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

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

(Stock code: 02866)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS (UNDER HKFRS)

- Revenue (continuing operations) amounted to RMB33,917,357,000
- Loss attributable to equity holders of the Company amounted to RMB2,610,098,000
- Basic loss per share amounted to RMB0.22
- Loaded container volume amounted to 8,191,204TEU in the year 2013

The board of directors (the "**Board**") of China Shipping Container Lines Company Limited (the "**Company" or "CSCL**") is pleased to present the audited consolidated results prepared under Hong Kong Financial Reporting Standards ("**HKFRS**") of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2013 (the "**period**"), together with the audited comparative figures for the year ended 31 December 2012.

CHAIRMAN'S STATEMENT

In 2013, as a result of the sluggish demand of the world's major economies and continuous increase in the overall shipping capacity within the industry which had led to a notable mismatch between supply and demand, freight rates of main trade lanes showed no substantial recovery and continued to fluctuate at low level. The China Containerised Freight Composite Index average was 1,081.8, down 7.6% as compared with 2012. Shipping companies continued to face a severe operating environment.

Confronted with multiple difficulties, the Company worked diligently and used all its endeavors to promote output, ensure efficiency and push forward implementation of various works of the Company in an orderly manner. Although the Company was not able to turnaround the loss-making situation, the Company kept its faith and continued to strengthen its operations management, enhance its service ability with the view to better equip the Company in the long run, using its best endeavours to make the Company better and stronger.

For the year 2013, the Group's revenue (continuing operations) was RMB33,917,357,000, representing an increase of 2.8% as compared with 2012. The Group's loaded container volume was 8,191,204TEU, representing an increase of 2.0% as compared with 2012. Loss attributable to equity holders of the Company was RMB2,610,098,000 and basic loss per share was RMB0.22.

REVIEW OF OPERATIONS

In 2013, the performance of the shipping industry continued to linger at the bottom and the road to recovery remained bumpy. Faced with pressure and challenges, CSCL forged ahead, actively adjusted its operation mode, service mode and management mode, strived to push forward various operational strategies including adjusting its fleet structure, increasing income and reducing expenses. The Company strengthened its service advantages, cost advantages and competitive advantages.

In 2013, the Company continued to adhere to low fuel consumption, large-scale vessel development and fleet modernization for its business growth. In view of the falling new vessel prices and the down cycle of the shipbuilding industry, the Company timely seized the opportunity and ordered to construct five vessels (each with a capacity of 19,000TEU) at reasonable prices and took in four new vessels (each with a capacity of 4,700TEU) as well as stepped up its processing efforts in surrendering leases of old and small vessels. Through optimizing fleet structure, the total shipping capacity of the Company's fleet reached 611,000TEU, representing an increase of 2.6% as compared with 2012, with an average age of vessel at 8.1 years only and an average capacity per vessel of 4,126TEU. The core competitiveness of the Company was further enhanced.

In 2013, the Company accurately assessed market situation, explored new concept of operations and flexibly allocated its shipping capacity following the benefit-oriented approach for its trade lanes. Despite poor performance of international trade lanes in both the low and peak seasons, the Company had reasonably arranged shipping capacity based on market demand and through increase of external cooperation, monitor of shipping capacity of loss-making trade lanes and elimination of obsolete capacity, it continued to consolidate and develop the leading edges of the Company in domestic trade lanes and achieved better economic returns.

Faced with low freight rates and stagnant market, the Company put cost control on top of its agenda and took active measures to ensure that fuel charges, port charges, feeder charges and other costs were kept within budget. In particular, the Company increased its control over costs of fuel which accounted for a bigger proportion of its operational costs and achieved relatively good results.

The Company paid attention to customer needs at all time, strived for quality in small details and aimed at delivering more convenient and better quality services to its customers. We constantly come up with innovative operational concepts, deliver quality services and even categorize our customers into segments, custom make special containers for them, provide personalized services in areas such as food, automobile and chemicals, so as to meet their different trade lane products and services needs. As a result of our professional, sincere and sophisticated services demonstrated during the cooperation with our customers, we were able to gain their trust.

While pushing forward the implementation of various operations management measures, the Company further strengthened its capital operation and optimized its resources allocation. During the period, the Company restructured its port assets, further optimized business segments, centralized resources for its container core business and increased its core competitiveness. Meanwhile, the Company's port assets after consolidation and its future development plan will become more globalised which is in line with CSCL's global strategic deployment and will generate greater synergy.

Moreover, the Company has persisted in maintaining a balanced development between corporate and social interests. The Company has actively promoted the low-carbon environmental protection initiatives and performed its corporate social responsibilities. In June 2013, LA Port in the U.S. granted the "Slow Steaming and Pollution Reduction Special Award" to CSCL in recognition of its effort in slow steaming and reduced pollution for the benefit of the local people and the marine environment.

