CHINA SHIPPING DEVELOPMENT COMPANY LIMITED
中海發展股份有限公司

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

2015 INTERIM REPORT

(Hong Kong Stock Exchange Stock Code: 1138)
(Shanghai Stock Exchange Stock Code: 600026)

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(I) ANALYSIS OF INTERNATIONAL AND DOMESTIC SHIPPING MARKETS DURING THE REPORTING PERIOD

1. Review of the Oil Shipping Market

In the first half of 2015, benefited from the continuous low prices of international crude oil, the international tanker market experienced an accelerating pace of strong recovery. Average tariff level of all major routes increased over the same period of last year, resulting in significant improvement in earnings of ship owners. In the first half of 2015, the annual average value of freight index for three typical routes in the very large crude oil carrier ("**VLCC**") market (Middle East - Far East TD3, Middle East - the US and the Gulf TD1, West Africa — China TD15) rose by 22% year-on-year, while the annual average value of freight index for three typical routes (Middle East — Japan TC1, Middle East - Japan TC5, Singapore - Japan TC4) for three types of vessels (Long Range 1, Long Range 2 and Medium Range) in the international clean oil market rose by 14% year-on-year.

For domestic oil shipment, due to pipeline maintenance of China Petroleum & Chemical Corporation ("**Sinopec**") and decreasing international oil prices in the first half of 2015, there was a strong demand for transportation of imported transit oil and reduced supply from long route offshore crude oil shipment, which resulted in shortened route structure.

2. Review of the Dry Bulk Shipping Market

Since early 2015, commodity prices kept decreasing and demand for international dry bulk shipment shrank significantly. Affected by weak market demand and over supply of capacity, international dry bulk cargo shipment market continued to slow down and became severely restricted in the first half of 2015, with average value of Baltic Dry Index ("**BDI**") of 623 points, representing a significant decrease of 47.2% as compared to the same period of 2014. On 18 February 2015, in particular, BDI fell to 509 points, which was the lowest value since the index was released.

For coastal dry bulk shipping market, affected by factors such as slowdown and restructuring of China's economy, decreased domestic demand for thermal power, inadequate demand in coastal bulk shipping market and continuous over supply of capacity, freight rates for coastal dry bulk cargoes continued to decline, with Coastal Bulk Freight Index ("**CBFI**"), an integrated freight rate index for coastal dry bulk shipment, falling to 808 points on 10 April 2015, which was the lowest point since the index was released in 2001. The average value of CBFI was 860 points, representing a significant decrease of 18.9% as compared to the same period of 2014.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD

Facing the complicated market environment, China Shipping Development Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") continued to deepen the strategy of "major clients, great co-operation and comprehensive services" and implemented excellent management under the right leadership of the board (the "**Board**") of directors (the "**Directors**") of the Company, with a focus on the "strategic guidance and innovation-driven" general keynotes of work, obtaining new breakthroughs and achievements in various areas such as safety management, marketing, cost control and efficiency enhancement, significantly improving the operating conditions of the Group and maintaining our overall stable development trend.

During the six months ended 30 June 2015 (the "**Reporting Period**"), the Group completed 90.233 million tonnes of cargo shipment, representing a decrease of 5.3% year-on-year; the volume of freight shipping turnover was 244.22 billion tonne-nautical miles, representing an increase of 7.4% year-on-year. Revenue from principal operations (after business tax and surcharge, same as below) was RMB5,809 million, representing a decrease of 7.7% year-on-year. Costs of principal operations amounted to RMB4,764 million, representing a decrease of 13.0% year-on-year. During the Reporting Period, the Company achieved net profit attributable to owners of the Company of RMB304.38 million.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

1. ANALYSIS OF PRINCIPAL OPERATIONS

An analysis of the principal operations in terms of products transported and geographical regions during the Reporting Period is as follows:

Sub-business or sub-product	Operating Turnover (RMB'000)	Increase/decrease in operating turnover as compared with the same period in 2014 (%)	Gross profit margin: The first half of 2015 (%)	Gross profit margin: The first half of 2014 (%)
Domestic	1,057,477	1.2	44.6	33.3
Crude oil shipment	936,414	4.3	47.9	38.2
Refined oil shipment	74,855	-36.9	23.5	-0.5
Charter income	46,208	62.1	12.1	18.8
International	1,950,081	9.9	29.3	3.4
Crude oil shipment	998,458	-4.4	29.6	4.4
Refined oil shipment	604,668	-5.0	35.9	3.0
Charter income	346,955	272.8	17.2	-4.2
Sub-total of oil Shipment	3,007,558	6.7	34.7	14.5
Domestic	1,162,847	-16.0	-2.5	-1.6
Coal shipment	657,684	-36.0	-0.6	3.1
Iron ore shipment	72,185	-41.5	-67.9	-44.9
Other dry bulk cargoes shipment	126,121	-26.0	-13.1	-3.4
Charter income	306,857	398.1	13.0	10.9
International	1,638,404	-21.5	1.9	20.6
Coal shipment	93,296	-51.8	-3.8	3.5
Iron ore shipment	1,034,258	-22.6	17.1	32.1
Other dry bulk cargoes shipment	153,065	18.5	-7.2	-15.5
Charter income	357,785	-16.6	-37.0	3.5
Sub-total of dry bulk shipment	2,801,251	-19.3	0.0	11.8
Total	5,808,809	-7.7	18.0	13.0

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

1. ANALYSIS OF PRINCIPAL OPERATIONS (Continued)

(1) Shipping business — Oil shipments

In the first half of 2015, in adherence to the "major clients and great co-operation" strategy, the Group strived to seize market opportunities to further deepen reform of operation and management mechanism, further promote innovative concepts and models of safety management and operation development and devoted to improving cost efficiency, with continuous improvement in transportation efficiency of the tanker fleet.

For domestic oil shipment, targeting at the full liberalisation of the domestic crude oil market, the Group actively innovated customer service model and operation model and strived to consolidate its market leading position, significantly improving the shipping efficiency and effectiveness of the domestic oil shipment fleet. In 2014, with the great support of China Shipping (Group) Company ("**China Shipping**"), the Company completed the acquisition of 40% equity interest in Shanghai Beihai Shipping Company Limited ("**Shanghai Beihai**"). In 2015, seizing the opportunities of capital injection into Shanghai Beihai, the Group actively promoted all-round cooperation with China National Offshore Oil Corporation and Shanghai Beihai. In the face of structural shrinkage of domestic refined oil market in recent years, the Group adopted a strategic exit strategy while utilising the joint advantages of domestic and offshore trading markets to timely adjust allocation of domestic and foreign oil shipment capacities while sparing no effort to improve the operating efficiency of single vessel in response to market fluctuation.

For international oil shipment, through cooperation with international advisory organisations, the Group strengthened market research and judgement and strived to grasp market opportunities. Meanwhile, the Group actively implemented diversified operation strategy, and significantly optimised the owner structure, market structure and route structure. In the first half of 2015, through strengthening global marketing, the Group made considerable progress in cooperating with internationally renowned oil companies, and not only significantly increased its business turnover, but also made a breakthrough in long-term vessel chartering business, significantly enhancing the Group's brand image and market influence.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

1. ANALYSIS OF PRINCIPAL OPERATIONS (Continued)

(1) *Shipping business — Oil shipments* (Continued)

Table Showing Operating Conditions for Oil Shipment Segment in the First Half of 2015

	Transportation volume		Revenue		Gross profit margin	
	Billion tonne nautical miles	YOY Increase/ Decrease	RMB'000	YOY Increase/ Decrease	1H 2015	1H 2014
Domestic	7.32	-4.3%	1,057,477	1.2%	44.6%	33.3%
Crude oil shipment	6.93	0.4%	936,414	4.3%	47.9%	38.2%
Refined oil shipment	0.39	-47.9%	74,855	-36.9%	23.5%	-0.5%
Charter income	—	—	46,208	62.1%	12.1%	18.8%
International	80.45	-11.3%	1,950,081	9.9%	29.3%	3.4%
Crude oil shipment	59.88	-18.9%	998,458	-4.4%	29.6%	4.4%
Refined oil shipment	20.57	21.6%	604,668	-5.0%	35.9%	3.0%
Charter income	—	—	346,955	272.8%	17.2%	-4.2%
Total	87.77	-10.8%	3,007,558	6.7%	34.7%	14.5%

(2) *Shipping business — Dry bulk shipments*

For dry bulk cargo shipment, the Group actively responded to market challenges and continued to deepen reform, devoting itself to promoting efficiency and reducing loss.

For domestic dry bulk cargo shipment, the Group strengthened its marketing efforts on domestic major customers by early arrangement of Contract of Affreightment ("**COA**") negotiations early in the year, and strived to increase the performance rate of the contracts. Meanwhile, the Group strengthened its efforts on chartering vessels and actively leased bulk vessels with competitive advantage to replace its own vessels with higher cost, striving to improve shipping efficiency of the vessels.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

1. ANALYSIS OF PRINCIPAL OPERATIONS (Continued)

(2) *Shipping business — Dry bulk shipments* (Continued)

For international dry bulk cargo shipment, the Group actively implemented internationalisation strategy and continued to vigorously expand international dry bulk shipment market. For very large ore carriers fleet, the Group continued to focus on fine operation to ensure stable revenue. In terms of small and medium fleet, the Group further strengthened market segment research and judgment, actively adjusted the international supply structure and market structure, strengthened adjustment of domestic and foreign trade operation, actively explored third-country transportation, with a focus on development of food and steel transportation. Furthermore, the Group strengthened its efforts on international chartering of bulk cargo vessels. Through a series of effective measures, the international dry bulk cargo fleet has achieved significant improvement in operating efficiency, resulting in a significant increase in the daily profit margins of the Capesize and Panamax fleet when compared to market standard in the corresponding periods.

Table Showing Operating Conditions for Dry Bulk Shipment Segment in the First Half of 2015

	Transportation volume		Revenue		Gross profit margin	
	Billion tonne nautical miles	YOY Increase/ Decrease	RMB'000	YOY Increase/ Decrease	1H 2015	1H 2014
Domestic	35.39	-3.3%	1,162,847	-16.0%	**-2.5%**	-1.6%
Coal shipment	27.23	-6.2%	657,684	-36.0%	**-0.6%**	3.1%
Iron ore shipment	3.05	-17.7%	72,185	-41.5%	**-67.9%**	-44.9%
Other dry bulk cargoes shipment	5.11	32.0%	126,121	-26.0%	**-13.1%**	-3.4%
Charter income	—	—	306,857	398.1	**13.0%**	10.9%
International	121.06	31.1%	1,638,404	-21.5%	**1.9%**	20.6%
Coal shipment	8.84	30.5%	93,296	-51.8%	**-3.8%**	3.5%
Iron ore shipment	100.83	24.4%	1,034,258	-22.6%	**17.1%**	32.1%
Other dry bulk cargoes shipment	11.39	149.2%	153,065	18.5%	**-7.2%**	-15.5%
Charter income	—	—	357,785	-16.6%	**-37.0%**	3.5%
Total	156.45	21.3%	2,801,251	-19.3%	**0.0%**	11.8%

Note: Other dry bulk cargoes include metalore, non-metallicore, steel, cement, timber, grain, insecticide, fertiliser and so on except for coal and iron ore.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

1. ANALYSIS OF PRINCIPAL OPERATIONS (Continued)

(3) Progress made in LNG shipments

In recent years, domestic LNG markets experienced rapid development, accounting for an increasing proportion in the structure of energy consumption, while the rapid development of China's LNG importation has provided huge strategic opportunities for the Company to expand its LNG transportation. The Board has positioned LNG transportation as one of the core businesses for the Group's future development.

As of the end of June 2015, the Group had participated in or led three major LNG projects including the Exxon Mobil DES project, the APLNG project and the YAMAL project, and has orders for a total of 13 LNG vessels on hand.

In the first half of 2015, the Group continued to steadily proceed with existing projects, actively coordinated overtaking and management of vessels under the Exxon Mobil DES project, and ensured the smooth progress of ship building and supporting work for the first phase of the Exxon Mobil DES project, the APLNG project and the YAMAL project. Meanwhile, the Group actively implemented tender bidding for the second phase of ship building of the APLNG Project.

The first vessel manufactured under the Exxon Mobil DES project representing cooperation between the Group and Mitsui O.S.K. Lines, Limited was delivered for use in January 2015, recording net profit of USD3.41 million and investment income of RMB6.26 million based on equity method in the first half of 2015.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

2. Costs and expenses analysis

In the first half of 2015, while achieving well in transportation operations, the Group seriously and consistently implemented various requirements of the Board on intensive management enhancement, cost reduction and efficiency improvement, and further emphasised the "costs determine success" strategic positioning. Starting on operational management and overall budget management, cost management and control was further strengthened and all types of various costs and expenses were effectively under control. In the first half of 2015, the Group incurred costs of principal operations of RMB4,764 million, representing a decrease of 13.0% year-on-year. Effective cost control has ensured notable improvement in operating profit of the Group. The composition of the main operating costs is analysed as follows:

Item	In the first half of 2015 (RMB'000)	In the first half of 2014 (RMB'000)	Increase/ decrease (%)	Composition ratio in the first half of 2015 (%)
Fuel cost	1,470,311	2,300,899	-36.1	30.9
Port cost	539,174	508,649	6.0	11.3
Sea crew cost	619,030	727,878	-15.0	13.0
Lubricants expenses	115,075	136,998	-16.0	2.4
Depreciation	917,368	911,365	0.7	19.3
Insurance expenses	113,783	122,658	-7.2	2.4
Repair expenses	168,505	180,055	-6.4	3.5
Charter cost	597,073	414,132	44.2	12.5
Others	223,647	171,454	30.4	4.7
Total	**4,763,966**	5,474,088	-13.0	100.0

Fuel cost was the most important cost control item for shipping enterprises. In the first half of 2015, leveraging the comprehensive control effect of China Shipping group's operating platform, the Group improved market research and judgement mechanism through building closer cooperation relationship with suppliers and traders, and took advantage of the rare opportunity when international oil prices fell sharply to lock the fuel cost. Meanwhile, the Group enhanced utilisation efficiency of fuels through operating at economic speed with the best effect and control over key parts such as oil in bulk heating, cabin cleaning, inert air filling and exchange of ballast water.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

2. Costs and expenses analysis (Continued)

In the first half of 2015, the Group incurred fuel cost of RMB1,470 million, representing a decrease of 36.1% year-on-year and accounting for 30.9% of the costs of principal operations. The Group achieved significant cost reduction by adopting measures including implementing economic shipping speed, centralised purchase, locking oil purchases and various energy-saving measures. While the turnover volume increased by 7.4% year-on-year, the fuel consumption volume was 538,000 tonnes, representing a decrease of 12.1% year-on-year, and the average fuel consumption was 2.20 kg/1,000 nautical miles, decreased by 18.2% year-on-year.

