,418	338,914
Trade payables	**(873,069)**	(795,372)

42 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(C) BALANCES WITH RELATED PARTIES *(continued)*

	2014 **RMB'000**	2013 RMB'000
Balances with CS Finance		
Interest receivables	**5,421**	10,468
Interest payables	**–**	402
Borrowings	**–**	363,040
Deposits	**2,964,893**	3,052,729

The balances are unsecured and interest-free.

(D) TRANSACTIONS WITH OTHER STATE-OWNED ENTERPRISES

The Group has transactions with other state-controlled entities including but not limited to the following:

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

These transactions are conducted in the ordinary course of business of the Group.

(E) KEY MANAGEMENT COMPENSATION

	2014 **RMB'000**	2013 RMB'000
Basic salaries and allowances	**4,882**	3,428
Pension and others welfare	**670**	1,532
Fair value of the Rights	**37**	(1,025)
	5,589	3,935

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(A) SUBSIDIARIES

As at 31 December 2014, the Company had direct and indirect interests in the following subsidiaries:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Established and operating in the PRC						
China Shipping Container Lines Dalian Co., Ltd.	5 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Guangzhou Co., Ltd.	26 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Hainan Company Limited	14 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Qingdao Company Limited	13 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Shanghai Co., Ltd.	13 January 2003	Limited liability company	RMB71,140,000	100%	–	Cargo and liner agency
China Shipping Container Lines Shenzhen Co., Ltd.	15 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Tianjin Company Limited	3 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Xiamen Co., Ltd.	6 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines (Yangpu) Co., Ltd.	5 December 2002	Limited liability company	RMB38,000,000	90%	10%	Cargo and liner agency

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Established and operating in the PRC *(continued)*						
Shanghai Puhai Shipping Lines Co., Ltd.	19 November 1992	Limited liability company	RMB682,911,111	98.2%	1.8%	International container shipping
China Shipping Container Lines (Fuzhou) Co., Ltd.	20 May 2003	Limited liability company	RMB5,000,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Haikou) Co., Ltd.	5 November 2003	Limited liability company	RMB3,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines (Jiangsu) Co., Ltd.	19 September 2003	Limited liability company	RMB6,500,000	45%	55%	Transportation
China Shipping Container Lines Lianyungang Co., Ltd.	12 March 2003	Limited liability company	RMB5,000,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Qinhuangdao) Co., Ltd.	6 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Rizhao) Co., Ltd.	18 July 2003	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
Nanning China Shipping Container Lines Co., Ltd.	18 September 2008	Limited liability company	RMB1,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines (Dalian) Information Processing Co., Ltd.	17 April 2009	Limited liability company	RMB2,000,000	100%	–	Provision of information processing services
China Shipping Container Lines (Zhejiang) Co., Ltd.	18 June 2003	Limited liability company	RMB7,000,000	45%	55%	Cargo and liner agency

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Established and operating in the PRC *(continued)*						
Dandong China Shipping Container Lines Co., Ltd.	18 April 2003	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
Dongguan China Shipping Container Lines Co., Ltd.	14 May 2004	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Fangchenggang China Shipping Container Lines Co., Ltd.	6 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Jiangmen China Shipping Container Lines Co., Ltd.	21 August 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines Jinzhou Co., Ltd.	18 March 2003	Limited liability company	RMB1,500,000	–	100%	Cargo and liner agency
Quanzhou China Shipping Container Lines Co., Ltd.	2 September 2003	Limited liability company	RMB1,550,000	10%	90%	Cargo and liner agency
Shantou China Shipping Container Lines Co., Ltd.	18 April 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines Yingkou Co., Ltd.	9 January 2003	Limited liability company	RMB1,000,000	10%	90%	Cargo and liner agency
Zhanjiang China Shipping Container Lines Co., Ltd.	23 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Zhongshan China Shipping Container Lines Co., Ltd.	15 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
Established and operating in the PRC *(continued)*						
Weihai China Shipping Container Lines Co., Ltd.	8 September 2004	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Yantai China Shipping Container Lines Co., Ltd.	21 December 2006	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Longkou China Shipping Container Lines Co., Ltd.	23 February 2006	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines Chongqing Co., Ltd.	25 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines Hunan Co., Ltd.	13 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines Qinzhou Co., Ltd.	26 March 2010	Limited liability company	RMB1,500,000	–	100%	Cargo and liner Agency
Zhangzhou China Shipping Container Lines Co., Ltd.	11 June 2010	Limited liability company	RMB1,550,000	–	100%	Cargo and liner Agency
Tangshan China Shipping Container Lines Co., Ltd.	27 August 2010	Limited liability company	RMB500,000	–	100%	Cargo and liner Agency
China Shipping Container Lines Anhui Co., Ltd.	29 March 2005	Limited liability company	RMB1,500,000	–	100%	Cargo and liner Agency
Nantong China Shipping Container Lines Co., Ltd.	21 June 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner Agency