FUTURE PROSPECT

In 2014, the global economy on the whole shows signs of recovery, the continuous improvement of the European and U.S. economy is expected to stimulate consumption needs, thereby propelling the steady increase in container transportation volume. However, uncertainties in the macroeconomic recovery, such as the lack of momentum, unbalanced development in different trade zones as well as changes in economic policies, still persist.

According to the forecast of Alphaliner, it is estimated that there will be a 5.5% increase in the global container shipping capacity in 2014. With demand gradually picking up, the difference between demand and supply is expected to narrow down. Idling of transportation capacity, slow steaming, dismantling of vessels, diverting of shipping capacity and other measures adopted by container liners had relieved the supply and demand pressure to a certain extent. However, the imbalance in the overall supply and demand in the shipping market cannot be practically improved in the short run. In view of the prolonged operational pressure and the development trend for large-scale container vessels, cooperation between container liners into alliances will be further explored.

The shipping market ahead is full of challenges and hidden with opportunities. Faced with multi-level competition in the container shipping market, CSCL will actively adjust its operational strategy, explore its potentials, enhance its efficiency, pursue excellent standard and improve operating capability of the Company: the Company will lay a solid ground for the future development of the Company by way of excellent fleet planning; explore external cooperation by way of excellent trade lane design; promote stable returns of trade lanes by way of excellent marketing; improve its competitive edges by way of excellent costs control; and ensure production and operational safety by way of excellent fiscal and taxation management. Meanwhile, the Company will push forward innovative transformation, enhance management standard, further improve internal control and system building and increase risk prevention ability in order to lay a solid foundation for the development of the Company in a new era.

In line with changes in the world economic growth pattern following the financial crisis, the shipping industry is undergoing profound transformation and shows signs of a new development trend. Shipping companies will need to break through their traditional thinking and operational modes, develop their strategic vision, make transformation and initiate innovation in order to adapt to the new situation, the ever changing new pattern and to achieve break through in adversity.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	**As at 31 December 2013** *RMB'000*	2012 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**32,290,294**	35,676,940
Investment properties		**2,148**	–
Leasehold land and land use rights		**75,991**	92,981
Intangible assets		**20,406**	28,730
Deferred tax assets		**496,534**	496,859
Available-for-sale financial assets		**–**	362,140
Interests in associates		**297,303**	293,965
Interests in joint ventures		**51,067**	1,329,542
		33,233,743	38,281,157
Current assets			
Inventories		**1,545,370**	1,238,030
Trade and notes receivables	*4*	**2,476,402**	2,263,700
Prepayments and other receivables		**375,245**	590,406
Restricted cash		**2,100**	1,000
Cash and cash equivalents		**9,014,462**	8,830,970
		13,413,579	12,924,106
Assets of a disposal group classified as held for sale		**4,169,566**	–
		17,583,145	12,924,106
Total assets		**50,816,888**	51,205,263
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**11,683,125**	11,683,125
Special reserves		**38,278**	2,229
Other reserves		**16,895,316**	17,041,861
Accumulated losses		**(4,845,260)**	(2,198,638)
		23,771,459	26,528,577
Non-controlling interests		**446,595**	945,084
Total equity		**24,218,054**	27,473,661

	Notes	As at 31 December 2013 RMB'000	2012 RMB'000
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings		**10,917,131**	15,363,812
Domestic corporate bonds		**1,791,530**	1,789,078
Finance lease obligations		**186,597**	228,384
Deferred tax liabilities		**27**	11
		12,895,285	17,381,285
Current liabilities			
Trade payables	*5*	**3,890,379**	3,883,845
Other payables and accruals		**757,256**	778,327
Interest-bearing bank and other borrowings		**8,020,195**	1,528,272
Finance lease obligations – current portion		**34,773**	119,634
Tax payable		**14,060**	15,239
Provisions		**25,000**	25,000
		12,741,663	6,350,317
Liabilities directly associated with the assets classified as held for sale		**961,886**	–
Total current liabilities		**13,703,549**	6,350,317
Total liabilities		**26,598,834**	23,731,602
Total equity and liabilities		**50,816,888**	51,205,263
Net current assets		**3,879,596**	6,573,789
Total assets less current liabilities		**37,113,339**	44,854,946