3. Interests in the joint ventures' and associates' results

In the first half of 2015, by implementing the "major clients, great co-operation and comprehensive services" strategy, the Group continued to enhance cooperation with joint ventures and associates, strengthen management of joint ventures and associates shipping companies, and maintain close communication with shareholders, seek further support for joint ventures and associates from shareholders, and in the meantime continued to strengthen cost control over joint ventures and associates to ensure reasonable return for the Group.

In the first half of 2015, the Company achieved substantial progress in industry cooperation. In May 2015, the Company entered into an agreement with China COSCO Bulk Shipping (Group) Company Ltd., a wholly-owned subsidiary of China COSCO Holdings Company Limited pursuant to which the parties jointly invested in the establishment of an associate named China Ore Shipping Pte. Ltd. ("**China Ore Shipping**") in Singapore. The Company holds 49% equity interest in China Ore Shipping. On 19 May 2015 (Brazil time), China Ore Shipping as buyer entered into certain agreements with Vale Shipping Singapore Pte. Ltd. as seller, a subsidiary of Vale International S.A. ("**Vale International**") for purchasing four very large ore carriers. On the same day, China Ore Shipping and Vale International entered into a long-term transportation agreement.

In the first half of 2015, the Group recognised approximately RMB39 million as its loss from its joint ventures as compared to a profit of approximately RMB114 million during the same period in 2014. In the first half of 2015, the 5 joint ventures of the Group achieved a shipping volume of approximately 73.59 billion tonne-nautical miles, representing an increase of 8.31% as compared with the same period in 2014. The operating turnover achieved by the 5 joint ventures in the first half of 2015 was approximately RMB2,714 million, representing a decrease of 38.3% as compared with the same period in 2014, with a net loss of approximately RMB126 million.

As at 30 June 2015, the 5 joint ventures owned 84 vessels with a total capacity of 4.657 million deadweight tonnes and 7 vessels under construction with the capacity of 331,000 deadweight tonnes.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

3. Interests in the joint ventures' and associates' results (Continued)

The operating results achieved by the 5 joint ventures in the first half of 2015 are as follows:

Company name	Interest held by the Group	Shipping volume (billion tonne nautical miles)	Operating revenue (RMB'000)	Net profit/(loss) (RMB'000)
Shenhua Zhonghai Marine Co., Limited	49%	32.75	1,009,300	-18,780
Shanghai Times Shipping Co., Limited	50%	28.64	1,368,560	-115,890
Guangzhou Development Shipping Co., Limited	50%	3.23	207,680	2,080
Shanghai Friendship Marine Co., Limited	50%	7.82	45,160	-800
Huahai Petrol Transportation & Trading Co., Limited	50%	1.15	83,270	7,030
Total		73.59	2,713,970	-126,360

In the first half of 2015, the net profit achieved by China Shipping Finance Co., Limited, a non-shipping joint venture, with 25% interest held by the Company, was approximately RMB110,331,000 (the first half of 2014: approximately RMB111,040,000).

In the first half of 2015, the Group has recognised its profits in its associates of approximately RMB101 million. In the first half of 2015, 2 associates achieved a shipping volume of 6.03 billion tonne-nautical miles. The operating revenue achieved by the associates in the first half of 2015 was approximately RMB702 million, and the net profit realised by the associates in the first half of 2015 was approximately RMB234 million.

As at 30 June 2015, the associates owned 11 bulk vessels with a total capacity of 2.194 million deadweight tonnes.

(II) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD (Continued)

3. Interests in the joint ventures' and associates' results (Continued)

The operating results achieved by the 2 associates in the first half of 2015 are as follows:

Company name	Interest held by the Group	Shipping volume (billion tonne nautical miles)	Operating revenue (RMB'000)	Net profit (RMB'000)
Shanghai Beihai	40%	5.84	669,380	223,220
China Ore Shipping	49%	0.19	32,510	10,720
Total		6.03	701,890	233,940

(III) FINANCIAL ANALYSIS

1. Net cash inflow

The net cash inflow from operating activities of the Group was RMB2,139,616,000 and RMB1,473,310,000 for the six months ended 30 June 2015 and 2014 respectively.

2. Capital commitments

The Group had the following capital commitments as at 30 June 2015 of which RM2,433,591,000 (31 December 2014: RMB1,112,199,000) will be due within one year.

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Authorised and contracted for:		
Construction and purchases of vessels (Note 1)	**7,520,423**	5,430,061
Equity investments (Note 2)	**1,261,830**	539,668
	8,782,253	5,969,729

Note:

(1) According to the construction and purchase agreements entered into by the Group from November 2010 to June 2015, these capital commitments will fall due in 2015 to 2018.

(2) Included capital commitments in respect of equity investments are the commitment to invest in a joint venture, Shenhua Zhonghai Marine Co., Limited, and an associate, China Ore Shipping.

(III) FINANCIAL ANALYSIS (Continued)

2. Capital commitments (Continued)

In addition to the above, the Group's share of the capital commitments of its associates which are contracted for but not provided amounted to RMB246,975,000 (31 December 2014: RMB486,298,000). The Group's share of the capital commitments of its joint ventures, which are contracted for but not provided amounted to RMB2,877,022,000 (31 December 2014: RMB3,225,137,000).

3. Capital structure

As at 30 June 2015, the equity attributable to the owners of the Company and net debts (as total debt (which includes interest-bearing bank and other borrowings, other loans, obligations under finance leases and bonds payable) less cash and cash equivalents) amounted to approximately RMB25,101,978,000 and approximately RMB36,221,702,000 respectively and the debt-to-equity ratio was 144% (31 December 2014: 171%).

4. Trade and bills receivables

The carrying amounts of trade and bills receivables approximate their fair values.

An ageing analysis of trade and bills receivables is as follows:

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Balance	Percentage	Balance	Percentage
	RMB'000	%	RMB'000	%
1 - 3 months	**1,585,486**	**75**	1,503,619	86
4 - 6 months	**501,270**	**24**	131,929	8
7 - 9 months	**26,531**	**1**	58,604	3
10 - 12 months	**—**	**—**	47,443	3
1 - 2 years	**4,411**	**—**	4,668	—
Over 2 years	**1,725**	**—**	—	—
	2,119,423	**100**	1,746,263	100

The Group normally allows an average credit period of 30 to 120 days to its major customers. In view of the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

(III) FINANCIAL ANALYSIS (Continued)

5. Trade and bills payables

The carrying amounts of trade and bills payables approximate their fair values.

An ageing analysis of trade and bills payables is as follows:

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Balance RMB'000	Percentage %	Balance RMB'000	Percentage %
1 - 3 months	737,844	65	710,078	72
4 - 6 months	184,082	16	129,070	13
7 - 9 months	128,409	11	51,795	5
10 - 12 months	56,797	5	66,103	7
1 - 2 years	20,558	2	24,436	2
Over 2 years	7,044	1	9,187	1
	1,134,734	100	990,669	100

The trade and bills payables are non-interest-bearing and are normally settled in 1 to 3 months.

6. Provision for onerous contracts

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	281,815	349,694
Provision during the period/year	83,484	107,358
Utilised during the period/year	(74,122)	(175,850)
Exchange realignment	—	613
At end of period/year	291,177	281,815
Current portion of provision for onerous contracts	141,833	142,287
Non-current portion of provision for onerous contracts	149,344	139,528
	291,177	281,815

(III) FINANCIAL ANALYSIS (Continued)

6. Provision for onerous contracts (Continued)

As at 30 June 2015, the Group had a provision of RMB291,177,000 (31 December 2014: RMB281,815,000) for onerous contracts relating to the non-cancellable chartered-in oil tanker and dry bulk vessel contracts.

As at 30 June 2015, the committed charterhire expenses of non-cancellable chartered-in oil tanker and dry bulk vessel contracts with lease term expiring over 24 months from the end of the reporting period and with period not being covered by chartered-out oil tanker and dry bulk vessel contracts of which management cannot reliably assess their onerous contracts amounted to approximately RMB2,559,905,000 (31 December 2014: RMB2,709,313,000).

7. Derivative financial instruments

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Carried at fair value		
Cash flow hedges:		
– Interest rate swap agreements		
Liabilities		
Non-current portion	(257,490)	(291,553)

As at 30 June 2015, the Group held thirty-one (31 December 2014: thirty-one) interest rate swap agreements and the total notional principal amount of the outstanding interest rate swap agreements was approximately USD609,800,000 (approximately RMB3,728,069,000) (31 December 2014: approximately USD609,800,000 (approximately RMB3,731,368,000)). The interest rate swap agreements, with maturity in 2016, 2031 and 2032, are designated as cash flow hedges in respect of the bank borrowings of the Group with floating interest rates.

During the Reporting Period, the floating interest rates of the bank borrowings were London interbank offered rate ("**Libor**") + 0.42% or 2.20% (six months ended 30 June 2014: Libor + 0.42% or 0.45% or 2.20%).

(III) FINANCIAL ANALYSIS (Continued)

7. Derivative financial instruments (Continued)

The profit/(loss) for the interest rate swap agreements during the period is as follows:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Total fair value profit/(loss) included in the hedging reserve	**33,934**	(214,185)
Hedge loan interest included in finance costs	**(1,029)**	(2,048)
Total profit/(loss) on cash flow hedges of interest rate swap agreements for the current period	**32,905**	(216,233)

On 28 January 2014, the Group released one of the interest rate swap agreements with Citibank, N.A., Hong Kong, and its notional principal amount was approximately USD41,334,000 prior to maturity in January 2016.

(III) FINANCIAL ANALYSIS (Continued)

8. Interest-bearing bank and other borrowings

(a) The Group's interest-bearing bank and other borrowings are analysed as follows:

	Annual effective Interest (%)	Maturity	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Current liabilities				
(i) Bank loans				
Secured	5% to 10% discount to the People's Bank of China ("**PBC**") Benchmark interest rate, 3 months Libor, 3 months Libor + 1.30%, Libor + 0.38% to 2.15%, 3.50% to 4.73%	2015-2016	**1,355,421**	1,926,196
Unsecured	Libor + 0.60% to 4.00%, 9% to 10% discount to the PBC Benchmark interest rate, PBC Benchmark interest rate, 3 months Libor, 3 months Libor + 1.05% to 2.20%, 4.50%	2015-2016	**2,858,318**	4,030,944
			4,213,739	5,957,140
(ii) Other borrowings				
Secured	6.00%, 5% discount to the PBC Benchmark interest rate	2015-2016	**8,415**	253,160
Unsecured	10% discount to the PBC Benchmark interest rate, Libor + 1.60% to 2.90%, 6 months Libor + 2.10%, 1.50% to 6.00%	2015-2016	**2,361,352**	2,032,790
			2,369,767	2,285,950
Interest-bearing bank and other borrowings – current portion			**6,583,506**	8,243,090

(III) FINANCIAL ANALYSIS (Continued)

8. Interest-bearing bank and other borrowings (Continued)

(a) The Group's interest-bearing bank and other borrowings are analysed as follows: (Continued)

	Annual effective Interest (%)	Maturity	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Non-current liabilities				
(i) Bank loans				
Secured	5% to 10% discount to the PBC Benchmark interest rate, 3 months Libor + 2.20%, Libor + 0.38% to 2.15%, 4.27% to 4.73%	2016-2037	11,917,836	11,295,416
Unsecured	10% to 20% discount to the PBC Benchmark interest rate, PBC Benchmark interest rate, Libor + 1.45% to 1.85%, 3 months Libor + 2.40%, 1.86% to 6.00%	2016-2024	7,847,650	7,388,464
			19,765,486	18,683,880
(ii) Other borrowings				
Secured	5% discount to the PBC Benchmark interest rate	2023	115,005	129,540
Unsecured	3.60% to 6.51%, 6 months Libor + 2.50%, Libor + 2.00%	2017-2018	5,222,705	4,611,923
			5,337,710	4,741,463
Interest-bearing bank and other borrowings – non-current portion			25,103,196	23,425,343

(III) FINANCIAL ANALYSIS (Continued)

8. Interest-bearing bank and other borrowings (Continued)

(b) As at 30 June 2015, the Group's interest-bearing bank and other borrowings were repayable as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Analysed into:		
(i) Bank loans:		
Within one year or on demand	**4,213,739**	5,957,140
In the second year	**3,781,636**	2,689,239
In the third to fifth year, inclusive	**9,281,160**	10,204,923
Over five years	**6,702,690**	5,789,718
	23,979,225	24,641,020
(ii) Other borrowings:		
Within one year or on demand	**2,369,767**	2,285,950
In the second year	**620,277**	8,670
In the third to fifth year, inclusive	**4,643,992**	4,640,993
Over five years	**73,441**	91,800
	7,707,477	7,027,413
	31,686,702	31,668,433

As at 30 June 2015, certain of the Group's bank and other borrowings were secured by (i) pledges of the Group's 50 vessels (31 December 2014: 48 vessels) and 7 vessels under construction (31 December 2014: 13 vessels under construction) with total net carrying amount of RMB19,312,453,000 and RMB4,811,630,000 respectively (31 December 2014: RMB19,154,098,000 and RMB4,995,123,000 respectively).

As at 30 June 2015, none of bank deposits (31 December 2014: bank deposits of RMB611,900,000) has/had been pledged to secure short-term bank loan. The pledged bank deposits were released upon the settlement of relevant bank loans for the period.

(III) FINANCIAL ANALYSIS (Continued)

8. Interest-bearing bank and other borrowings (Continued)

(b) As at 30 June 2015, the Group's interest-bearing bank and other borrowings were repayable as follows: (Continued)

The carrying amounts of the Group's interest-bearing bank and other borrowings approximate their fair values.

Except for secured bank loans of RMB12,090,341,000 (31 December 2014: RMB12,470,966,000), unsecured bank loans of RMB6,440,596,000 (31 December 2014: RMB6,978,985,000) and unsecured other borrowings of RMB1,834,057,000 (31 December 2014: RMB611,923,000) which are denominated in USD, all other borrowings are denominated in RMB.

(c) Details of the notes are as follows:

Notes with principal amount of RMB3,000,000,000 were issued by the Group to investors on 3 August 2009. The notes carried a fixed interest yield of 3.90% per annum and were issued at a price of 100 per cent of its principal amount, resulting in no discount on the issue. The notes became interest bearing since 4 August 2009, payable annually in arrears on 4 August of each year. The notes had been fully redeemed on 3 August 2014.

9. Bonds payable

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Convertible bonds	—	3,145,147
Corporate bonds	4,976,479	4,973,360
	4,976,479	8,118,507
Less: current portion of bonds payable	(999,713)	(4,143,383)
Non-current portion of bonds payable	3,976,766	3,975,124

(III) FINANCIAL ANALYSIS (Continued)

9. Bonds payable (Continued)

(a) *Convertible bonds*

The Company's A-share convertible bonds amounted to RMB3,950,000,000 were issued on 1 August 2011, with a term of 6 years, by issuing 39,500,000 number of bonds at a nominal value of RMB100 each. The convertible bonds are convertible into A-shares of the Company at any time between six months after the date of issue of the convertible bonds and the maturity date of the convertible bonds, being 2 February 2012 to 1 August 2017, at initial conversion price of RMB8.70 per share.

