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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

	1H2011 ***(RMB)*** **(Unaudited)**	1H2010 *(RMB)* (Unaudited)	**Change**
Revenue	**13,966,904,000**	16,026,920,000	(12.9%)
Operating (loss)/profit	**(528,543,000)**	1,327,324,000	(139.8%)
(Loss)/profit attributable to equity holders of the Company	**(630,340,000)**	1,171,404,000	(153.8%)
Basic (loss)/earnings per share	**(0.05)**	0.10	(153.8%)
Gross profit margin	**(2.3%)**	10.1%	(122.8%)
Gearing ratio	**22.1%**	22.3%	(0.9%)

Business Highlights

- Shipping volume of the Group reached 3,436,223TEU in the first half of 2011, representing a decrease of 3.3% over that of the same period in 2010.

- Revenue of the Group amounted to RMB13,966,904,000 in the first half of 2011, representing a decrease of RMB2,060,016,000 or 12.9% as compared with the same period last year.

- Shipping capacity of the Group reached 563,249TEU as at 30 June 2011, representing a net increase of 57,377TEU as compared with that as at the end of 2010.

The board (the "Board") of directors (the "Directors") of China Shipping Container Lines Company Limited ("CSCL" or the "Company") hereby announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 (the "Period") prepared under Hong Kong Accounting Standard 34, "Interim Financial Reporting", which has been reviewed by the audit committee of the Company. Our auditor, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, has reviewed the unaudited condensed consolidated interim financial information for the Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

During the Period, the Group recorded a revenue of RMB13,966,904,000, representing a decrease of RMB2,060,016,000 or 12.9% as compared with the same period of 2010. Net loss attributable to equity holders of the Company for the Period amounted to RMB630,340,000, representing a decrease of RMB1,801,744,000 compared with a net profit for the same period of 2010. Basic loss per share was RMB0.05.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2011

	Note	**30 June 2011** *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**35,521,496**	33,704,542
Leasehold land and land use rights		**96,594**	97,795
Intangible assets		**21,548**	26,416
Deferred income tax assets		**15,506**	15,606
Available-for-sale financial assets		**362,140**	362,140
Investment in associated companies		**165,995**	84,720
Investment in jointly controlled entities		**1,218,545**	1,207,344
Total non-current assets		**37,401,824**	35,498,563
Current assets			
Inventories		**1,171,278**	883,275
Trade and notes receivables	*4*	**2,163,121**	1,791,791
Prepayments and other receivables		**298,334**	181,100
Loan to a jointly controlled entity		**13,000**	13,000
Cash and cash equivalents		**7,124,756**	10,648,396
Total current assets		**10,770,489**	13,517,562
Total assets		**48,172,313**	49,016,125

	Note	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**11,683,125**	11,683,125
Other reserves		**17,269,439**	17,478,560
(Accumulated losses)/retained earnings		**(607,725)**	23,254
		28,344,839	29,184,939
Non-controlling interests		**814,903**	777,304
Total equity		**29,159,742**	29,962,243
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**8,992,036**	8,276,108
Domestic corporate bonds		**1,785,402**	1,784,176
Finance lease obligations		**228,009**	339,512
Deferred income tax liabilities		**60**	61
Total non-current liabilities		**11,005,507**	10,399,857
Current liabilities			
Trade payables	5	**4,582,044**	4,339,287
Accrual and other payables		**812,207**	788,118
Short-term bank borrowings		**517,728**	529,816
Long-term bank borrowings – current portion		**1,831,881**	2,695,432
Finance lease obligations – current portion		**203,708**	210,574
Current income tax liabilities		**34,496**	59,439
Provisions		**25,000**	31,359
Total current liabilities		**8,007,064**	8,654,025
Total liabilities		**19,012,571**	19,053,882
Total equity and liabilities		**48,172,313**	49,016,125
Net current assets		**2,763,425**	4,863,537
Total assets less current liabilities		**40,165,249**	40,362,100