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Year ended 31 December 2013 RMB'000	2012 RMB'000
Revenue	3	**33,917,357**	32,997,924
Costs of services	6	**(36,004,215)**	(33,460,782)
Gross loss		**(2,086,858)**	(462,858)
Selling, administrative and general expenses		**(916,383)**	(893,400)
Other income	7	**451,194**	580,539
Other gains, net	8	**133,977**	1,211,815
Operating (loss)/profit		**(2,418,070)**	436,096
Finance costs	9	**(457,618)**	(506,357)
Share of profits and losses of associates		**41,760**	38,520
Share of profits and losses of joint ventures		**5,541**	5,294
Loss before income tax from continuing operations		**(2,828,387)**	(26,447)
Income tax expense	10	**(36,290)**	460,547
(Loss)/profit for the year from continuing operations		**(2,864,677)**	434,100
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**280,632**	139,510
(LOSS)/PROFIT FOR THE YEAR		**(2,584,045)**	573,610
Attributable to:			
Owners of parent		**(2,610,098)**	524,921
Non-controlling interests		**26,053**	48,689
		(2,584,045)	573,610
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Expressed in RMB per share)			
– Basic and diluted			
For (loss)/profit for the year	11	**(RMB0.223)**	RMB0.045
For (loss)/profit from continuing operations		**(RMB0.245)**	RMB0.037

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(2,584,045)**	573,610
Other comprehensive loss to be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	**(147,475)**	(19,451)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(147,475)**	(19,451)
Total comprehensive (loss)/income for the year	**(2,731,520)**	554,159
Attributable to:		
Owners of parent	**(2,757,302)**	505,495
Non-controlling interests	**25,782**	48,664
	(2,731,520)	554,159

NOTES:

1 GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 26 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure of requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for cash-settled share-based compensation plan which has been measured at fair value as explained in the accounting policies set out below. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and Amended Standards Adopted by the Group

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011) amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle (Include other standards as appropriate)*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

Issued but not yet Effective Hong Kong Financial Reporting Standards

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

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

[1] Effective for annual periods beginning on or after 1 January 2014
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning on or after 1 January 2016
[4] No mandatory effective date yet determined but is available for adoption

3 REVENUE AND SEGMENT INFORMATION

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

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

The container terminal and related business was classified as held for sale and its carrying amount will be recovered principally through a sale transaction approved by the Board rather than through continuing operation. For the years 2012 and 2013, all the losses/profits from continuing operations are generated through container shipping and related business.

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

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Pacific	**9,847,162**	10,671,520
Europe/Mediterranean	**7,836,977**	8,803,867
Asia Pacific	**5,846,905**	6,136,979
China Domestic	**6,213,860**	6,048,334
Other Lanes	**727,804**	897,868
Logistic Services and Others	**3,444,649**	439,356
Turnover	**33,917,357**	32,997,924

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

No revenue from a single customer or a group of customers under common control derived 10% or more of the Group's revenue for the years ended 31 December 2013 and 2012.

4 TRADE AND NOTES RECEIVABLES

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables		
– Subsidiaries	**–**	–
– Fellow subsidiaries	**345,561**	385,232
– Third parties	**1,805,866**	1,684,558
	2,151,427	2,069,790
Notes receivable	**324,975**	193,910
	2,476,402	2,263,700

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

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**2,064,190**	2,240,303
4 to 6 months	**333,358**	82,066
7 to 9 months	**74,461**	3,109
10 to 12 months	**70,223**	–
Over 1 year	**2,525**	3,623
	2,544,757	2,329,101
Less: provision for impairment of receivables	**(68,355)**	(65,401)
	2,476,402	2,263,700

The carrying amounts of trade and notes receivables approximate their fair values as at the statement of financial position dates.

Credit policy

Credit terms in a range within three months are granted to those customers with a good payment history. There is no concentration of credit risk with respect to trade receivables, as the Group and the Company have a large number of customers who are dispersed globally.

5 TRADE PAYABLES

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Trade payables		
– Subsidiaries	**–**	–
– Fellow subsidiaries	**795,372**	937,097
– Third parties	**3,095,007**	2,946,748
	3,890,379	3,883,845

The ageing analysis of the trade payables based on invoice dates is as follows:

	The Group	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**3,642,819**	3,742,546
4 to 6 months	**121,760**	70,593
7 to 9 months	**89,017**	7,898
10 to 12 months	**15,353**	37,792
1 to 2 years	**21,430**	25,016
	3,890,379	3,883,845

6 COSTS AND EXPENSES BY NATURE

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

	2013	2012
	RMB'000	*RMB'000*
Costs of services		
Container repositioning and management	**9,997,141**	9,293,452
Bunkers consumed or sold	**10,213,356**	10,259,746
Operating lease rentals	**3,366,099**	3,371,930
Port charges	**1,970,053**	1,974,880
Depreciation	**1,431,610**	1,450,418
Employee benefit expenses	**1,302,847**	1,309,364
Sub-route costs and others	**7,723,109**	5,800,992
	36,004,215	33,460,782
Selling, administrative and general expenses		
Employee benefit expenses	**513,829**	540,034
Rental expenses	**48,326**	58,120
Telecommunication and utilities expenses	**68,920**	40,652
Depreciation	**26,728**	28,055
Repair and maintenance expenses	**3,091**	2,815
Auditors' remuneration	**13,800**	13,800
Amortisation	**8,497**	8,184
Provision for impairment of trade receivables	**4,725**	15,922
Office expenses and others	**228,467**	185,818
	916,383	893,400
	36,920,598	34,354,182