On 17 May 2012, the Company declared a 2011 final dividend of RMB0.10 per share (before tax). According to the terms of issuance of the convertible bonds and relevant regulations by China Securities Regulatory Commission, the Company changed the conversion price from RMB8.70 per share to RMB8.60 per share effective from 1 June 2012.

If the convertible bonds have not been converted, they will be redeemed at 105% of par value within five trading days after the maturity of the convertible bonds. The convertible bonds bear interest at 0.5% for the first year, 0.7% for the second year, 0.9% for the third year, 1.3% for the fourth year, 1.6% for the fifth year and 2.0% for the sixth year. The interests are payable annually in arrears on 1 August of each year starting from 2012.

Within the last two years of the convertible bonds, if the closing price of A-share is traded at lower of 70% of the initial conversion price for thirty consecutive trading days, the convertible bonds holders are entitled to a one-off right to request the Company to redeem the convertible bonds wholly or partially at par, with interest accrued on that day.

The Company is entitled to redeem the convertible bonds wholly at par plus accrued interest if: (i) the closing price of the Company's shares is at or higher than 130% of the initial conversion price for any fifteen trading days in thirty consecutive trading days from issuance of the convertible bonds; or (ii) the aggregate par value of the outstanding convertible bonds is less than RMB30,000,000 at any time from issuance of the convertible bonds.

The convertible bonds were split into liability (including the value of closely-related early redemption option and callable option) and equity components of RMB3,039,329,000 and RMB873,043,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount to the equity component. The liability component is subsequently carried at amortised cost and equity component is recognised in the convertible bonds equity reserve. The effective interest of the liability component is 5.6% per annum.

(III) FINANCIAL ANALYSIS (Continued)

9. Bonds payable (Continued)

(a) Convertible bonds (Continued)

On 12 August 2014, the Company passed a special resolution to approve the downward adjustment to the conversion price from RMB8.60 per share to RMB6.24 per share in accordance with the terms of issuance of the convertible bonds, when adjustment became effective on 14 August 2014.

As the closing price of the A Shares had been equal to or higher than 130% of the conversion price of the convertible bonds (being RMB6.24 per share) for at least 15 trading days out of the 30 consecutive trading days between 26 November 2014 and 8 January 2015, the Board had on 8 January 2015 resolved to redeem all outstanding convertible bonds in accordance with the specified redemption procedures. On 13 February 2015, the Company completed its redemption of all outstanding convertible bonds. The convertible bonds were delisted from the Shanghai Stock Exchange on 13 February 2015.

The movement of the liability component of the convertible bonds for the Reporting Period is set out below:

	RMB'000
Carrying amount at 31 December 2014	3,145,147
Interest charge	14,677
Conversion during the period	(3,120,694)
Redemption	(34,744)
Gain on early redemption of convertible bonds	(4,386)
Carrying amount at 30 June 2015	—

The fair value and effective interest rate of the liability component of the convertible bonds as at 30 June 2015 was RMBNil (31 December 2014: RMB3,145,147,000) and Nil% (31 December 2014: 5.60%) per annum respectively.

Interest expense of RMB14,677,000 (six months ended 30 June 2014: RMB96,089,000) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income in respect of the convertible bonds for the Reporting Period.

(III) FINANCIAL ANALYSIS (Continued)

9. Bonds payable (Continued)

(b) Corporate bonds

The movement of the corporate bonds for the Reporting Period is set out below:

	RMB'000
Balance as at 31 December 2014	4,973,360
Interest charge	3,119
Balance as at 30 June 2015	4,976,479
Current portion of corporate bonds	999,713
Non-current portion of corporate bonds	3,976,766
	4,976,479

As at 30 June 2015, the balances of bonds payable are as follows:

Issue date	Term of the bond	Total principal value RMB'000	Book value of bond at initial recognition RMB'000	At 31 December 2014 RMB'000	Interest charge RMB'000	At 30 June 2015 RMB'000
3 August 2012	3 years	1,000,000	991,400	998,236	1,477	999,713
3 August 2012	10 years	1,500,000	1,487,100	1,489,656	556	1,490,212
29 October 2012	7 years	1,500,000	1,488,600	1,491,727	760	1,492,487
29 October 2012	10 years	1,000,000	992,400	993,741	326	994,067
		5,000,000	4,959,500	4,973,360	3,119	4,976,479

The Company issued 2 batches of corporate bonds on 3 August 2012. The first batch is a three-year corporate bond with a principal value of RMB1 billion, carrying an annual interest rate of 4.20% and matures on 3 August 2015. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

(III) FINANCIAL ANALYSIS (Continued)

9. Bonds payable (Continued)

(b) Corporate bonds (Continued)

The second batch is a ten-year corporate bond with a principal value of RMB1.5 billion, carrying an annual interest rate of 5.00% and matures on 3 August 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The Company issued further 2 batches of corporate bonds on 29 October 2012. The first batch is a seven-year corporate bond with a principal value of RMB1.5 billion, carrying an annual interest rate of 5.05% and matures on 29 October 2019. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The second batch is a ten-year corporate bond with a principal value of RMB1 billion, carrying an annual interest rate of 5.18% and matures on 29 October 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

10. Risk on foreign currency

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar ("**USD**") and Hong Kong Dollar ("**HKD**") against RMB. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

As at 30 June 2015, the Group's foreign exchange liabilities mainly comprised secured bank loans of approximately RMB12,090,341,000 (31 December 2014: approximately RMB12,470,966,000), and unsecured bank and other borrowings of approximately RMB8,274,653,000 (31 December 2014: approximately RMB7,590,908,000). In addition, the Company would pay dividend for H shares in HKD.

The Group does not have any significant exposure to foreign exchange risk.

Given the increasing revenue from the Group's international shipping business, changes in exchange rates will have certain impact on the Group's profitability. Therefore, the Group will further strengthen its efforts in monitoring and studying exchange rate fluctuations, and will actively implement effective measures to strive to avoid exchange rate fluctuation risks. Firstly, the Group will strive to breakeven USD payables/receivables for its operations. Secondly, the Group will conscientiously analyse and compare available financial instruments for averting exchange rate risks, so as to hedge and lock in financial costs, and to effectively protect against risks caused by exchange rate fluctuations.

(III) FINANCIAL ANALYSIS (Continued)

11. Contingent liabilities

(1) In August 2011, one of the Group's cargo vessels "Bihuashan" collided with "Li Peng 1", which caused "Li Peng 1" to sink afterwards. The Group has set up a Limitation of Liability for Maritime Claims Fund amounting to RMB22,250,000. Since the Group had been insured, all compensation will be borne by the insurance company. As at 30 June 2015, the Group was still in the process of settling all the issues concerned.

(2) In January 2012, fuel leakage occurred in one of the Group's tanker "Daiqing 75" during its voyage in Bohai Sea of the People's Republic of China (the "**PRC**"). As at 30 June 2015, claims on damage caused by the fuel leakage amounted to an aggregate of RMB19,370,000 plus court costs. Of which, RMB11,250,000 had been fully settled by insurance companies. Since the Company had been insured with PICC Property and Casualty Company Limited and West of England Insurance Services (Luxembourg) S.A., all compensation will be borne by the insurance companies. As at 30 June 2015, the Group was still in the process of settling all the issues concerned. On 24 July 2015, the court announced the final claims on damage to be RMB4,000,000 and the Group agreed to settle the issues concerned with the amount. The fuel leakage incident in relation to the "Daiqing 75" tanker was resolved after the Group settled such amount.

(3) East China LNG Shipping Investment Co. Ltd., a non wholly-owned subsidiary of the Company, holds 30% equity interests in each of Aquarius LNG Shipping Limited ("**Aquarius LNG**") and Gemini LNG Shipping Limited ("**Gemini LNG**"), and North China LNG Shipping Investment Co. Ltd., a non wholly-owned subsidiary of the Company, holds 30% equity interests in each of Capricorn LNG Shipping Limited ("**Capricorn LNG**") and Aries LNG Shipping Limited ("**Aries LNG**"). Each of these four companies above entered into ship building contracts for the construction of one LNG vessel. After the completion of the LNG vessels, the four companies would, in accordance with time charters agreements to be signed, lease the LNG vessels to the following charterers:

Company name	Charterer
Aquarius LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Gemini LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Aries LNG	Mobil Australia Resources Company Pty Ltd.
Capricorn LNG	Mobil Australia Resources Company Pty Ltd.

On 15 July 2011, the Company entered into four guaranteed leases (the "**Lease Guarantees**"). According to the Lease Guarantees, the Company irrevocably and unconditionally provided the charterers, successors and transferees of the four companies listed above with guarantee (1) for the four companies to fulfil their respective obligations under the lease term, and (2) to secure 30% of amounts payable to charterers under lease term.

(III) FINANCIAL ANALYSIS (Continued)

11. Contingent liabilities (Continued)

(3) (Continued)

According to the term of the Lease Guarantees and taking into account the possible increase in the value of the lease commitments and the percentage of shareholdings by the Company in the above four companies, the amount of lease guaranteed by the Company is limited to USD8.2 million (approximately RMB50 million).

The guarantee period is limited to that of the lease period, which is 20 years.

(4) On 9 March 2013, one of the Group's cargo vessels "CSB Talent" had a broken bollard caused by strong wind at the dock and collided with several parked vessels nearby, which resulted in damage of the floating dock and other facilities. In March 2014, claims on damage caused by the collision amounted to an aggregate of RMB173,865,000. Since the Company had been insured with PICC Property and Casualty Company Limited (Guangzhou Branch) and The London Steam Ship Owners Mutual Insurance Association Limited, all compensation will be borne by the insurance companies. As at 30 June 2015, the Group was still in the process of settling all the issues concerned.

(5) On 23 December 2013, five of the Group's oil tankers "Danchi", "Baichi", "Daiqing 71", "Daiqing 72" and "Ruijintan" extracted oil from "Bohaiyouyihao". This act was sued by a group of plaintiffs for ocean pollution. As at 23 April 2014, claims on damage caused by ocean pollution amounted to an aggregate of RMB47,452,000. Since the Company had been insured with PICC Property and Causalty Company Limited (Shanghai Branch), the London P&I Club and SKULD, all compensation will be borne by the insurance companies. As at 30 June 2015, the Group was still in the process of settling all the issues concerned.

(6) At the 2014 seventh Board meeting held on 30 June 2014, the Company approved the ship building contracts, time charter agreements and supplemental construction contract signed by three joint ventures of the Company for the Yamal LNG project. To secure the obligation of the ship building contracts, time charter agreements and supplemental construction contracts, the Company provides corporate guarantees to the shipbuilders, Daewoo Shipbuilding & Marine Engineering Co., Ltd. and DY Maritime Limited. The total aggregate liability of the Company under the corporate guarantees is limited to USD490,000,000 (approximately RMB2,995,664,000). In addition, the Company provides owner's guarantees to the charterer, YAMAL Trade Pte. Ltd. The total aggregate liability of the Company under the owner's guarantees is limited to USD6,400,000 (approximately RMB39,127,000).

(III) FINANCIAL ANALYSIS (Continued)

11. Contingent liabilities (Continued)

(7) At the 2015 sixth Board meeting on 28 April 2015, the Company approved China Shipping Bulk Carrier Co., Limited, a wholly-owned subsidiary of the Company, to guarantee not more than 50% of the total debt of Guangzhou Development Shipping Co., Limited, a joint venture of the Group, including loan and accrued interest limited to approximately RMB26,250,000, where the guarantee was unconditional and non-cancellable.

(IV) OTHERS

1. Fleet expansion

In the first half of 2015, the Group fully utilised the state subsidies and support policies for shipping companies to timely adjust fleet structure and actively promote implementation of the "12th Five-Year" fleet development plan. In the first half of 2015, new orders of 8 tankers with a total capacity of 1,688,000 deadweight tonnes have been placed, 6 new dry bulk vessels with a total capacity of 288,000 deadweight tonnes have been delivered for use, and 27 old dry bulk vessels of 1,015,000 deadweight tonnes were demolished. Following the adjustment to the fleet composition, the current fleet composition of the Group was further optimised. The average single vessel capacity kept on rising, the average age of the vessels decreased year by year, and the degree of large-scale, low-carbon, new and remote vessel operations further enhanced, thereby strengthening the market competitiveness of the fleet.

As at 30 June 2015, the Group owned 173 vessels with a total capacity of 16,933,000 deadweight tonnes. The composition of the Group's fleet is as follows:

	Self-owned vessels			New vessels under construction	
	Numbers	Deadweight tonnes	Average age (years)	Numbers	Deadweight tonnes
Tankers	67	7,462,000	6.7	11	1,883,000
Dry Bulk vessels	106	9,471,000	6.0	5	248,000
LNG vessels	—	—		6	480,000
Total	173	16,933,000	6.3	22	2,611,000

(IV) OTHERS (Continued)

2. Significant Investments

For details of significant investments held by the Group, please refer to Notes 10 and 11 in the notes to the interim financial information.

(V) OUTLOOK AND HIGHLIGHTS FOR THE SECOND HALF OF 2015

1. Competitive landscape and development trend in the industry

The international economic conditions in 2015 are expected to remain complicated and volatile. While the growth of global economy is likely to rebound slightly, it is difficult to achieve obvious turnaround from the overall weak recovery trend and low growth rate is expected to be the trend in the next few years. Global trading growth will likely be restrained by the fragile economy growth rate.

Taking into account development of the global economy, it is unlikely that insufficient market demand for transportation and the over-capacity issues will be substantially improved in the short term. With the gradual transformation of China's economic structure and energy structure, the growth in marginal demand for iron ore and coal will be suppressed. In the second half of 2015, while imbalance of supply and demand in the international dry bulk shipping market will continue to exist, the pace for vessel owners to place orders is expected to slow down significantly, which will be beneficial for future market recovery although the influence of this on the market may be minimal in the second half of 2015.

It is expected that international oil prices that are closely-related to the operation of shipping enterprises will remain at a low level in 2015, thus likely relieving the cost pressure of shipping enterprises. Meanwhile, low international oil prices will drive the demand for transportation in the oil shipping market, which will further support increase in trading volume of international crude oil and be beneficial to large oil tankers such as VLCC and Suez.

(V) OUTLOOK AND HIGHLIGHTS FOR THE SECOND HALF OF 2015 (Continued)

2. Development strategies and work initiatives of the Company

The above mentioned conditions and factors include both opportunities and challenges to the shipping industry. Faced with a fast changing market environment, in the second half of 2015, the Group will capture the favorable opportunity of continued low international oil prices to actively research and judge the market and timely adjust operating strategy, and will deepen reform and innovation as well as excellent operation for continuous enhancement of our risk-resistant ability, sustainable development capability and core competitiveness by implementing the following initiatives:

(1) Strengthen safety management to ensure safety development of the Group. Adhering to the concept of "intrinsic safety for safe development", we will further promote various reforms on safety management, nurture outstanding safety culture, and endeavor to forge the safety brand into the Group's core competitiveness.