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Established and operating in the PRC *(continued)*						
China Shipping Container Lines Hubei Co., Ltd.	26 May 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner Agency
Jiangxi China Shipping Container Lines Co., Ltd.	27 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner Agency
Zhangjiagang China Shipping Container Lines Co., Ltd.	15 March 2005	Limited liability company	RMB5,500,000	–	100%	Cargo and liner Agency
China Shipping (Yangpu) Refrigeration Storage & Transportation Co., Ltd.	13 December 2001	Limited liability company	RMB6,000,000	100%	–	Transportation, storage and other services
Shanghai Inchon International Ferry Co., Ltd.	4 July 1998	Limited liability company	USD2,000,000	–	75.5%	Transportation
China Shipping Container Lines (Shenzhen) Agency Co., Ltd.	15 June 2006	Limited liability company	RMB8,000,000	–	100%	Cargo and liner agency
Universal Logistic (Shenzhen) Co., Ltd.	25 July 2006	Limited liability company	RMB5,000,000	–	100%	Provision of shipping services
Shenzhen China Shipping Refrigeration Storage & Transportation Co., Ltd.	27 October 2006	Limited liability company	RMB2,000,000	–	100%	Provision of shipping services
SuZhou China Shipping Container Lines Co., Ltd.	15 February 2012	Limited liability company	RMB5,000,000	–	100%	Operation of container terminal

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Established and operating in the PRC *(continued)*						
JiaXing China Shipping Container Lines Co., Ltd.	28 December 2011	Limited liability company	RMB5,000,000	–	100%	Operation of container terminal
Duanzhou China Shipping Container Line, Co., Ltd.	13 January 2012	Limited liability company	RMB500,000	–	100%	Operation of container terminal
Cangzhou China Shipping Container Lines Co., Ltd.	6 April 2012	Limited liability company	RMB500,000	–	100%	Operation of container terminal
CSCL Wuhan Real Estate Investment Consulting Co., Ltd.	19 September 2012	Limited liability company	RMB11,100,000	–	100%	Real estate Management
CSCL (Changsha) Real Estate Investment Consulting Co., Ltd.	11 February 2014	Limited liability company	RMB8,500,000	–	100%	Real estate management
Ningde China Shipping Container Lines Co., Ltd.	25 November 2014	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
E-shipping Global Supply Chain Management Co., Ltd.	21 July 2014	Limited liability company	RMB20,000,000	50%	–	Logistics
Incorporated and operating in Hong Kong						
China Shipping Container Lines (Hong Kong) Co., Ltd.	3 July 2002	Limited liability company	HKD1,000,000 and USD1,627,558,800	100%	–	International container shipping and liner agency
China Shipping Container Lines (Hong Kong) Agency Co., Ltd.	11 June 1999	Limited liability company	HKD10,000,000	–	100%	Cargo and liner agency

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Incorporated and operating in Hong Kong *(continued)*						
Universal Shipping (Asia) Co., Ltd.	11 June 1999	Limited liability company	HKD66,000,000	–	100%	Provision of shipping services
Shanghai Puhai Shipping (Hong Kong) Co., Ltd.	4 July 2007	Limited liability company	HKD1,000,000 and USD52,550,000	–	100%	International container shipping and liner agency
CSCL Mercury Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Mars Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Neptune Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Venus Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Star Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Uranus Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Saturn Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Jupiter Shipping Co., Ltd.	5 August 2010	Limited liability company	HKD10,000	–	100%	Ownership of vessel

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Incorporated and operating in Hong Kong *(continued)*						
CSCL Spring Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Summer Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Autumn Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Winter Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Bohai Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Yellow Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL East China Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL South China Sea Shipping Co., Ltd.	5 June 2013	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Globe Shipping Co., Ltd.	30 May 2014	Limited liability company	HKD10,000	–	100%	Ownership of vessel
CSCL Pacific Ocean Shipping Co., Ltd.	30 May 2014	Limited liability company	HKD10,000	–	100%	Ownership of vessel

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Indirectly held	Principal activities
Incorporated and operating in Panama						
PH. Xiang Xiu Shipping S.A.	8 August 2008	Limited liability company	USD2	–	100%	Ownership of vessel
Incorporated in the British Virgin Islands						
China Shipping Container Lines (Asia) Co., Ltd.	28 October 2002	Limited liability company	USD514,465,000	–	100%	Sales, purchase and lease of vessels and containers
Yangshan A Shipping Company Limited	23 December 2003	Limited liability company	USD50,000	–	100%	Ownership of vessel
Yangshan B Shipping Company Limited	23 December 2003	Limited liability company	USD50,000	–	100%	Ownership of vessel
Yangshan C Shipping Company Limited	23 April 2004	Limited liability company	USD50,000	–	100%	Ownership of vessel
Yangshan D Shipping Company Limited	23 April 2004	Limited liability company	USD50,000	–	100%	Ownership of vessel
Incorporated in the Marshall Islands						
Yangshan E Shipping Company Limited	11 September 2007	Limited liability company	USD50,000	–	100%	Ownership of vessel
Incorporated in the Republic of Cyprus						
Arisa Navigation Company Limited	18 June 2002	Limited liability company	CYP1,000	–	100%	Ownership of vessel