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
		2011	2010
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	3	**13,966,904**	16,026,920
Costs of services		**(14,284,990)**	(14,407,946)
Gross (loss)/profit		**(318,086)**	1,618,974
Other gains, net	7	**92,088**	46,812
Other income	8	**93,792**	50,508
Selling, administrative and general expenses		**(396,337)**	(388,970)
Operating (loss)/profit	6	**(528,543)**	1,327,324
Finance costs	9	**(86,538)**	(111,282)
Share of results of associated companies		**11,627**	1,321
Share of results of jointly controlled entities		**18,731**	15,700
(Loss)/profit before income tax		**(584,723)**	1,233,063
Income tax expense	10	**(25,951)**	(47,003)
(Loss)/profit for the period		**(610,674)**	1,186,060
Attributable to:			
Equity holders of the Company		**(630,340)**	1,171,404
Non-controlling interests		**19,666**	14,656
		(610,674)	1,186,060
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (Expressed in RMB per share)			
– Basic and diluted	12	**RMB(0.05)**	RMB0.10
Dividends	11	**–**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(610,674)**	1,186,060
Other comprehensive (loss)/income		
Share of other comprehensive income of jointly controlled entities	**471**	183
Currency translation differences, net of tax	**(209,592)**	(37,558)
Total comprehensive (loss)/income for the period	**(819,795)**	1,148,685
Attributable to:		
Equity holders of the Company	**(839,461)**	1,134,029
Non-controlling interests	**19,666**	14,656
	(819,795)	1,148,685

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

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

(a) New and amended standards adopted by the Group

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

    - The name of the government and the nature of their relationship;

    - The nature and amount of any individually significant transactions; and

    - The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2011 but not currently relevant to the Group

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HKFRS 1 'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters' is effective for annual periods beginning on or after 1 July 2010. This is not applicable to the Group, as it is not a first-time adopter of HKFRS.

- Amendment to HK(IFRIC) – Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC) – Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed in note 3(a) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKFRS 7 (Amendment) 'Disclosures – Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

- HKAS 1 (Amendment) "Presentation of financial statements" changes the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The amendment is applicable to annual periods beginning on or after 1 July 2012 with early adoption permitted.

The new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2013 and permitted to early adopt as following:

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities.

- HKFRS 10 "Consolidated financial statements" replaces all of the guidance on control and consolidation in HKAS 27, 'Consolidated and separate financial statements', and HK(SIC)-12, 'Consolidation – special purpose entities'.

- HKFRS 11 "Joint arrangements" changes the definitions to reduce the types of joint arrangements to two, joint operations and joint ventures.

- HKFRS 12 "Disclosure of interests in other entities" sets out the required disclosures for entities reporting under the two new standards, HKFRS 10, 'Consolidated financial statements', and HKFRS 11,'Joint arrangements'.

- HKFRS 13 "Fair value measurements" explains how to measure fair value and aims to enhance fair value disclosures.

- HKAS 19 (Amendment) "Employee benefits" makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

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

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

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

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

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Pacific	**4,299,315**	5,366,930
Europe/Mediterranean	**3,469,337**	5,269,655
Asia Pacific	**2,295,926**	2,186,822
China Domestic	**2,864,534**	2,432,234
Others	**1,037,792**	771,279
Turnover	**13,966,904**	16,026,920