(2) Conduct careful research and make informed judgement of the markets, and take full advantage of the opportunities to achieve solid operation. Targeting at different circumstances in the domestic and international trading markets, the Group will implement specific business strategies to continue consolidating the leading position of the Company in the domestic trading market, and speed up the pace to catch up with international outstanding enterprises, further enhancing the brand image and market competitiveness of the Company. The Group will continue to adhere to the strategy of "major clients, great co-operation and comprehensive services", increase service awareness and strive to satisfy customer needs and create values for customers actively.

In 2015, for oil shipment operations, the Group will continue to deepen cooperation with the top three domestic petroleum companies to further create an innovative cooperation relationship, so as to consolidate and enhance its market share in offshore oil shipment. Meanwhile, the Group will utilise the joint advantages of domestic and offshore trading markets to establish a scientific market research and judgment mechanism, utilise the opportunity of international market improvement to strengthen the adjustment in shipping routes structure, and grab the VLCC fixed loading at high level to scientifically plan the term leasing ratio, so as to strive for increasing profitability and stabilising market fluctuation.

For bulk cargo shipment operations, the Group will actively respond to the major trend of adjustment in PRC economic structure and energy structure, and increase the structure of cargo sources. The Company will focus on improving the pricing mechanism and contract performance mechanism for COA contracts, improving customer management, consolidating benefits from joint ventures and associates, strengthening communication with senior management of business partners, and maintaining good cooperation results with joint ventures and associates. Meanwhile, the Group will make good use of the unified platform for bulk cargo operations to allocate shipping capacities reasonably between long-term chartering and spot market contracts, further enhancing the market share of offshore shipment operations.

(V) OUTLOOK AND HIGHLIGHTS FOR THE SECOND HALF OF 2015 (Continued)

2. Development strategies and work initiatives of the Company (Continued)

(2) (Continued)

For LNG shipment operations, the Group will further enhance the integrated capabilities on LNG project development, vessel construction management, business management, bank financing, crew and vessel management and talent cultivation, so as to safeguard the LNG market for the two major groups, Sinopec and China National Petroleum Corporation, and actively develop cooperation with other LNG importers.

(3) Accelerate fleet structure adjustment and increase competitiveness of fleet. The Group will firmly capture the strategic opportunity of "The 21st Century Maritime Silk Road" established by the Chinese government, focusing on the establishment of medium-long term development planning of fleet, disposal of old and obsolete vessels and construction and delivery of large-scale vessels. In addition, through continuous fleet optimisation, the Group will actively pursue upgrade of fleet and technology to develop the fleet towards the direction of large-scale, modernised and low-carbon operations, thereby enhancing the overall competitiveness of the fleet.

(4) Adhere to the costs-come-first and continue to improve operating efficiency and cost reduction and control level. In the second half of 2015, the Group will further sort out key links and system of cost control, continue to improve comprehensive energy saving mechanism, strengthen evaluation, analysis and decision-making mechanism of fuel cost control, fully utilise the current favorable opportunity of low oil prices, as well as scientifically and reasonably perform fuel locking and purchasing work. Meanwhile, the Group will continue to enhance its communication and coordination with suppliers, striving for breakthrough in management and control of various costs items such as crew expenses, vessel repair charges, port charges, to create a competitive advantage of low cost.

(5) Strengthen funds management and expand financing channels to secure development funds and strive for reduced capital costs. According to the new vessel delivery plans, the capital expenditure of the Group in 2015 and 2016 will be RMB4.53 billion and RMB2.48 billion, respectively. In this connection, the Group will further strengthen cooperation with banks, fully utilise both domestic and international markets and reasonably use financial instruments to secure the required capital funds, and will continuously enhance operating benefits and efficiency of capital operations, reduce financing costs and maintain a relatively sound financial structure.

(6) Strengthen talent development and team building. The Group will formulate the 13th five year plan for building a team of cadre according to the development plan for our fleet and the needs of various business segments, and strengthen the building of a team of international and sophisticated cadre talents. Moreover, the Group will also continuously improve the business level and capability of employees and secure manpower for fleet development through active exploration and establishment of a long term educational and training mechanism.

(VI) OTHER MATTERS

1. Changes in directors, supervisors and senior management

At the annual general meeting (the "**AGM**") held on 18 June 2015, the re-election of Mr. Xu Lirong, Mr. Zhang Guofa, Ms. Su Min, Mr. Huang Xiaowen, Mr. Ding Nong, Mr. Yu Zenggang, Mr. Han Jun and Mr. Qiu Guoxuan as executive Directors were approved by the shareholders and such appointments took effect immediately thereafter. However, Ms. Su Min resigned as an executive Director, with effect from 28 August 2015, due to changes in allocation of human resources.

At the AGM, the re-election Mr. Wang Wusheng, Mr. Ruan Yongping, and Mr. Ip Sing Chi as independent non-executive Directors were approved by the shareholders and such appointments took effect immediately thereafter.

At the AGM, the appointment of Mr. Rui Meng as an independent non-executive Director was approved by the shareholders and such appointment took effect immediately thereafter.

The term of office for each of Mr. Liu Xihan, Mr. Zhang Jun and Mr. Wang Guoliang expired at the conclusion of the AGM. As they wished to retire, Mr. Liu Xihan, Mr. Zhang Jun and Mr. Wang Guoliang did not offer themselves for re-election as Directors at the AGM and therefore ceased to be Directors immediately after the conclusion of the AGM.

At the AGM, the re-election of Mr. Xu Wenrong and Mr. Chen Jihong as supervisors of the Company was duly approved by the shareholders and such appointment took effect immediately thereafter.

In accordance with the relevant provisions of the Company Law of the PRC and the Articles of Association, the employee representative supervisors are required to be elected or removed by the staff of the Company. On 28 April 2015, a written resolution was duly passed by the trade union of the Company pursuant to which the re-appointment of Ms. Chen Xiuling and Mr. Luo Yuming as employee representative supervisors for the eighth term of supervisory committee of the Company was approved.

(VI) OTHER MATTERS (Continued)

2. Substantial shareholders' interests in shares and underlying shares

As at 30 June 2015, the following shareholders held 5% or more of the nominal value of any class of share capital of the Company, carrying rights to vote in all circumstances at any shareholders' general meeting of the Company, according to the register of interests in shares required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance (the "**SFO**"):

Name of substantial shareholders	Class of shares	Number of shares held	Percentage of the total number shares of the relevant class	Percentage of the total number of issued shares
China Shipping	A	1,540,528,995 (L)	56.31%	38.21%
GIC Private Limited	H	140,774,000(L)	10.86%	3.49%
JPMorgan Chase & Co.	H	77,913,547(L)	6.01%	1.93%
		3,254,698(S)	0.25%	0.08%
		62,765,700(P)	4.84%	1.56%
Schroders Plc	H	76,944,000(L)	5.94%	1.91%
Templeton Asset Management Ltd.	H	76,689,177(L)	5.92%	1.90%

Note 1: H – H shares
A – A shares
L – represents long position
S – represents short position
P – represents lending pool

Note 2: Percentage shown was calculated based on the total number of shares in issue as at 30 June 2015. As at 30 June 2015, the total issued share capital of the Company was 4,032,032,861 shares of which 1,296,000,000 were H shares and 2,736,032,861 were A shares.

Save as disclosed above, as at 30 June 2015, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

(VI) OTHER MATTERS (Continued)

3. Directors' and supervisors' interests in contracts

As at 30 June 2015, none of the Directors or supervisors of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party.

4. Directors' and supervisors' interests and short positions in shares and underlying shares of the Company

As at 30 June 2015, none of the Directors, supervisors, chief executives had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

5. Directors' and supervisors' rights to acquire shares or debentures

At no time during the Reporting Period were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director or supervisor of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or supervisors to acquire such rights in any other body corporate.

6. Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Reporting Period.

7. Compliance with the Corporate Governance Code

The Board is committed to the principles of corporate governance and focuses on enhancing shareholders' value. In order to reinforce independence, accountability and responsibility, positions of Chairman of the Board and the chief executive officer are assumed by different individuals so as to maintain independence and balanced judgment and views.

During the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Company has established four professional committees under the Board, including an audit committee, a remuneration and appraisal committee (the "**Remuneration Committee**"), a strategy committee and a nomination committee with defined terms of reference.

(VI) OTHER MATTERS (Continued)

8. Audit committee

The Board has established an audit committee to review the financial reporting procedures and internal control of the Group and to provide guidance thereto. The audit committee comprises three independent non-executive Directors of the Company.

The audit committee has reviewed the interim report of the Company for the Reporting Period.

9. Remuneration Committee

The Remuneration Committee comprises the four independent non-executive Directors. The Remuneration Committee has adopted terms of reference which are in line with the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

10. Compliance with the Model Code as set out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions.

Following specific enquiries made with the directors, supervisors and chief executives of the Company, each of them has confirmed to the Company that he or she has complied with the Model Code during the Reporting Period.

11. Employees

Adjustments of employee remuneration are calculated in accordance with the Company's turnover and profitability and are determined by assessing the correlation between the total salary paid and the economic efficiency of the Company. Under this mechanism, management of employees' remuneration will be more efficient while employees will be motivated to work hard to bring encouraging results for the Company. Save for the remuneration policy disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not receive any bonus. The Company regularly provides its administrative personnel with training on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. Such training maybe in different forms, such as seminars, site visits and study tours.

As at 30 June 2015, the Company had 717 employees (as at 30 June 2014: 697). During the Reporting Period, the total staff cost was approximately RMB800 million (same period in 2014: approximately RMB846 million), in which, these crew cost was approximately RMB619 million (same period in 2014: approximately RMB728 million).

(VI) OTHER MATTERS (Continued)

12. Investor Relations

The Company has actively and faithfully performed its duties regarding disclosure of information and work on investor relations. The Company has strictly abided by the principles of regulatory, accurate, complete and timely disclosure of information. The Company has established a designated department responsible for matters concerning investor relations and has formulated the "Investor Relations Management Measures" to regulate the relations with investors. Through various approaches and channels such as organizing results presentation, roadshow, telephone conference, corporate website, investors' visits to the Company and answering investors' enquires, the Company strengthens its communication and relationship with investors and analysts, thereby enhancing investors' recognition of the Company.

The Company has maintained investor relations section on its website at www.cnshippingdev.com to disseminate information to its investors and shareholders on a timely basis.

13. Events after the Reporting Period

On 27 July 2015, the Company received government subsidies of approximately RMB925,000,000 for early retirement of vessels from the Ministry of Finance of the PRC through China Shipping.

Save as disclosed above and elsewhere in the above information, the Group does not have other significant events after the end of the Reporting Period.

By order of the Board
China Shipping Development Company Limited
Xu Lirong
Chairman

Shanghai, the PRC
28 August 2015

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

BAKER TILLY
HONG KONG | 天職香港

TO THE BOARD OF DIRECTORS OF CHINA SHIPPING DEVELOPMENT COMPANY LIMITED
(Established in the People's Republic of China as a joint stock company with limited liability)

INTRODUCTION

We have reviewed the interim financial information of China Shipping Development Company Limited (the "**Company**") and its subsidiaries set out on pages 37 to 81, which comprises the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2015 is not prepared, in all material respects, in accordance with HKAS 34.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 28 August 2015
Tong Wai Hang
Practising certificate number P06231

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Note	For the six months ended 30 June 2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Turnover	3	**5,808,809**	6,290,693
Operating costs		**(4,763,966)**	(5,474,088)
Gross profit		**1,044,843**	816,605
Other income and net (losses)/gains	4	**(69,711)**	8,063
Marketing expenses		**(31,376)**	(22,727)
Administrative expenses		**(171,743)**	(195,234)
Other expenses		**(32,113)**	(18,490)
Share of profits of associates		**100,801**	—
Share of (losses)/profits of joint ventures		**(38,773)**	114,216
Finance costs	5	**(571,820)**	(594,302)
PROFIT BEFORE TAX	6	**230,108**	108,131
Tax credit/(charge)	7	**104,542**	(34,645)
PROFIT FOR THE PERIOD		**334,650**	73,486
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss, net of nil tax:			
Exchange realignment		**(40,288)**	32,837
Net profit/(loss) on cash flow hedges		**33,934**	(214,185)
Share of other comprehensive expense of associates		**(6,275)**	—
Share of other comprehensive income of joint ventures		**811**	1,426
Other comprehensive expense for the period		**(11,818)**	(179,922)
Total comprehensive income/(expense) for the period		**322,832**	(106,436)

	Note	For the six months ended 30 June 2015 (Unaudited) RMB'000	For the six months ended 30 June 2014 (Unaudited) RMB'000
Profit for the period attributable to:			
Owners of the Company		**304,383**	39,437
Non-controlling interests		**30,267**	34,049
		334,650	73,486
Total comprehensive income/(expense) for the period attributable to:			
Owners of the Company		**274,845**	(13,957)
Non-controlling interests		**47,987**	(92,479)
		322,832	(106,436)
Earnings per share	8		
– Basic		**7.84 cents**	1.16 cents
– Diluted		**7.84 cents**	1.16 cents

Details of dividends are set out in note 9.