7 OTHER INCOME

	2013	2012
	RMB'000	*RMB'000*
Interest income	**130,557**	182,397
Government grant related to income	**135,756**	117,447
Refund of value-added tax ("VAT") *(Note a)*	**170,787**	267,751
Information technology services fees	**14,094**	12,944
	451,194	580,539

Note:

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

8 OTHER GAINS, NET

	2013	2012
	RMB'000	*RMB'000*
(Loss)/gains on disposal of items of property, plant and equipment *(Note a)*	**(19,846)**	1,144,492
Gains on physical inventory count *(Note b)*	**118,804**	–
Compensation	**5,241**	51,643
Net foreign exchange gains	**29,778**	15,680
	133,977	1,211,815

Notes:

(a) During 2012, China Shipping Container Lines (Hong Kong) Co., Ltd. ("CSCL HK") and China Shipping Container Lines (Asia) Co., Limited ("CSCL Asia"), subsidiaries of the Group, entered into agreements (the "Sale Agreements") with certain container leasing companies (the "Purchasers") pursuant to which CSCL HK and CSCL Asia agreed to sell containers of the Group (the "Containers") of an aggregate net book value of RMB2,152,086,000 as of the dates when the relevant containers were disposed of for a total consideration of RMB3,246,548,000.

The said consideration was agreed after arm's length negotiations between CSCL (HK), CSCL (Asia) and the Purchasers with reference to the assets valuation report on the Containers dated 20 September 2012 issued by an independent and qualified PRC valuer, China Tong Cheng Assets Appraisal Co., Ltd.

CSCL (HK), CSCL (Asia) (as lessees) and the Purchasers (as lessors) also entered into leaseback agreements (the "Leaseback Agreements") on the same date of signing of the Sale Agreements pursuant to which CSCL (HK) and CSCL (Asia) leased the Containers from the Purchasers for a period of two to four years upon the terms and conditions as contained therein (the "Leaseback transactions"). The Leaseback transactions are accounted for as operating leases as the Group does not retain the risks and rewards incident to the ownership of the Containers. A gain of RMB1,094,462,000 is recognised in other gains, net as the terms of the Sale Agreements and Leaseback Agreements are demonstrably at fair value.

(b) During 2013, the Company identified an inventory count surplus of the spare parts during the physical inventory count and the surplus of RMB118,804,000 is recognised in other gains, net.

9 FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest expenses:		
– Borrowings and domestic corporate bonds	**502,527**	580,686
– Finance lease obligations	**15,956**	29,350
Total interest expenses	**518,483**	610,036
Less: amount capitalised in vessels under construction and construction in progress	**(60,865)**	(103,679)
	457,618	506,357

The capitalisation rate applied to funds borrowed and bonds issued generally and utilised for the vessels under construction is 3.6% (2012: 3.8%) per annum for the year ended 31 December 2013.

10 INCOME TAX EXPENSE

	2013 *RMB'000*	2012 *RMB'000*
Current income tax		
– Hong Kong profits tax *(Note (a))*	**387**	2,823
– PRC corporate income tax *(Note (b))*	**35,562**	20,916
Deferred income tax	**341**	(484,286)
	36,290	(460,547)

Notes:

(a) Hong Kong profits tax

Hong Kong profits tax is provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits of the Group's companies operated in Hong Kong for the year ended 31 December 2013.

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

According to the Corporate Income Tax Law of the People's Republic of China, which was effective from 1 January 2008, the CIT rate applicable of the Company and its subsidiaries incorporated in PRC is 25% for the years 2012 and 2013.

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

11 EARNINGS/(LOSS) PER SHARE

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

	2013	2012
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation(RMB'000)		
From continuing operations	**(2,871,248)**	429,278
From a discontinued operation	**261,150**	95,643
Shares		
Weighted average number of ordinary shares in issue (thousands)	**11,683,125**	11,683,125

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share, as the Company does not have any potential dilutive ordinary shares during the year ended 31 December 2013 (2012: Nil).

12 DIVIDENDS

The directors do not recommend a dividend in respect of the year ended 31 December 2013 (2012: Nil).

13 COMPARATIVE AMOUNTS

In 2013, the Group changed the presentation of container demurrage fees charged to customers ("the Demurrage charges"). The Demurrage charges by the Group in year 2013 were reclassified from deduction of costs of services to revenue. For the purpose of alignment, the Group represented the comparative figures for year 2012 ("the Representation"). The result of the Representation increased the revenue and costs of services of the Group for the year ended 31 December 2012 each by RMB843,575,000.