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
Incorporated in South Africa						
China Shipping (Africa) Holdings (PTY) Ltd.	11 September 2012	Private company	USD2,000,000	100%	–	No restriction
China Shipping (South Africa) Agency (PTY) Ltd.	29 October 2013	Private company	ZAR1,700,000	–	60%	No restriction
Incorporated in Brazil						
China Shipping (South America) Holdings Ltda	27 May 2013	Private company	BRL5,852,000	95%	5%	No restriction
Incorporated in Singapore						
Golden Sea Shipping Pte. Ltd.	13 August 2012	Limited liability company	SGD1,000,000 and USD10,000,000	60%	–	Shipping lines
China Shipping (Singapore) Petroleum Pte. Ltd.	29 August 2012	Limited liability company	USD5,000,000	–	91%	Provision of bunker
Incorporated in Nigeria						
China Shipping (Nigeria) Agency Ltd.	21 May 2009	Private company	NGN50,000,000	–	60%	No restriction

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(B) ASSOCIATES

As at 31 December 2014, the Group and the Company had equity interests in the following associates:

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
Established in the PRC						
China Shipping Finance Co., Ltd.	30 December 2009	Limited liability company	PRC	RMB600,000,000	25%	Provision of finance services
Angang Vehicle Transportation Co., Ltd.	12 October 1989	Limited liability company	PRC	RMB136,600,000	20.07%	Provision of vehicle transportation services
Incorporated in Hong Kong						
China Shipping Terminal Development (Hong Kong) Co., Ltd.	30 July 2001	Limited liability company	Hong Kong	HKD8,620,135,795	49%	Operation of container terminal

43 PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES *(continued)*

(C) JOINT VENTURES

As at 31 December 2014, the Group had direct equity interests in the following joint ventures:

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
Established in the PRC						
Dalian Vanguard International Logistics Co., Ltd.	8 October 2008	Limited liability company	PRC	RMB74,000,000	50%	Logistics
Jinzhou Port Container-Railway Logistic Co., Ltd.	31 October 2011	Limited liability company	PRC	RMB10,000,000	45%	Operation of container terminal
Incorporated in Hong Kong						
China International Ship Management Co., Ltd.	18 January 2006	Limited liability company	Hong Kong	HKD100,000	50%	Provision of monitoring, maintenance and management services for vessels

Dalian Vanguard International Logistics Co., Ltd. and Jinzhou Port Container-Railway Logistic Co., Ltd. are joint ventures directly held by the Company.

The English names of certain subsidiaries, associates and joint ventures referred to in these financial statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

44 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2015.

Five Years Financial Summary

CONSOLIDATED RESULTS

	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Revenue	34,498,808	27,908,895	32,997,924	33,917,357	**36,077,425**
Operating profit/(loss)	4,240,988	(2,663,225)	436,096	(2,418,070)	**1,961,694**
Finance costs	(164,393)	(140,523)	(506,357)	(457,618)	**(468,294)**
Profit/(loss) before income tax from continuing operations	4,110,382	(2,800,054)	(26,447)	(2,828,387)	**1,577,524**
Income tax (expense)/credit	(51,440)	(42,381)	460,547	(36,290)	**(547,530)**
Profit/(loss) for the year from continuing operations	4,058,942	(2,842,435)	434,100	(2,864,677)	**1,029,994**
Profit for the year from a discontinued operation	174,299	141,962	139,510	280,632	**38,756**
Profit for the year attributable to non-controlling interests	(30,107)	(42,996)	(48,689)	(26,053)	**(24,714)**
Profit/(loss) for the year attributable to equity holders of the Company	4,203,134	(2,743,469)	524,921	(2,610,098)	**1,044,036**
Dividends	–	–	–	–	**–**

CONSOLIDATED ASSETS AND LIABILITIES

	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Non-current assets	35,498,563	39,094,542	38,281,157	33,233,743	**40,212,104**
Current assets	13,517,562	10,317,948	12,924,106	17,583,145	**13,329,047**
Current liabilities	8,654,025	9,791,948	6,350,317	13,703,549	**13,256,077**
Non-current liabilities	10,399,857	12,719,853	17,381,285	12,895,285	**15,407,591**
Net assets	29,962,243	26,900,689	27,473,661	24,218,054	**24,877,483**