The accompanying notes from pages 44 to 81 form part of the interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT ASSETS			
Investment properties	10	**1,032,239**	1,032,239
Property, plant and equipment	10	**49,968,313**	50,530,575
Investments in associates	11	**2,074,192**	1,711,702
Investments in joint ventures		**4,722,760**	4,790,637
Loan receivables		**1,961,286**	786,540
Available-for-sale investments		**35,284**	35,284
Deferred tax assets		**615,802**	408,052
		60,409,876	59,295,029
CURRENT ASSETS			
Inventories		**570,109**	835,304
Trade and bills receivables	12	**2,119,423**	1,746,263
Prepayments, deposits and other receivables		**1,544,794**	812,667
Pledged bank deposits		**—**	611,900
Cash and cash equivalents		**2,320,988**	2,449,240
		6,555,314	6,455,374
CURRENT LIABILITIES			
Trade and bills payables	13	**1,134,734**	990,669
Other payables and accruals		**415,860**	104,696
Dividends payable	9	**83,219**	—
Current portion of provision for onerous contracts	14	**141,833**	142,287
Current portion of interest-bearing bank and other borrowings	15	**6,583,506**	8,243,090
Bank overdrafts		**336,203**	—
Current portion of other loans		**119,563**	44,714
Current portion of obligations under finance leases		**45,888**	43,979
Current portion of bonds payable	16	**999,713**	4,143,383
Tax payable		**43,852**	5,024
		9,904,371	13,717,842
NET CURRENT LIABILITIES		**(3,349,057)**	(7,262,468)
TOTAL ASSETS LESS CURRENT LIABILITIES		**57,060,819**	52,032,561

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2015

	Note	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	17	4,032,033	3,481,405
Reserves		21,069,945	18,347,595
		25,101,978	21,829,000
Non-controlling interests		861,456	818,729
TOTAL EQUITY		25,963,434	22,647,729
NON-CURRENT LIABILITIES			
Provision for onerous contracts	14	149,344	139,528
Derivative financial instruments	18	257,490	291,553
Interest-bearing bank and other borrowings	15	25,103,196	23,425,343
Other loans		1,000,185	930,946
Obligations under finance leases		377,670	404,481
Bonds payable	16	3,976,766	3,975,124
Deferred tax liabilities		232,734	217,857
		31,097,385	29,384,832
TOTAL EQUITY AND NON-CURRENT LIABILITIES		57,060,819	52,032,561

Xu Lirong
Director

Han Jun
Director

The accompanying notes from pages 44 to 81 form part of the interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	ATTRIBUTABLE TO OWNERS OF THE COMPANY													
	Share capital RMB'000	Share premium RMB'000	Revaluation reserve RMB'000	Statutory reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	Hedging reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Translation reserve RMB'000	Convertible bonds equity reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014 (Audited)	3,404,556	3,947,241	273,418	2,877,435	68,933	93,158	53,180	1,019	(1,027,724)	873,036	10,663,119	21,227,371	984,506	22,211,877
Profit for the period	–	–	–	–	–	–	–	–	–	–	39,437	39,437	34,049	73,486
Exchange realignment	–	–	–	–	–	–	–	–	30,590	–	–	30,590	2,247	32,837
Net loss on cash flow hedges	–	–	–	–	–	–	(85,410)	–	–	–	–	(85,410)	(128,775)	(214,185)
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	–	1,426	–	–	–	1,426	–	1,426
Total comprehensive expense for the period	–	–	–	–	–	–	(85,410)	1,426	30,590	–	39,437	(13,957)	(92,479)	(106,436)
Conversion of convertible bonds	–	1	–	–	–	–	–	–	–	–	–	1	–	1
Accrual of safety fund reserve	–	–	–	–	47,798	–	–	–	–	–	(49,664)	(1,866)	1,866	–
Utilisation of safety fund reserve	–	–	–	–	(51,627)	–	–	–	–	–	52,832	1,205	(1,205)	–
At 30 June 2014 (Unaudited)	3,404,556	3,947,242	273,418	2,877,435	65,104	93,158	(32,230)	2,445	(997,134)	873,036	10,705,724	21,212,754	892,688	22,105,442
At 1 January 2015 (Audited)	3,481,405	4,413,848	273,418	2,877,435	66,120	93,158	(121,477)	5,632	(1,000,649)	766,025	10,974,085	21,829,000	818,729	22,647,729
Profit for the period	–	–	–	–	–	–	–	–	–	–	304,383	304,383	30,267	334,650
Exchange realignment	–	–	–	–	–	–	–	–	(40,295)	–	–	(40,295)	7	(40,288)
Net profit on cash flow hedges	–	–	–	–	–	–	14,344	–	–	–	–	14,344	19,590	33,934
Share of other comprehensive expense of associates	–	–	–	–	–	–	(4,381)	–	(17)	–	–	(4,398)	(1,877)	(6,275)
Share of other comprehensive income of joint ventures	–	–	–	–	–	–	–	811	–	–	–	811	–	811
Total comprehensive income for the period	–	–	–	–	–	–	9,963	811	(40,312)	–	304,383	274,845	47,987	322,832
Conversion of convertible bonds	550,628	3,336,091	–	–	–	–	–	–	–	(766,025)	–	3,120,694	–	3,120,694
Dividends approved in respect of previous year	–	–	–	–	–	–	–	–	–	–	(120,961)	(120,961)	–	(120,961)
Accrual of safety fund reserve	–	–	–	–	52,725	–	–	–	–	–	(54,597)	(1,872)	1,872	–
Utilisation of safety fund reserve	–	–	–	–	(49,088)	–	–	–	–	–	49,360	272	(272)	–
Dividend paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(6,860)	(6,860)
At 30 June 2015 (Unaudited)	4,032,033	7,749,939	273,418	2,877,435	69,757	93,158	(111,514)	6,443	(1,040,961)	–	11,152,270	25,101,978	861,456	25,963,434

The accompanying notes from pages 44 to 81 form part of the interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	**2,139,616**	1,473,310
INVESTING ACTIVITIES		
Interest received	**25,120**	16,294
Purchases of property, plant and equipment	**(1,872,888)**	(4,329,933)
Proceeds from disposal of property, plant and equipment	**315,146**	286,108
Proceeds from disposal of held-to-maturity investments	**—**	20,000
Loans to associates	**(1,162,350)**	(51,534)
Loans to joint ventures	**(3,416)**	—
Dividends received from joint ventures	**33,525**	19,100
Dividends received from available-for-sale investments	**217**	298
Investments in held-to-maturity investments	**—**	(20,000)
Investments in associates	**(266,411)**	(830,240)
Investments in joint ventures	**—**	(52,722)
Investments in available-for-sale investments	**—**	(29,455)
Decrease in pledged bank deposits	**611,900**	—
NET CASH USED IN INVESTING ACTIVITIES	**(2,319,157)**	(4,972,084)
FINANCING ACTIVITIES		
Interest paid	**(345,506)**	(395,378)
Dividends paid	**(37,742)**	—
Dividends paid to non-controlling shareholders of subsidiaries	**(6,860)**	—
Increase in other loans	**127,268**	100,149
Repayment of other loans	**—**	(15,074)
Increase in bank and other borrowings	**6,146,532**	10,055,088
Repayment of notes, bank and other borrowings	**(6,109,415)**	(4,644,933)
Capital element of finance lease rental paid	**(30,694)**	(20,434)
Redemption of convertible bonds	**(34,744)**	—
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(291,161)**	5,079,418

	For the six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(470,702)	1,580,644
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	2,449,240	1,919,204
Effect of foreign exchange rate changes, net	6,247	9,826
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,984,785	3,509,674
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,320,988	3,509,674
Bank overdrafts	(336,203)	—
	1,984,785	3,509,674

The accompanying notes from pages 44 to 81 form part of the interim financial information.

1. CORPORATE INFORMATION

China Shipping Development Company Limited (the "**Company**") is a joint stock company with limited liability established in the People's Republic of China (the "**PRC**"). The registered office of the Company is Room A-1015, No. 188 Ye Sheng Road, China (Shanghai) Pilot Free Trade Zone, the PRC and the principal place of business is located at 670 Dong Da Ming Road, Shanghai, the PRC. During the period, the Company and its subsidiaries (together the "**Group**") were involved in the following principal activities:

(a) investment holding; and/or

(b) oil and cargo shipment along the PRC coast and international shipment; and/or

(c) vessel chartering.

The Company's ultimate holding company is China Shipping (Group) Company ("**China Shipping**"), a state-owned enterprise established in the PRC.

The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively.

The interim financial information is presented in Renminbi ("**RMB**"), which is the functional currency of the Group, and all values are rounded to the nearest thousand except where otherwise indicated.

The interim financial information has been approved for issue by the Board of Directors on 28 August 2015.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The interim financial information does not include all the information and disclosures required in an annual report, and should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2014 set out in the Company's 2014 annual report.

2.2 Significant accounting policies

The interim financial information has been prepared on the historical cost basis, except that investment properties and derivative financial instruments are measured at fair values.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Significant accounting policies (Continued)

A number of new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") are effective for the financial year beginning on 1 January 2015. Except as described below (Note 2.3), the same accounting policies, presentation and methods of computation have been followed in this interim financial information for the six months ended 30 June 2015 as were applied in the preparation of the Company's consolidated financial statements for the year ended 31 December 2014.

2.3 Impact of new and revised HKFRSs and changes in accounting policies

Impact of revised HKFRSs

In the current period, the Group has adopted the following revised HKFRSs issued by the HKICPA that are effective and relevant to the Group's financial year beginning 1 January 2015. The adoption of these revised HKFRSs has had no material effect on the interim financial information of the Group for the current and previous accounting periods.

HKAS 19 (2011) (Amendments)	Defined benefit plans: Employee contributions
Improvement to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 Cycle
Improvement to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 Cycle

Impact of HKFRSs issued but not yet effective

Improvement to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
HKAS 1 (Amendments)	Disclosure initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation[1]
HKAS 27 (Amendments)	Equity method in separate financial statements[1]
HKFRS 9	Financial Instruments[3]
HKFRS 11 (Amendments)	Accounting for acquisition of interests in joint operation[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[1]
HKFRS 15	Revenue from contracts with customers[2]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2017.
3 Effective for annual periods beginning on or after 1 January 2018.

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

3. REVENUE AND SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

In order to improve the Group's ability to grasp the market opportunity and rhythm, the Group has developed a more sound market research mechanism. This mechanism not only promotes vessel chartering business but also improves the Group's ability to stabilise the market risk. Accordingly, the Group has changed the composition of its reportable segments as follows:

(i) oil shipment
- oil shipment
- vessel chartering

(ii) dry bulk shipment
- coal shipment
- iron ore shipment
- other dry bulk shipment
- vessel chartering

Following the change in composition of the reportable segments, the corresponding segmental information for the six months ended 30 June 2014 has been restated to conform with the current period's presentation.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments.

3. REVENUE AND SEGMENT INFORMATION (Continued)

Business segments

There is seasonality for the Group's turnover but the effect is small. An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operations for the period is set out as follows:

	For the six months ended 30 June			
	2015 (Unaudited)		2014 (Unaudited)	
	Turnover RMB'000	Contribution RMB'000	Turnover RMB'000	Contribution RMB'000
By principal activity:				
Oil shipment				
– Oil shipment	2,614,395	978,450	2,697,499	407,026
– Vessel chartering	393,163	65,190	121,577	1,410
	3,007,558	1,043,640	2,819,076	408,436
Dry bulk shipment				
– Coal shipment	750,980	(7,330)	1,221,838	38,604
– Iron ore shipment	1,106,443	128,284	1,459,597	373,924
– Other dry bulk shipment	279,186	(27,510)	299,754	(25,918)
– Vessel chartering	664,642	(92,241)	490,428	21,559
	2,801,251	1,203	3,471,617	408,169
	5,808,809	1,044,843	6,290,693	816,605
Other income and net (losses)/gains		(69,711)		8,063
Marketing expenses		(31,376)		(22,727)
Administrative expenses		(171,743)		(195,234)
Other expenses		(32,113)		(18,490)
Share of profits of associates		100,801		—
Share of (losses)/profits of joint ventures		(38,773)		114,216
Finance costs		(571,820)		(594,302)
Profit before tax		230,108		108,131

3. REVENUE AND SEGMENT INFORMATION (Continued)

Business segments (Continued)

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Total segment assets		
Oil shipment	**24,253,043**	23,033,979
Dry bulk shipment	**30,846,503**	31,157,194
Unallocated corporate assets	**11,865,644**	11,559,230
	66,965,190	65,750,403
Total segment liabilities		
Oil shipment	**10,243,079**	15,823,911
Dry bulk shipment	**17,331,471**	17,113,795
Unallocated corporate liabilities	**13,427,206**	10,164,968
	41,001,756	43,102,674

Segment contribution represents gross profit or loss from each segment without allocation of central administration costs (including directors' remuneration), marketing expenses, other expenses, share of profits of associates, share of (losses)/profits of joint ventures, other income and net (losses)/gains and finance costs. This is the measure reported to chief operating decision makers for the purposes of resource allocation and performance assessment.

The carrying value of oil tankers and dry bulk vessels as at 30 June 2015 amounted to RMB19,413,849,000 and RMB24,794,492,000 respectively (31 December 2014: RMB19,836,740,000 and RMB25,324,639,000 respectively).

3. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical segments

	For the six months ended 30 June			
	2015 (Unaudited)		2014 (Unaudited)	
	Turnover RMB'000	Contribution RMB'000	Turnover RMB'000	Contribution RMB'000
By geographical area:				
Domestic	2,220,324	442,234	2,428,332	324,619
International	3,588,485	602,609	3,862,361	491,986
	5,808,809	1,044,843	6,290,693	816,605
Other income and net (losses)/gains		(69,711)		8,063
Marketing expenses		(31,376)		(22,727)
Administrative expenses		(171,743)		(195,234)
Other expenses		(32,113)		(18,490)
Share of profits of associates		100,801		—
Share of (losses)/profits of joint ventures		(38,773)		114,216
Finance costs		(571,820)		(594,302)
Profit before tax		230,108		108,131
Turnover				
Total segment turnover		5,808,809		6,290,693
Less: inter-segment transactions		—		—
Total consolidated turnover		5,808,809		6,290,693

3. REVENUE AND SEGMENT INFORMATION (Continued)

Other information

	For the six months ended 30 June 2015 (Unaudited)			
	Oil shipment RMB'000	Dry bulk shipment RMB'000	Others RMB'000	Total RMB'000
Additions to segment non-current assets	524,674	171,173	1,106,486	1,802,333
Depreciation	426,492	496,785	4,557	927,834
Gain/(loss) on disposal of property, plant and equipment	5	(1,108,099)	(45)	(1,108,139)
Interest income	6,009	4,840	23,773	34,622
Provision for onerous contracts	27,566	55,918	—	83,484

	For the six months ended 30 June 2014 (Unaudited)			
	Oil shipment RMB'000	Dry bulk shipment RMB'000	Others RMB'000	Total RMB'000
Additions to segment non-current assets	866,587	1,449,717	841,318	3,157,622
Depreciation	429,961	489,813	4,074	923,848
Loss on disposal of property, plant and equipment	(28,758)	(67,420)	(3,600)	(99,778)
Interest income	3,887	3,391	9,016	16,294
Provision for onerous contracts	79,447	4,985	—	84,432

The principal assets employed by the Group are located in the PRC and, accordingly, no segment analysis of assets and expenditure has been prepared for the period.

4. OTHER INCOME AND NET (LOSSES)/GAINS

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income		
Government subsidies (note)	**938,634**	10,050
Bank interest income	**18,378**	8,917
Interest income from loan receivables	**16,244**	7,117
Rental income from investment properties	**9,407**	8,710
Interest income from held-to-maturity investments	**—**	260
Others	**9,007**	6,570
	991,670	41,624
Other losses		
Derivative financial instruments: reclassified from hedging reserve on disposal	**—**	(1,636)
Dividends from available-for-sale investments	**217**	298
Exchange gains, net	**41,435**	40,538
Loss on disposal of property, plant and equipment, net	**(1,108,139)**	(99,778)
Waiver of other payables	**—**	24,209
Others	**5,106**	2,808
	(1,061,381)	(33,561)
Other income and net (losses)/gains	**(69,711)**	8,063

Note: The government subsidies represent the subsidies granted for early retirement of vessels, business development purpose and refund of value-added tax. There were no unfulfilled conditions or contingencies relating to these subsidies.

5. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Total finance costs		
Interest expenses on:		
– Bank loans and other borrowings repayable within five years	**328,431**	265,163
– Bank loans and other borrowings repayable over five years	**193,657**	115,354
– Corporate bonds	**124,389**	124,260
– Convertible bonds	**14,677**	96,089
– Notes	**—**	58,907
– Finance leases	**11,789**	14,054
– Hedge loans	**1,029**	2,048
Other finance charges	**642**	1,677
	674,614	677,552
Less: Interest capitalised	**(102,794)**	(83,250)
Finance costs	**571,820**	594,302

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of shipping services rendered:		
Bunker oil inventories consumed and port fees	**2,009,485**	2,756,773
Others (including vessel depreciation and crew expenses)	**2,754,481**	2,717,315
	4,763,966	5,474,088
Operating lease rentals:		
Land and buildings	**19,871**	22,531
Vessels	**597,073**	414,132
Total operating lease rentals	**616,944**	436,663
Staff costs (including directors' remuneration, salaries, pension and crew expenses)	**799,538**	846,265
Depreciation	**927,834**	923,848
Dry-docking and repairs	**168,505**	180,055
Provision for onerous contracts	**83,484**	84,432

7. TAX CREDIT/(CHARGE)

(i) Hong Kong Profits Tax

Hong Kong Profits Tax was not provided for in the interim financial information as the Group did not have any assessable profits arising in Hong Kong during the six months ended 30 June 2015 and 2014.

(ii) PRC Corporate Income Tax

Under the Law of the PRC on Corporate Income Tax Law (the "**CIT Law**") and Implementation Regulation of the CIT Law, the tax rate of the Group is 25%.

Pursuant to the PRC CIT Law and its related regulations, non-PRC resident enterprises are subject to withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. The Group has assessed the impact of CIT Law regarding this withholding tax and considered that it would not have a significant impact on the results of operations and financial position of the Group.

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Group:		
Hong Kong	**—**	—
PRC		
– Charge for the period	**88,331**	15,556
– Under provision in prior years	**—**	284
Deferred tax (credit)/charge	**(192,873)**	18,805
Total tax (credit)/charge for the period	**(104,542)**	34,645

8. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of shares in issue during the period.

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000)	**304,383**	39,437
Weighted average number of shares in issue (thousands)	**3,880,679**	3,404,556
Basic earnings per share (RMB cents per share)	**7.84**	1.16

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2015 is the same as the basic earnings per share as the Group does not have any dilutive potential shares outstanding during the period.

The diluted earnings per share for the six months ended 30 June 2014 is the same as the basic earnings per share as the assumed exercise of the outstanding convertible bonds has anti-dilutive effect.

9. DIVIDEND

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividend	**120,961**	—

Final dividend of RMB0.03 per share in respect of the year ended 31 December 2014 was approved on 18 June 2015 and a total amount of RMB37,742,000 was paid during the period.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: RMBNil).

10. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2015, the Group's investment properties with fair value of RMB1,032,239,000 (31 December 2014: RMB1,032,239,000) were leased out. There was no significant change in the fair value of investment properties during the six months ended 30 June 2015. The investment properties comprise commercial buildings located at 670 Dong Da Ming Road, Shanghai, the PRC, held under medium term lease.

During the six months ended 30 June 2015, additions to construction in progress amounted to RMB1,796,474,000 (six months ended 30 June 2014: RMB3,146,100,000).

During the six months ended 30 June 2015, the construction of 6 dry bulk vessels at cost of RMB1,393,332,000 (six months ended 30 June 2014: 2 oil tankers at cost of RMB1,009,343,000 and 7 dry bulk vessels at cost of RMB1,680,114,000) were completed and were transferred from construction in progress to vessels.

During the six months ended 30 June 2015, 27 dry bulk vessels with net carrying amount of RMB1,425,445,000 (six months ended 30 June 2014: 14 dry bulk vessels and 7 oil tankers with net carrying amount of RMB238,057,000 and RMB131,315,000 respectively) were disposed of.

As at 30 June 2015, the net carrying value of vessels of RMB44,208,341,000 (31 December 2014: RMB45,161,379,000) includes an amount of RMB602,941,000 (31 December 2014: RMB613,969,000) in respect of assets held under finance leases.

11. INVESTMENTS IN ASSOCIATES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Share of net assets	**1,239,087**	876,597
Goodwill	**835,105**	835,105
	2,074,192	1,711,702

On 20 June 2014, China Shipping Tanker Co., Limited ("**CS Tanker**"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Sinochem International Corporation, a state-owned enterprise, pursuant to which CS Tanker acquired 20% equity interests of Shanghai Beihai Shipping Company Limited ("**Shanghai Beihai**"), a sino-foreign joint venture enterprise established in the PRC, at a consideration of RMB830,000,000 plus 20% of profit of Shanghai Beihai for the period from 1 January 2014 to the date of completion of the registration of transfer in the relevant authority.

11. INVESTMENTS IN ASSOCIATES (Continued)

On 30 July 2014, CS Tanker entered into another equity transfer agreement with Shanghai Shipping (Group) Company, a wholly-owned subsidiary of China Shipping, to acquire further 20% equity interests of Shanghai Beihai at a consideration of RMB830,000,000 plus 20% of profit of Shanghai Beihai for the period from 1 January 2014 to the date of completion of the registration of transfer in the relevant authority.

Shanghai Beihai is principally engaged in the provision of shipping services. It is an unlisted entity whose quote market price is not available.

In May 2015, the Company entered into an agreement with China COSCO Bulk Shipping (Group) Company Ltd. to incorporate China Ore Shipping Pte. Ltd. ("**China Ore Shipping**"). The Company holds 49% equity interests of China Ore Shipping.

China Ore Shipping is principally engaged in the provision of shipping services. It is an unlisted entity whose quote market price is not available.

12. TRADE AND BILLS RECEIVABLES

The carrying amounts of trade and bills receivables approximate their fair values.

An ageing analysis of trade and bills receivables is as follows:

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Balance RMB'000	**Percentage %**	Balance RMB'000	Percentage %
1 - 3 months	**1,585,486**	**75**	1,503,619	86
4 - 6 months	**501,270**	**24**	131,929	8
7 - 9 months	**26,531**	**1**	58,604	3
10 - 12 months	—	—	47,443	3
1 - 2 years	**4,411**	—	4,668	—
Over 2 years	**1,725**	—	—	—
	2,119,423	**100**	1,746,263	100

The Group normally allows an average credit period of 30 to 120 days to its major customers. In view of the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

13. TRADE AND BILLS PAYABLES

The carrying amounts of trade and bills payables approximate their fair values.

An ageing analysis of trade and bills payables is as follows:

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Balance	Percentage	Balance	Percentage
	RMB'000	%	RMB'000	%
1 - 3 months	737,844	65	710,078	72
4 - 6 months	184,082	16	129,070	13
7 - 9 months	128,409	11	51,795	5
10 - 12 months	56,797	5	66,103	7
1 - 2 years	20,558	2	24,436	2
Over 2 years	7,044	1	9,187	1
	1,134,734	100	990,669	100

The trade and bills payables are non-interest-bearing and are normally settled in 1 to 3 months.

14. PROVISION FOR ONEROUS CONTRACTS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
At beginning of period/year	281,815	349,694
Provision during the period/year	83,484	107,358
Utilised during the period/year	(74,122)	(175,850)
Exchange realignment	—	613
At end of period/year	291,177	281,815
Current portion of provision for onerous contracts	141,833	142,287
Non-current portion of provision for onerous contracts	149,344	139,528
	291,177	281,815

As at 30 June 2015, the Group had a provision of RMB291,177,000 (31 December 2014: RMB281,815,000) for onerous contracts relating to the non-cancellable chartered-in oil tanker and dry bulk vessel contracts.

As at 30 June 2015, the committed charterhire expenses of non-cancellable chartered-in oil tanker and dry bulk vessel contracts with lease term expiring over 24 months from the end of the reporting period and with period not being covered by chartered-out oil tanker and dry bulk vessel contracts of which management cannot reliably assess their onerous contracts amounted to approximately RMB2,559,905,000 (31 December 2014: RMB2,709,313,000).

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) The Group's interest-bearing bank and other borrowings are analysed as follows:

		Annual effective Interest (%)	Maturity	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Current liabilities					
(i)	Bank loans				
	Secured	5% to 10% discount to the People's Bank of China ("**PBC**") Benchmark interest rate, 3 months London interbank offered rate ("**Libor**"), 3 months Libor + 1.30%, Libor + 0.38% to 2.15%, 3.50% to 4.73%	2015-2016	1,355,421	1,926,196
	Unsecured	Libor + 0.60% to 4.00%, 9% to 10% discount to the PBC Benchmark interest rate, PBC Benchmark interest rate, 3 months Libor, 3 months Libor + 1.05% to 2.20%, 4.50%	2015-2016	2,858,318	4,030,944
				4,213,739	5,957,140
(ii)	Other borrowings				
	Secured	6.00%, 5% discount to the PBC Benchmark interest rate	2015-2016	8,415	253,160
	Unsecured	10% discount to the PBC Benchmark interest rate, Libor + 1.60% to 2.90%, 6 months Libor + 2.10%, 1.50% to 6.00%	2015-2016	2,361,352	2,032,790
				2,369,767	2,285,950
Interest-bearing bank and other borrowings – current portion				6,583,506	8,243,090

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(a) The Group's interest-bearing bank and other borrowings are analysed as follows: (Continued)

		Annual effective interest (%)	Maturity	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Non-current liabilities					
(i)	Bank loans				
	Secured	5% to 10% discount to the PBC Benchmark interest rate, 3 months Libor + 2.20%, Libor + 0.38% to 2.15%, 4.27% to 4.73%	2016-2037	11,917,836	11,295,416
	Unsecured	10% to 20% discount to the PBC Benchmark interest rate, PBC Benchmark interest rate, Libor + 1.45% to 1.85%, 3 months Libor + 2.40%, 1.86% to 6.00%	2016-2024	7,847,650	7,388,464
				19,765,486	18,683,880
(ii)	Other borrowings				
	Secured	5% discount to the PBC Benchmark interest rate	2023	115,005	129,540
	Unsecured	3.60% to 6.51%, 6 months Libor + 2.50%, Libor + 2.00%	2017-2018	5,222,705	4,611,923
				5,337,710	4,741,463
Interest-bearing bank and other borrowings – non-current portion				25,103,196	23,425,343

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(b) As at 30 June 2015, the Group's interest-bearing bank and other borrowings were repayable as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Analysed into:		
(i) Bank loans:		
Within one year or on demand	**4,213,739**	5,957,140
In the second year	**3,781,636**	2,689,239
In the third to fifth year, inclusive	**9,281,160**	10,204,923
Over five years	**6,702,690**	5,789,718
	23,979,225	24,641,020
(ii) Other borrowings:		
Within one year or on demand	**2,369,767**	2,285,950
In the second year	**620,277**	8,670
In the third to fifth year, inclusive	**4,643,992**	4,640,993
Over five years	**73,441**	91,800
	7,707,477	7,027,413
	31,686,702	31,668,433

As at 30 June 2015, certain of the Group's bank and other borrowings were secured by (i) pledges of the Group's 50 vessels (31 December 2014: 48 vessels) and 7 vessels under construction (31 December 2014: 13 vessels under construction) with total net carrying amount of RMB19,312,453,000 and RMB4,811,630,000 respectively (31 December 2014: RMB19,154,098,000 and RMB4,995,123,000 respectively).

As at 30 June 2015, none of bank deposits (31 December 2014: bank deposits of RMB611,900,000) has/had been pledged to secure short-term bank loan. The pledged bank deposits were released upon the settlement of relevant bank loans for the period.

The carrying amounts of the Group's interest-bearing bank and other borrowings approximate their fair values.

Except for secured bank loans of RMB12,090,341,000 (31 December 2014: RMB12,470,966,000), unsecured bank loans of RMB6,440,596,000 (31 December 2014: RMB6,978,985,000) and unsecured other borrowings of RMB1,834,057,000 (31 December 2014: RMB611,923,000) which are denominated in USD, all other borrowings are denominated in RMB.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(c) Details of the notes are as follows:

Notes with principal amount of RMB3,000,000,000 were issued by the Group to investors on 3 August 2009. The notes carried a fixed interest yield of 3.90% per annum and were issued at a price of 100 per cent of its principal amount, resulting in no discount on the issue. The notes became interest bearing since 4 August 2009, payable annually in arrears on 4 August of each year. The notes had been fully redeemed on 3 August 2014.

16. BONDS PAYABLE

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Convertible bonds	—	3,145,147
Corporate bonds	**4,976,479**	4,973,360
	4,976,479	8,118,507
Less: current portion of bonds payable	**(999,713)**	(4,143,383)
Non-current portion of bonds payable	**3,976,766**	3,975,124

(a) Convertible bonds

The Company's A-share convertible bonds amounted to RMB3,950,000,000 were issued on 1 August 2011, with a term of 6 years, by issuing 39,500,000 number of bonds at a nominal value of RMB100 each. The convertible bonds are convertible into A-shares of the Company at anytime between six months after the date of issue of the convertible bonds and the maturity date of the convertible bonds, being 2 February 2012 to 1 August 2017, at initial conversion price of RMB8.70 per share.

On 17 May 2012, the Company declared a 2011 final dividend of RMB0.10 per share (before tax). According to the terms of issuance of the convertible bonds and relevant regulations by China Securities Regulatory Commission, the Company changed the conversion price from RMB8.70 per share to RMB8.60 per share effective from 1 June 2012.

If the convertible bonds have not been converted, they will be redeemed at 105% of par value within five trading days after the maturity of the convertible bonds. The convertible bonds bear interest at 0.5% for the first year, 0.7% for the second year, 0.9% for the third year, 1.3% for the fourth year, 1.6% for the fifth year and 2.0% for the sixth year. The interests are payable annually in arrears on 1 August of each year starting from 2012.

16. BONDS PAYABLE (Continued)

(a) Convertible bonds (Continued)

Within the last two years of the convertible bonds, if the closing price of A-share is traded at lower of 70% of the initial conversion price for thirty consecutive trading days, the convertible bonds holders are entitled to a one-off right to request the Company to redeem the convertible bonds wholly or partially at par, with interest accrued on that day.

The Company is entitled to redeem the convertible bonds wholly at par plus accrued interest if: (i) the closing price of the Company's shares is at or higher than 130% of the initial conversion price for any fifteen trading days in thirty consecutive trading days from issuance of the convertible bonds; or (ii) the aggregate par value of the outstanding convertible bonds is less than RMB30,000,000 at any time from issuance of the convertible bonds.