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

Review on overall operational performance

For the year ended 31 December 2013, the Group's continuing operations recorded a revenue of RMB33,917,357,000, representing an increase of 2.8% as compared with 2012; loss from continuing operations before income tax was RMB2,828,387,000; loss attributable to equity holders of the Company amounted to RMB2,610,098,000. Loaded cargo volume for the whole year amounted to 8,191,204TEU, representing an increase of 2.0% as compared with 2012. For the year ended 31 December 2013, the average freight rate per TEU for international trade lanes of the Group amounted to RMB5,172, representing a decrease of 13.5% as compared with 2012, which was primarily due to the weak demand for international trade lanes in 2013. As a result of the widening demand-supply gap, the overall freight rates of main trade lanes were lower than 2012. Average freight rate per TEU for domestic trade lanes amounted to RMB1,766, representing an increase of 6.6% as compared with the corresponding period of 2012, which was mainly due to an increase in the extended services of the domestic transportation industry.

As at 31 December 2013, the total shipping capacity of the Group amounted to 610,642TEU, representing an increase of 2.6% as compared with 2012.

FINANCIAL REVIEW

Revenue (continuing operations)

The revenue of the Group's continuing operations increased by RMB919,433,000, from RMB32,997,924,000 in 2012 to RMB33,917,357,000 in 2013, representing an increase of 2.8%. The change in revenue was primarily due to:

Increase in volume of loaded cargoes

The volume of loaded cargo in 2013 amounted to 8,191,204TEU, representing an increase of 2.0% as compared with 2012. Among which, cargo volume of foreign trade lanes grew by 6.7% as compared with the corresponding period of last year, primarily due to the Company inputting more resources in foreign trade lane capacity in 2013. Cargo volume of domestic trade lanes decreased by 3.6% as compared with the corresponding period of 2012, primarily due to the Company optimizing its domestic trade network and relatively reducing its domestic trade lanes capacity.

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

	2013 *(TEU)*	2012 *(TEU)*	**Changes** *(%)*
Pacific trade lanes	**1,347,236**	1,313,915	2.5
Europe/Mediterranean trade lanes	**1,436,438**	1,367,765	5.0
Asia Pacific trade lanes	**1,808,098**	1,634,489	10.6
China Domestic trade lanes	**3,518,608**	3,649,670	-3.6
Others	**80,824**	64,589	25.1
Total	**8,191,204**	8,030,428	2.0

Details of income

	2013 *(RMB'000)*	2012 *(RMB'000)*	**Changes** *(%)*
Pacific trade lanes	**9,847,162**	10,671,520	-7.7
Europe/Mediterranean trade lanes	**7,836,977**	8,803,867	-11.0
Asia Pacific trade lanes	**5,846,905**	6,136,979	-4.7
China Domestic trade lanes	**6,213,860**	6,048,334	2.7
Other trade lanes	**727,804**	897,868	-18.9
Logistics and other income	**3,444,649**	439,356	684.0
Total	**33,917,357**	32,997,924	2.8

Decrease in transportation income (continuing operations)

Although there was increase in the overall cargo volume in 2013, the constant fall in freight rates of international trade lanes attributed to the decrease in the Company's transportation income by RMB1,984,711,000 as compared with the corresponding period of 2012, representing a decrease of 6.3%.

Decrease in freight rates

In 2013, the Group's average freight rate per TEU was RMB3,709, representing a decrease of 7.6% as compared with the corresponding period of 2012. Among which, average freight rate per TEU for foreign trade lanes was RMB5,172, representing a decrease of approximately 13.5% as compared with 2012, mainly because freight rates in 2013 were significantly lower than that of 2012 due to weak demand in the international container shipping market in 2013. The average freight rate of domestic trade lanes amounted to RMB1,766, representing an increase of RMB109 as compared with the corresponding period of 2012, mainly due to an increase in extended services of the domestic transportation industry.

Increase in logistics and other income

In 2013, the Group's income for logistics and other services increased by RMB3,005,293,000, from RMB439,356,000 in 2012 to RMB3,444,649,000 in 2013, representing an increase of 684.0%. The increase was primarily due to the Group's subordinated enterprises dedicating their efforts in expanding the provision of the extended logistics and other supply services. In 2013, the service method was fully updated and management believes that the subordinated enterprises have fully undertaken the risk of the income and costs of the services they provide. The income recognition method should be adjusted from the previous differential recognition method of the agency industry to the gross amount recognition method of the sales and servicing industry.

Costs of services (continuing operations)

In 2013, total costs of services arising from continuing operations amounted to RMB36,004,215,000, representing an increase of 7.6% as compared with the corresponding period of 2012. Among which, operating costs of trade lanes was RMB32,572,185,000, which basically remained the same as compared with the corresponding period of 2012. Costs of services per TEU was RMB3,976, representing a decrease of 2.0% as compared with the corresponding period of 2012.

The increase in the costs of services of continuing operations was due to the following reasons:

- Container transportation costs amounted to RMB13,012,778,000 during the period, representing an increase of 7.8% as compared with 2012, mainly due to the increase in the volume of loaded cargoes for long trade lanes. Among which, port costs amounted to RMB1,970,054,000, which basically remained the same as 2012. The Group's stevedore charges for loaded and empty containers amounted to RMB7,212,988,000, representing an increase of 3.6% as compared with the corresponding period of 2012, which was mainly due to an increase in the volume of loaded cargoes for international trade lanes. Charges for repositioning empty containers and rental fees of containers, container management costs amounted to RMB3,829,736,000, representing an increase of 22.0% as compared with the corresponding period of 2012, which was mainly due to an increase in loaded cargo volume for foreign trade lanes.

- Vessel and voyage costs for the period amounted to RMB13,556,044,000, representing a decrease of 9.5% as compared with the corresponding period of 2012, mainly due to the decrease in fuel costs. During the period, fuel costs amounted to RMB8,862,109,000, representing a decrease of 13.6% as compared with the corresponding period of 2012. The decrease in fuel costs was due to the Company strengthening its fuel saving measures, as fuel consumption fell by 4.1% as compared with the corresponding period of 2012. On the other hand, the Company successfully locked certain fuel at reasonable prices and actively developed ports with fuel refill at low prices, average fuel prices fell by 9.9% as compared with the corresponding period of 2012.

- During the period, sub-route and other costs amounted to RMB6,496,281,000, representing an increase of 5.3% as compared with 2012. The increase was mainly due to the increase in door-to-door transportation services provided by the Group, which led to an increase in the sub-route shipping volume.

- During the period, the costs of logistics and other businesses was RMB2,939,112,000, representing an increase of 1,179.56% as compared with 2012. The increase in costs was primarily due to the Group's subordinated enterprises having updated its service method which led to a change in the cost recognition method during the period.

Gross loss (continuing operations)

Due to the above reasons, the Group's continuing operations recorded a gross loss of RMB2,086,858,000 in 2013 (2012: gross loss from continuing operations RMB462,858,000).

Income tax

From 1 January 2013 to 31 December 2013, the corporate income tax ("CIT") rate applicable to the Company was 25%.

Pursuant to relevant new CIT regulations, the profits derived from the Company's foreign subsidiaries shall be subject to applicable CIT rates when dividends were declared by such foreign subsidiaries.

Selling, administrative and general expenses (continuing operations)

For the year ended 31 December 2013, the Group's selling, administrative and general expenses from continuing operations were RMB916,383,000, representing an increase of 2.6% as compared with 2012. This was primarily due to the Group conducting certain integration and system optimization of the information platform, causing office expenses to increase as compared with the corresponding period of 2012.

Other gains (continuing operations)

For the year ended 31 December 2013, other net gains of the Group's continuing operations was RMB133,977,000, representing a decrease of RMB1,077,838,000 as compared with 2012. The decrease mainly consisted of gains from the disposal of a proportion of containers owned by the Company last year.

Profits of discontinued operations

For the year ended 31 December 2013, the Group's profits from discontinued port business operations were RMB280,632,000, representing an increase of RMB141,122,000 as compared with 2012. The increase was mainly due to gains from disposal of interest in a subsidiary.

Profit/loss attributable to equity holders

Due to the above reasons, the loss attributable to the equity holders of the Group for the year 2013 was RMB2,610,098,000, representing an increase in net loss attributable to equity holders of the Group by RMB3,135,019,000 as compared with net profit attributable to the equity holders of the Group of RMB524,921,000 in 2012.

Liquidity, financial sources and capital structure

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

As at 31 December 2013, the Group's total bank and shareholder borrowings were RMB18,937,326,000. The maturity profile is spread over a period between 2014 and 2026 with RMB8,020,195,000 repayable within one year, RMB7,067,374,000 repayable within the second year, RMB2,454,772,000 repayable within the third to the fifth year and RMB1,394,985,000 repayable after the fifth year. The Group's long-term bank and shareholder borrowings are mainly used to finance the construction of vessels and ports.

As at 31 December 2013, the Group's long-term bank borrowings were secured by mortgages over certain container vessels, port berths and depot facilities with a total book value of RMB5,942,678,000 (as at 31 December 2012: RMB6,033,486,000).

As at 31 December 2013, the Group's bonds payable in ten-year period amounted to RMB1,791,530,000 (as at 31 December 2012: RMB1,789,078,000), all proceeds from the bonds were used in the construction of vessels. The bonds were issued with a guarantee provided by the Bank of China, Shanghai branch.