The convertible bonds were split into liability (including the value of closely-related early redemption option and callable option) and equity components of RMB3,039,329,000 and RMB873,043,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount to the equity component. The liability component is subsequently carried at amortised cost and equity component is recognised in the convertible bonds equity reserve. The effective interest of the liability component is 5.6% per annum.

On 12 August 2014, the Company passed a special resolution to approve the downward adjustment to the conversion price from RMB8.60 per share to RMB6.24 per share in accordance with the terms of issuance of the convertible bonds, when adjustment became effective on 14 August 2014.

As the closing price of the A Shares had been equal to or higher than 130% of the conversion price of the convertible bonds (being RMB6.24 per share) for at least 15 trading days out of the 30 consecutive trading days between 26 November 2014 and 8 January 2015, the Board had on 8 January 2015 resolved to redeem all outstanding convertible bonds in accordance with the specified redemption procedures. On 13 February 2015, the Company completed its redemption of all outstanding convertible bonds. The convertible bonds were delisted from the Shanghai Stock Exchange on 13 February 2015.

16. BONDS PAYABLE (Continued)

(a) Convertible bonds (Continued)

The movement of the liability component of the convertible bonds for the six months ended 30 June 2015 is set out below:

	RMB'000
Carrying amount at 31 December 2014	3,145,147
Interest charge	14,677
Conversion during the period	(3,120,694)
Redemption	(34,744)
Gain on early redemption of convertible bonds	(4,386)
Carrying amount at 30 June 2015	—

The fair value and effective interest rate of the liability component of the convertible bonds as at 30 June 2015 was RMBNil (31 December 2014: RMB3,145,147,000) and Nil% (31 December 2014: 5.60%) per annum respectively.

Interest expense of RMB14,677,000 (six months ended 30 June 2014: RMB96,089,000) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income in respect of the convertible bonds for the six months ended 30 June 2015.

(b) Corporate bonds

The movement of the corporate bonds for the six months ended 30 June 2015 is set out below:

	RMB'000
Balance as at 31 December 2014	4,973,360
Interest charge	3,119
Balance as at 30 June 2015	4,976,479
Current portion of corporate bonds	999,713
Non-current portion of corporate bonds	3,976,766
	4,976,479

16. BONDS PAYABLE (Continued)

(b) Corporate bonds (Continued)

As at 30 June 2015, the balances of bonds payable are as follows:

Issue date	Term of the bond	Total principal value RMB'000	Book value of bond at initial recognition RMB'000	At 31 December 2014 RMB'000	Interest charge RMB'000	At 30 June 2015 RMB'000
3 August 2012	3 years	1,000,000	991,400	998,236	1,477	999,713
3 August 2012	10 years	1,500,000	1,487,100	1,489,656	556	1,490,212
29 October 2012	7 years	1,500,000	1,488,600	1,491,727	760	1,492,487
29 October 2012	10 years	1,000,000	992,400	993,741	326	994,067
		5,000,000	4,959,500	4,973,360	3,119	4,976,479

The Company issued 2 batches of corporate bonds on 3 August 2012. The first batch is a three-year corporate bond with a principal value of RMB1 billion, carrying an annual interest rate of 4.20% and matures on 3 August 2015. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The second batch is a ten-year corporate bond with a principal value of RMB1.5 billion, carrying an annual interest rate of 5.00% and matures on 3 August 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The Company issued further 2 batches of corporate bonds on 29 October 2012. The first batch is a seven-year corporate bond with a principal value of RMB1.5 billion, carrying an annual interest rate of 5.05% and matures on 29 October 2019. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The second batch is a ten-year corporate bond with a principal value of RMB1 billion, carrying an annual interest rate of 5.18% and matures on 29 October 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

17. ISSUED CAPITAL

	For the six months ended 30 June 2015 (Unaudited) Number of shares	RMB'000
Registered, issued and fully paid:		
Listed H-Shares of RMB1.00 each		
At 1 January 2015 and 30 June 2015	1,296,000,000	1,296,000
Listed A-Shares of RMB1.00 each		
At 1 January 2015	2,185,405,286	2,185,405
Conversion of convertible bonds	550,627,575	550,628
At 30 June 2015	2,736,032,861	2,736,033
Total capital	4,032,032,861	4,032,033

Convertible bonds converted during the six months ended 30 June 2015 resulted in 550,627,575 shares being issued (six months ended 30 June 2014: 232 shares). The related conversion price was RMB6.24 (six months ended 30 June 2014: RMB8.60) per share.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Carried at fair value		
Cash flow hedges:		
– Interest rate swap agreements		
Liabilities		
Non-current portion	(257,490)	(291,553)

18. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

As at 30 June 2015, the Group held thirty-one (31 December 2014: thirty-one) interest rate swap agreements and the total notional principal amount of the outstanding interest rate swap agreements was approximately USD609,800,000 (approximately RMB3,728,069,000) (31 December 2014: approximately USD609,800,000 (approximately RMB3,731,368,000)). The interest rate swap agreements, with maturity in 2016, 2031 and 2032, are designated as cash flow hedges in respect of the bank borrowings of the Group with floating interest rates.

During the six months ended 30 June 2015, the floating interest rates of the bank borrowings were Libor + 0.42% or 2.20% (six months ended 30 June 2014: Libor + 0.42% or 0.45% or 2.20%).

The profit/(loss) for the interest rate swap agreements during the period is as follows:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Total fair value profit/(loss) included in the hedging reserve	**33,934**	(214,185)
Hedge loan interest included in finance costs	**(1,029)**	(2,048)
Total profit/(loss) on cash flow hedges of interest rate swap agreements for the current period	**32,905**	(216,233)

On 28 January 2014, the Group released one of the interest rate swap agreements with Citibank, N.A., Hong Kong, and its notional principal amount was approximately USD41,334,000 prior to maturity in January 2016.

19. OPERATING LEASE ARRANGEMENT

(a) As lessor

The Group leases certain of its vessels and buildings under operating lease arrangements, with leases negotiated for terms ranging from 1 to 3 years (31 December 2014: 1 to 3 years).

As at 30 June 2015, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	233,262	224,248
In the second to fifth year, inclusive	52,801	25,834
	286,063	250,082

(b) As lessee

The Group entered into non-cancellable operating lease arrangements on vessels, vehicles and buildings. The leases are negotiated for terms ranging from 1 to 16 years (31 December 2014: 1 to 15 years).

As at 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	461,884	425,821
In the second to fifth year, inclusive	1,467,616	1,479,051
After five years	1,991,724	2,121,233
	3,921,224	4,026,105

20. FINANCIAL INSTRUMENTS

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 30 June 2015 and 31 December 2014.

(a) Fair value of financial assets and financial liabilities measured at fair value

(i) Fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	30 June 2015 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial liabilities:				
Derivative financial instruments	**—**	**257,490**	**—**	**257,490**

	31 December 2014 (Audited)			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Derivative financial instruments	—	291,553	—	291,553

Fair value hierarchy has been defined in the Group's consolidated financial statements for the year ended 31 December 2014. There was no transfer between level 1, 2 and 3 in the current and prior periods.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

(b) Fair values of financial assets and financial liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

21. CONTINGENT LIABILITIES

(i) In August 2011, one of the Group's cargo vessels "Bihuashan" collided with "Li Peng 1", which caused "Li Peng 1" to sink afterwards. The Group has set up a Limitation of Liability for Maritime Claims Fund amounting to RMB22,250,000. Since the Group had been insured, all compensation will be borne by the insurance company. As at 30 June 2015, the Group was still in the process of settling all the issues concerned.

(ii) In January 2012, fuel leakage occurred in one of the Group's tanker "Daiqing 75" during its voyage in Bohai Sea of the PRC. As at 30 June 2015, claims on damage caused by the fuel leakage amounted to an aggregate of RMB19,370,000 plus court costs. Of which, RMB11,250,000 had been fully settled by insurance companies. Since the Company had been insured with PICC Property and Casualty Company Limited and West of England Insurance Services (Luxembourg) S.A., all compensation will be borne by the insurance companies. As at 30 June 2015, the Group was still in the process of settling all the issues concerned. On 24 July 2015, the court announced the final claims on damage to be RMB4,000,000 and the Group agreed to settle the issues concerned with the amount. The fuel leakage incident in relation to the "Daiqing 75" tanker was resolved after the Group settled such amount.

(iii) East China LNG Shipping Investment Co. Ltd., a non wholly-owned subsidiary of the Company, holds 30% equity interests in each of Aquarius LNG Shipping Limited ("**Aquarius LNG**") and Gemini LNG Shipping Limited ("**Gemini LNG**"), and North China LNG Shipping Investment Co. Ltd., a non wholly-owned subsidiary of the Company, holds 30% equity interests in each of Capricorn LNG Shipping Limited ("**Capricorn LNG**") and Aries LNG Shipping Limited ("**Aries LNG**"). Each of these four companies above entered into ship building contracts for the construction of one LNG vessel. After the completion of the LNG vessels, the four companies would, in accordance with time charters agreements to be signed, lease the LNG vessels to the following charterers:

Company name	Charterer
Aquarius LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Gemini LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Aries LNG	Mobil Australia Resources Company Pty Ltd.
Capricorn LNG	Mobil Australia Resources Company Pty Ltd.

On 15 July 2011, the Company entered into four guaranteed leases (the "**Lease Guarantees**"). According to the Lease Guarantees, the Company irrevocably and unconditionally provided the charterers, successors and transferees of the four companies listed above with guarantee (1) for the four companies to fulfil their respective obligations under the lease term, and (2) to secure 30% of amounts payable to charterers under lease term.

According to the term of the Lease Guarantees and taking into account the possible increase in the value of the lease commitments and the percentage of shareholdings by the Company in the above four companies, the amount of lease guaranteed by the Company is limited to USD8.2 million (approximately RMB50 million).

The guarantee period is limited to that of the lease period, which is 20 years.

21. CONTINGENT LIABILITIES (Continued)

(iv) On 9 March 2013, one of the Group's cargo vessels "CSB Talent" had a broken bollard caused by strong wind at the dock and collided with several parked vessels nearby, which resulted in damage of the floating dock and other facilities. In March 2014, claims on damage caused by the collision amounted to an aggregate of RMB173,865,000. Since the Company had been insured with PICC Property and Casualty Company Limited (Guangzhou Branch) and The London Steam Ship Owners Mutual Insurance Association Limited, all compensation will be borne by the insurance companies. As at 30 June 2015, the Group was still in the process of settling all the issues concerned.

(v) On 23 December 2013, five of the Group's oil tankers "Danchi", "Baichi", "Daiqing 71", "Daiqing 72" and "Ruijintan" extracted oil from "Bohaiyouyihao". This act was sued by a group of plaintiffs for ocean pollution. As at 23 April 2014, claims on damage caused by ocean pollution amounted to an aggregate of RMB47,452,000. Since the Company had been insured with PICC Property and Causalty Company Limited (Shanghai Branch), the London P&I Club and SKULD, all compensation will be borne by the insurance companies. As at 30 June 2015, the Group was still in the process of settling all the issues concerned.

(vi) At the 2014 seventh Board meeting held on 30 June 2014, the Company approved the ship building contracts, time charter agreements and supplemental construction contract signed by three joint ventures of the Company for the Yamal LNG project. To secure the obligation of the ship building contracts, time charter agreements and supplemental construction contracts, the Company provides corporate guarantees to the shipbuilders, Daewoo Shipbuilding & Marine Engineering Co., Ltd. and DY Maritime Limited. The total aggregate liability of the Company under the corporate guarantees is limited to USD490,000,000 (approximately RMB2,995,664,000). In addition, the Company provides owner's guarantees to the charterer, YAMAL Trade Pte. Ltd. The total aggregate liability of the Company under the owner's guarantees is limited to USD6,400,000 (approximately RMB39,127,000).

(vii) At the 2015 sixth Board meeting on 28 April 2015, the Company approved China Shipping Bulk Carrier Co., Limited ("**CS Bulk Carrier**"), a wholly-owned subsidiary of the Company, to guarantee not more than 50% of the total debt of Guangzhou Development Shipping Co., Limited, a joint venture of the Group, including loan and accrued interest limited to approximately RMB26,250,000, where the guarantee was unconditional and non-cancellable.

22. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 19 above, the Group had the following capital commitments as at 30 June 2015 of which RM2,433,591,000 (31 December 2014: RMB1,112,199,000) will be due within one year.

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Authorised and contracted for:		
Construction and purchases of vessels (Note 1)	7,520,423	5,430,061
Equity investments (Note 2)	1,261,830	539,668
	8,782,253	5,969,729

Note:

(1) According to the construction and purchase agreements entered into by the Group from November 2010 to June 2015, these capital commitments will fall due in 2015 to 2018.

(2) Included capital commitments in respect of equity investments are the commitment to invest in a joint venture, Shenhua Zhonghai Marine Co., Limited, and an associate, China Ore Shipping.

In addition to the above, the Group's share of the capital commitments of its associates which are contracted for but not provided amounted to RMB246,975,000 (31 December 2014: RMB486,298,000). The Group's share of the capital commitments of its joint ventures, which are contracted for but not provided amounted to RMB2,877,022,000 (31 December 2014: RMB3,225,137,000).

23. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the interim financial information, business transactions between the Group and its holding company, fellow subsidiaries, joint ventures, associates, holding company's joint ventures, fellow subsidiaries' joint ventures as well as other related parties for the period, which are also considered by directors as related party transactions, are set out as below:

23. RELATED PARTY TRANSACTIONS (Continued)

(1) A services agreement signed in October 2012 between the Company and China Shipping became effective subsequent to the approval by the independent shareholders at an extraordinary general meeting held on 18 December 2012. Pursuant to the services agreement, China Shipping, its subsidiaries or joint ventures will provide to the Group the necessary supporting shipping materials and services for the ongoing operations of the Group, including the provision of dry-docking and repairs services, lubricating oil, fresh water supplies, raw materials and bunker oil, as well as other services. The services agreement is effective for three years, from 1 January 2013 to 31 December 2015. The fees for the agreed supplies and services payable to China Shipping were determined with reference to, depending on applicability and availability, any one among the state-fixed price, market price or cost.

Further details of the principal amounts paid by the Group to China Shipping, its subsidiaries or joint ventures in respect of the services agreement for the period are set out below:

		For the six months ended	
	Pricing basis	**30 June 2015 Total value (Unaudited) RMB'000**	30 June 2014 Total value (Unaudited) RMB'000
Dry-docking, repairs, coating and vessels restructuring expenses	State-fixed prices or market prices	**68,192**	83,407
Supply of lubricating oil, fresh water supplies, raw materials, bunker oil, mechanical and electrical engineering, ship stores and repairs and maintenance services for life boats	Market prices	**977,937**	2,047,520
Greasiness treatment, maintenance of telecommunication and navigational services	State-fixed prices	**22,591**	16,436
Crew expenses	Market prices	**15,904**	171
Accommodation, lodging, medical services and transportation for employees	State-fixed prices or market prices	**—**	1,051
Miscellaneous management services	Market prices	**9,332**	9,821
Agency commissions	Market prices	**30,340**	41,767
Services fees on sale and purchase of vessels, accessories and other equipment	Market prices	**4,311**	3,366

23. RELATED PARTY TRANSACTIONS (Continued)

(1) (Continued)

In connection with the above transactions and for other operating purposes, the Group made prepayments or advances to subsidiaries and joint ventures of China Shipping from time to time.