As at 31 December 2013, the Group's RMB borrowings at fixed interest rates amounted to RMB2,600,000,000, with annual interest rates ranging from 3.60% to 5.02%. USD borrowings at fixed interest rates amounted to RMB375,122,000, with an annual interest rates of 4.9% and USD borrowings at floating interest rates amounted to RMB15,962,204,000, of which USD borrowings with annual interest rates adjusted based on London Interbank Offered Rate amounted to RMB13,523,444,000. Additionally, USD commercial bills amounted to RMB2,438,760,000, where the annual interest rate is determined at the time of each issue. The Group's borrowings are denominated in RMB or USD, and cash and cash equivalents are mainly denominated in these two currencies.

As at 31 December 2013, the Group's obligations under finance leases amounted to RMB221,370,000, with the maturity profile ranging from 2014 to 2019. The amount repayable within one year is RMB34,773,000; the amount repayable within the second year is RMB36,871,000; the amount repayable within the third to the fifth year is RMB112,937,000 and the amount repayable after the fifth year is RMB36,789,000. The Group's obligations under the finance leases are used in the lease of new containers.

Net current assets

As at 31 December 2013, the Group's net current assets amounted to RMB3,879,596,000. Current assets are mainly comprised of fuel inventories of RMB1,545,370,000, trade and notes receivables of RMB2,476,402,000, prepayments and other receivables of RMB375,245,000 and cash and bank deposits and restricted deposits of RMB9,016,562,000, assets held for sale of RMB4,169,566,000. Current liabilities mainly consist of trade payables of RMB3,890,379,000, accrual and other payables of RMB757,256,000, current income tax liabilities of RMB14,060,000, short-term bank loans of RMB1,707,132,000, commercial bills of RMB2,438,760,000, liabilities held for sale of RMB961,886,000, long-term bank borrowings due in one year of RMB3,874,303,000, finance lease obligations payable in one year of RMB34,773,000 and provisions of RMB25,000,000.

Cash flows

For the year 2013, the Group's net cash used in operating activities was RMB1,144,185,000, denominated principally in RMB and USD, representing an increase in outflow of RMB1,280,497,000 from net cash generated from operating activities of RMB136,312,000 in 2012. Cash and cash equivalents balances at the end of 2013 increased by RMB771,834,000 as compared with the corresponding period of 2012, mainly reflecting the net cash used in operating activities, the net cash generated from financing activities and the net cash used in investment activities. The net cash generated from financing activities of the Group during year 2013 was mainly derived from bank borrowings and issue of commercial bills, the above-mentioned funds were used mainly for the purposes of short-term business and purchase and construction of vessels, containers and port facilities.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2013 and 2012:

Unit: RMB

	2013	2012
Net cash generated from/(used in) operating activities	**(1,144,185,000)**	136,312,000
Net cash generated from/(used in) investing activities	**(1,858,206,000)**	1,391,750,000
Net cash generated from financing activities	**3,937,225,000**	233,437,000
Exchange losses on cash	**(163,000,000)**	(3,802,000)
Net increase in cash and cash equivalents	**771,834,000**	1,757,697,000

Net cash used in operating activities

For the year ended 31 December 2013, the net cash used in operating activities was RMB1,144,185,000, representing an increase in net cash outflow of RMB1,280,497,000 from the net cash generated for the year 2012 of RMB136,312,000. As compared with the corresponding period of 2012, the increase in the net cash used in operating activities of the Group was attributable to the decrease in the Group's operating profit margin in 2013.

Net cash used in investing activities

For the year ended 31 December 2013, net cash used in investing activities was RMB1,858,206,000, representing an increase in outflow of RMB3,249,956,000 from the net cash inflow generated for the year 2012 of RMB1,391,750,000. It was primarily due to the Group's increased investment expenditure in vessel construction and the absence of cash inflow generated from the disposal of a proportion of self-owned containers in 2013.

Net cash generated from financing activities

For the year ended 31 December 2013, net cash generated from financing activities was RMB3,937,225,000, representing an increase of RMB3,703,788,000 as compared with the net cash generated from financing activities of RMB233,437,000 in 2012. For the year 2013, Group's bank borrowings and commercial bills amounted to RMB19,589,402,000, repayment of bank borrowings and commercial bills amounted to RMB14,947,659,000 and repayment of principal of finance leases amounted to RMB126,648,000.

Average turnover days of trade and notes receivables

As at 31 December 2013, the gross balance of trade and notes receivables by the Group amounted to RMB2,544,757,000, representing an increase of RMB215,656,000 as compared with 31 December 2012, and the balance of trade receivables from related parties amounted to RMB345,561,000, representing a decrease of RMB39,671,000 as compared with 31 December 2012. It was primarily due to the increase in the Group's revenue by 2.8% in 2013 as compared with last year, which led to an increase in the balance of trade receivables as compared with the same period of last year.

Gearing ratio

As at 31 December 2013, the Group's net gearing ratio (i.e. net debts over shareholders' equity) was 49.3%, which was higher than 37.1% in the corresponding period of 2012. The increase in gearing ratio was mainly due to: on one hand, the increase in financing which has led to an increase in debt; on the other hand, loss during this year which reduced the Company's net assets. These factors both contributed to the increase in net gearing ratio.

Foreign exchange risk and hedging

Most of the revenue of the Group are settled in USD. The Group recorded a net exchange gains of RMB29,778,000, which was mainly due to fluctuations of the US and EU currency exchange rates and the exchange difference which was charged to shareholders' equity amounted to RMB147,475,000. The Company will continue to watch closely the exchange rate fluctuation between RMB and major international currencies for settlement, convert net foreign cash inflows from operating activities into RMB in a timely manner so as to minimize the losses brought by foreign exchange fluctuations and take appropriate measures where necessary to reduce its foreign exchange risk.

Capital expenditure

During the year ended 31 December 2013, the Group's expenditures on the purchase of container vessels and vessels under construction amounted to RMB2,003,841,000, expenditures on purchase of containers amounted to RMB578,068,000, expenditures on other production infrastructure, office equipment and motor vehicles amounted to RMB58,181,000 and equity investments amounted to RMB305,077,000.

Commitments

As at 31 December 2013, capital commitments of the Group which had been contracted but not provided for in relation to vessels under construction were RMB6,492,589,000; contracted but not provided for and authorised but not contracted for investment commitments were RMB351,200,000. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers are RMB110,878,000 and RMB9,449,466,000, respectively.

Contingent liabilities

As at 31 December 2013, the Group had provisions of RMB25,000,000 credited as legal claim. Apart from this, the Group had no other contingent liabilities.

Employees, training and benefits

As at 31 December 2013, the Group had 4,338 employees and an additional 148 outsourced labor employees. In addition, the Group had entered into contracts with a number of subsidiaries of China Shipping (Group) Company, pursuant to which these subsidiaries provided the Group with approximately 3,586 crew members in total who mainly worked on the Group's self-owned or bare boat chartered vessels. During the period, total staff expenses were approximately RMB1,833,937,000. Remuneration of the Group's employees includes basic salaries, other allowances and performance-based bonuses. The Group has also adopted a performance-based discretionary incentive scheme for its employees. The scheme links the employees' financial benefits directly with certain business performance indicators. Such indicators may include, but not limited to, profit target of the Group.

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

The Group has adopted a compensation scheme on 12 October 2005 and amended the same on 20 June 2006, 26 June 2007 and 20 June 2008, which is to be satisfied by cash payments and is share based, known as the "H Share Share Appreciation Rights Scheme" ("**Rights Scheme**"). The fair value change of the rights is recognised as an expense or income of the Group. According to the Rights Scheme, the senior management of the Company, heads of operation and management divisions of the Company, and the general managers and deputy general managers of the Company's subsidiaries and others might in the future be entitled to the compensation in the form of cash payment, which is calculated based on the appreciation in the price of the Group's H share from the date of grant to the date of exercising the rights.

The Group has organized and implemented various trainings for our internal employees, including trainings on Safety Management System (SMS) for crew management division and management courses for middle and senior leaders.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2013.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Ms. Zhang Nan and Mr. Guan Yimin, and one non-executive Director, namely Ms. Su Min. The Group's final results for the year ended 31 December 2013 have been reviewed by the audit committee of the Company.

CORPORATE GOVERNANCE CODE

The Board confirms that the Company was in compliance with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") during the year ended 31 December 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors and supervisors of the Company, the Company has confirmed that its directors and supervisors have complied with the required standard set out in the Model Code regarding securities transactions by directors and supervisors during the year ended 31 December 2013.

DISCLOSURE OF INFORMATION

This announcement is published on the website of Hong Kong Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.cscl.com.cn. The annual report for the year ended 31 December 2013 containing all the information as required by Disclosure of Financial Information as set out in Appendix 16 to the Listing Rules will be dispatched by the Company to its shareholders and published on the aforesaid websites of Hong Kong Stock Exchange and the Company in due course.

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

Shanghai, the People's Republic of China

26 March 2014

The Board as at the date of this announcement comprises of Mr. Zhang Guofa, Mr. Huang Xiaowen and Mr. Zhao Hongzhou, being executive Directors, Mr. Wang Daxiong, Ms. Su Min, Mr. Ding Nong, Mr. Chen Jihong and Mr. Zhang Rongbiao, being non-executive Directors, and Ms. Zhang Nan, Mr. Teo Siong Seng, Mr. Chen Lishen, Mr. Guan Yimin and Mr. Shi Xin, being independent non-executive Directors.

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