(2) Two services agreements signed in April 2014 between CS Bulk Carrier and CS Tanker, two wholly-owned subsidiaries of the Company, and China Shipping International Ship Management Co., Limited ("**CSISM**"), a wholly-owned subsidiary of China Shipping, became effective subsequent to the approval by the independent shareholders at an annual general meeting held on 6 June 2014. Pursuant to the services agreements, CSISM agreed to provide to the Group crew management services for the ongoing operations for all vessels owned or bareboat chartered by the Group. The fees for the agreed supplies and services payable to CSISM were determined with reference to market price.

During the six months ended 30 June 2015, the total crew management fee to CSISM is approximately RMB592,308,000 (six months ended 30 June 2014: RMB86,264,000).

(3) Except for the related party transactions outlined above, details of the Group's related party transactions with the holding company, fellow subsidiaries, joint ventures, associates and related companies are as follows:

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
Vessel chartering charges	(i)	**183,475**	159,736
Vessel chartering income		**46,449**	28,545
Construction of vessels	(ii)	**298,540**	809,679
Rental income, including business tax ad surcharge		**11,310**	10,098
Vessel management income		**2,670**	—
Shipment income		**87,404**	14,753
Technical service fee		**222**	220
Crew expenses		**—**	564,313
Interest income from associates		**13,633**	7,117
Interest income from joint ventures		**2,611**	—
Loan interest payment	(iii)	**148,316**	211,558

23. RELATED PARTY TRANSACTIONS (Continued)

(3) (Continued)

The Group has entered into the following agreements:

(i) On 21 November 2013, CS Bulk Carrier entered into the bare-boat charters agreements with Dalian Shipping Group Co., Limited ("**Dalian Shipping**"), a wholly-owned subsidiary of China Shipping, whereby CS Bulk Carrier will lease the dry bulk vessels, namely, "Qing Feng Ling" and "Shi Long Ling", from Dalian Shipping for a term of three years commencing from 1 December 2013. The annual aggregate charter payment for each of the bare-boat charters agreements is RMB12,154,500.

On 23 December 2013, CS Bulk Carrier entered into the framework agreement with China Shipping (Hong Kong) Holdings Co., Limited ("**CSHK**"), whereby CS Bulk Carrier will lease the dry bulk vessels from CSHK for a term of six months commencing from 1 January 2014. The aggregate charter payment under the framework agreement shall be no more than USD70,000,000 and it has been automatically extended for six months to 31 December 2014.

On 15 April 2014, China Shipping Bulk Carrier (Hong Kong) Co., Limited ("**CS Bulk Carrier (HK)**"), an indirect wholly-owned subsidiary of the Company, entered into 4 bareboat charters agreements with Dong Fang International Asset Management Limited ("**Dong Fang**"), an indirect wholly-owned subsidiary of China Shipping, whereby CS Bulk Carrier (HK) will lease 4 dry bulk vessels from Dong Fang for a term of 10 years. These dry bulk vessels are used for international dry bulk transportation and will be managed, operated and maintained under the full control of CS Bulk Carrier (HK) during the term of the respective bareboat charters agreements. The annual amount of charter payment for each of these bareboat charters agreements is approximately USD2,500,000.

On 29 April 2015, CS Bulk Carrier entered into the framework agreement with China Shipping (Hainan) Haisheng Shipping and Enterprise Co., Ltd ("**CS Haisheng**"), a non wholly-owned subsidiary of the China Shipping, whereby CS Bulk Carrier will lease 6 dry bulk vessels from CS Haisheng for a term of 8 months commencing from 1 May 2015. The aggregate charter payment is up to appropriately RMB70,000,000.

On 29 April 2015, CS Bulk Carrier entered into 3 bareboat charters agreements with China Shipping Industry Co., Ltd. ("**CS Industry**"), a wholly-owned subsidiary of the China Shipping, whereby CS Bulk Carrier will lease 3 dry bulk vessels from CS Industry for a term of 8 months commencing from 1 May 2015. The aggregate charter payment is set up to appropriately RMB15,000,000.

Other vessel chartering charges represented number of transactions during the period.

23. RELATED PARTY TRANSACTIONS (Continued)

(3) (Continued)

(ii) On 28 September 2010, the Company entered into the agreements with CS Industry and CS Industry (Jiangsu) Co., Ltd. ("**CS Industry (Jiangsu)**"), a wholly-owned subsidiary of the China Shipping, for the construction of 12 vessels for the transportation of coal and other bulk cargo. The total consideration for the construction of the vessels is RMB2,553,600,000. The construction of 6 vessels was completed in prior years. The construction of remaining vessels was completed during the period.

On 13 January 2012, China Shipping Development (Hong Kong) Marine Co., Limited ("**CSDHK**"), a wholly-owned subsidiary of the Company, entered into the agreement with CS Industry and CS Industry (Jiangsu) for the construction of a tanker for the transportation of crude oil and refined oil. The total consideration for the construction of the tanker is approximately USD53,280,000. The construction of vessel was completed in 2014.

On 15 June 2012, Shanghai Yinhua Shipping Co., Limited, an indirect and non wholly-owned subsidiary of the Company, entered into the agreement with CS Industry (Jiangsu) for construction of a dry bulk vessel for the transportation of coal and other dry bulk cargo. The total consideration for the construction of the dry bulk vessel is RMB182,800,000. The construction of vessel was completed in 2014.

On 23 December 2014, CS Bulk Carrier entered into the assignment agreement with the CS Industry, CS Industry (Jiangsu) and 廣州振興船務有限公司("**廣州振興**"), of which 廣州振興 is the wholly-owned subsidiary of China Shipping, pursuant to which 廣州振興 conditionally agreed to assign and CS Bulk Carrier conditionally agreed to accept the assignment of all of the 廣州振興's rights and obligations under the agreement dated 28 September 2010 to engage the CS Industry and CS Industry (Jiangsu) to construct the vessel. The total consideration for construction of the vessel is RMB158,000,000. The construction of vessel was still in progress.

During the six months ended 30 June 2015, the total consideration paid for the construction of the vessels was approximately RMB298,540,000 (six months ended 30 June 2014: RMB809,679,000).

(iii) On 30 March 2010, the Company entered into a loan agreement with China Shipping Finance Co., Limited ("**CS Finance**"), joint venture of the Group, whereby CS Finance provided a five-year loan in the amount up to RMB1,500,000,000 to the Company. The loan is used to finance the construction of 22 vessels. The interest rate is the preferential rate determined by applying a 10% discount to the 5-year term benchmark interest rate as published by the PBC on the date of drawdown of such loan by the Company, and it will be adjusted annually. Interest payments are to be settled every quarter of the year and the principal was fully repaid on 1 April 2015.

23. RELATED PARTY TRANSACTIONS (Continued)

(3) (Continued)

(iii) (Continued)

On 8 August 2011, the Company entered into the entrusted loan agreement with China Shipping and CS Finance whereby China Shipping entrusted CS Finance to provide a loan in the amount of RMB3,000,000,000 to the Company. The entrusted loan has a term of seven years commencing from 9 August 2011 and ending on 8 August 2018. The interest rate is 6.51% per annum. CS Finance will also charge an administrative fee of RMB300,000 per annum. A supplementary agreement was signed on 20 March 2015 and, pursuant to this new agreement the interest rate was decreased from 6.51% per annum to 6.15% per annum.

On 26 March 2012, the Company entered into the entrusted loan agreement with China Shipping and CS Finance whereby China Shipping entrusted CS Finance to provide a loan in the amount of RMB2,000,000,000 to the Company. The entrusted loan has a term of three years commencing from 26 March 2012 and ending on 26 March 2015. The interest rate is at 5.02% per annum. CS Finance will also charge an one-off administrative fee of RMB600,000. A supplementary agreement was signed in December 2012 and, pursuant to this new agreement, the interest rate was decreased from 5.02% per annum to 4.12% per annum for one year, with effect from 26 March 2012. Since 26 March 2013, the interest rate has been re-adjusted to fixed 5.02% per annum. The entrusted loan was early and fully repaid in December 2014.

On 31 May 2012, the Company entered into two loan assignment agreements to assign the outstanding loan balances on that date of RMB436,560,000 and RMB109,140,000 to CS Bulk Carrier and China Shipping Bulk Carrier (Shanghai) Co., Limited ("**CS Bulk Carrier (Shanghai)**"), wholly-owned subsidiaries of the Company, respectively. The loan for CS Bulk Carrier was fully repaid on 24 July 2013 and the loan for CS Bulk Carrier (Shanghai) was fully repaid on 1 April 2015.

On 25 June 2012, Shanghai Jiahe Shipping Co., Limited ("**Shanghai Jiahe**"), an indirect and non wholly-owned subsidiary of the Company, entered into a loan agreement with CS Finance whereby CS Finance provided a ten-year loan of RMB53,600,000 to Shanghai Jiahe. The loan is used to finance the construction of vessel. The interest rate is the preferential rate determined by applying a 5% discount to the benchmark interest rate as published by PBC per annum. In March 2013, a further drawdown of RMB4,000,000 was made by Shanghai Jiahe from CS Finance. As at 30 June 2015, RMB9,200,000 has been repaid.

On 30 December 2013, CSDHK entered into a loan agreement with CSHK whereby CSHK provided a loan in the amount of USD70,000,000 to CSDHK. The loan has a term of six months commencing from 30 December 2013 and ending on 30 June 2014. The interest rate is at 3 months Libor plus 1.60% per annum. The loan was early and fully repaid in January 2014.

23. RELATED PARTY TRANSACTIONS (Continued)

(3) (Continued)

(iii) (Continued)

On 30 June 2014, China Shipping entered into loan agreements with the Company and CSDHK whereby China Shipping provided loans in the amount of RMB400,000,000 and USD100,000,000 to the Company and CSDHK respectively. The terms of the RMB400,000,000 and the USD100,000,000 loan are six months and three years respectively, and the interest rate are at 5.27% and 6 months Libor plus 2.50% per annum respectively. The loan for the Company was fully repaid in 2014.

At the 2014 eighth Board meeting held on 24 July 2014, the Company passed the resolution of entering into the entrusted loan agreement with China Shipping whereby China Shipping provide a six-months loan in the amount of RMB300,000,000 to the Company. The interest rate is 5.32% per annum. The loan was fully repaid in December 2014.

During the six months ended 30 June 2015, the related interest expenses of RMB148,316,000 (six months ended 30 June 2014: RMB211,558,000) were included in the finance cost.

(4) In October 2012, the Company entered into the financial services framework agreement with CS Finance and this became effective subsequent to the approval by the independent shareholders' at an extraordinary general meeting held on 18 December 2012. Pursuant to the financial services framework agreement, China Shipping shall procure CS Finance to provide the Group with a range of financial services including (i) deposit services; (ii) loan services; (iii) settlement services and (iv) other financial services as approved by China Banking Regulatory Commission. The financial services framework agreement is effective for 3 years from 1 January 2013 to 31 December 2015 and will be automatically renewed for another 3 years from 1 January 2016 unless either party regards not to renew the financial services framework agreement.

(5) Outstanding balances with related parties

(i) Loan receivables represent loans to associates of RMB1,474,545,000 (31 December 2014: RMB303,016,000), which are unsecured, interest-bearing at 3.30% to 4.90% (31 December 2014: 3.30% to 5.00%) over 3 months Libor per annum or fixed rate of 4% (31 December 2014: Nil) and repayable in year 2018 to 2031; and loans to joint ventures of RMB486,741,000 (31 December 2014: RMB483,524,000), which are unsecured, interest-bearing at 0.80% (31 December 2014: 0.80%) over 3 months Libor per annum prior to delivery of vessel and 1.30% (31 December 2014: 1.30%) over 3 months Libor per annum after delivery of vessel, and repayable in year 2038 to 2039.

(ii) Included in trade and bill receivables are amounts due from fellow subsidiaries, joint ventures and associates amounting RMB20,292,000 (31 December 2014: RMB11,049,000), which are unsecured, non-interest bearing and under normal credit period as other trade receivables.

23. RELATED PARTY TRANSACTIONS (Continued)

(5) (Continued)

(iii) Included in prepayments, deposits and other receivables are amounts due from ultimate holding company, fellow subsidiaries, joint ventures, associates, ultimate holding company's joint ventures and fellow subsidiaries' joint ventures amounting RMB1,255,688,000 (31 December 2014: RMB356,778,000).

(iv) Included in cash and cash equivalent is an amount of RMB881,521,000 (31 December 2014: RMB696,892,000) of bank balance deposited with CS Finance.

(v) Included in trade and bills payables are amounts due to ultimate holding company, joint ventures, fellow subsidiaries, ultimate holding company's joint ventures and fellow subsidiaries' joint ventures amounting RMB547,322,000 (31 December 2014: RMB517,969,000), which are unsecured, non-interest bearing and under normal credit period as other trade payables.

(vi) Included in other payables and accruals are amounts due to ultimate holding company, fellow subsidiaries, joint ventures and fellow subsidiaries' joint ventures amounting RMB320,142,000 (31 December 2014: RMB120,274,000).

(vii) Included in other borrowings is an amount of RMB908,400,000 (31 December 2014: RMB1,421,790,000) borrowed from CS Finance. As at 30 June 2015, the current and non-current portion of these borrowings amounted to RMB863,300,000 (31 December 2014: RMB1,370,990,000) and RMB45,100,000 (31 December 2014: RMB50,800,000) respectively.

Included in other borrowings is an amount of RMB6,534,057,000 (31 December 2014: RMB5,411,923,000) borrowed from the Company's ultimate holding company. As at 30 June 2015, the current and non-current portion of these borrowings amounted to RMB1,311,352,000 (31 December 2014: RMB800,000,000) and RMB5,222,705,000 (31 December 2014: RMB4,611,923,000) respectively.

Except for those amounts mentioned in (i), (ii), (iv), (v) and (vii) above, the amounts due from/(to) the ultimate holding company, fellow subsidiaries, joint ventures, associates and other related parties are unsecured, non-interest bearing and repayable on demand.

24. EVENTS AFTER THE REPORTING PERIOD

On 27 July 2015, the Company received government subsidies of approximately RMB925,000,000 for early retirement of vessels from the Ministry of Finance of the PRC through China Shipping.

Save as disclosed above and elsewhere in the interim financial information, the Group does not have other significant events after the end of the reporting period.