	Container shipping and related business	**Container terminal and related business**	**Inter-segment elimination**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Segment results for the six months ended 30 June 2011 (Unaudited)				
Total segment revenue	**13,797,049**	**254,251**	**(84,396)**	**13,966,904**
Less: inter-segment revenue	**–**	**(84,396)**	**84,396**	**–**
Revenue of the Group, from external customers	**13,797,049**	**169,855**	**–**	**13,966,904**
Segment operating (loss)/profit	**(611,233)**	**82,690**	**–**	**(528,543)**
Finance costs	**(64,404)**	**(22,134)**	**–**	**(86,538)**
Share of results of associated companies	**–**	**26**	**–**	**26**
Share of results of jointly controlled entities	**466**	**18,265**	**–**	**18,731**
Segment (loss)/profit before income tax	**(675,171)**	**78,847**	**–**	**(596,324)**
Share of result of associated companies				**11,601**
Loss before income tax				**(584,723)**
Income tax expense				**(25,951)**
Loss for the period				**(610,674)**
Other items				
Depreciation and amortisation	**630,653**	**42,186**	**–**	**672,839**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**2,724,104**	**58,882**	**–**	**2,782,986**

	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
Segment assets and liabilities as at 30 June 2011 (Unaudited)				
Other segment assets	**42,456,443**	**4,069,186**	**(115,502)**	**46,410,127**
Jointly controlled entities	**40,286**	**1,178,259**	**–**	**1,218,545**
Associated companies	**–**	**10,026**	**–**	**10,026**
Available-for-sale financial assets	**–**	**362,140**	**–**	**362,140**
Total segment assets	**42,496,729**	**5,619,611**	**(115,502)**	**48,000,838**
Unallocated assets				
– Associated companies				**155,969**
– Deferred income tax assets				**15,506**
Total assets				**48,172,313**
Segment liabilities	**16,636,447**	**2,457,070**	**(115,502)**	**18,978,015**
Unallocated liabilities				
– Deferred income tax liabilities				**60**
– Current income tax liabilities				**34,496**
Total liabilities				**19,012,571**

	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
Segment results for the six months ended 30 June 2010 (Unaudited)				
Total segment revenue	15,887,970	214,518	(75,568)	16,026,920
Less: inter-segment revenue	–	(75,568)	75,568	–
Revenue of the Group, from external customers	15,887,970	138,950	–	16,026,920
Segment operating profit	1,173,003	154,321	–	1,327,324
Finance costs	(85,859)	(25,423)	–	(111,282)
Share of results of jointly controlled entities	608	15,092	–	15,700
Segment profit before income tax	1,087,752	143,990	–	1,231,742
Share of result of an associated company				1,321
Profit before income tax				1,233,063
Income tax expense				(47,003)
Profit for the period				1,186,060
Other items				
Depreciation and amortisation	658,308	40,743	–	699,051
Additions to non-current assets (other than financial instruments and deferred income tax assets)	675,855	280,137	–	955,992

	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
Segment assets and liabilities as at 31 December 2010 (Audited)				
Other segment assets	43,400,800	4,021,881	(76,366)	47,346,315
Jointly controlled entities	39,819	1,167,525	–	1,207,344
Available-for-sale financial assets	–	362,140	–	362,140
Total segment assets	43,440,619	5,551,546	(76,366)	48,915,799
Unallocated assets				
– An associated company				84,720
– Deferred income tax assets				15,606
Total assets				49,016,125
Segment liabilities	16,627,438	2,443,310	(76,366)	18,994,382
Unallocated liabilities				
– Deferred income tax liabilities				61
– Current income tax liabilities				59,439
Total liabilities				19,053,882

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

4 TRADE AND NOTES RECEIVABLES

	30 June 2011 ***RMB'000*** **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
Trade receivables		
– Related parties	**181,979**	142,470
– Third parties	**1,784,923**	1,375,844
	1,966,902	1,518,314
Notes receivables	**196,219**	273,477
	2,163,121	1,791,791

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

	30 June 2011 *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
Within 3 months	**1,994,089**	1,618,516
4 to 6 months	**183,707**	55,084
7 to 9 months	**9,389**	71,393
10 to 12 months	**46,561**	97,103
Over one year	**15,150**	25,836
	2,248,896	1,867,932
Less: provision for impairment of receivables	**(85,775)**	(76,141)
	2,163,121	1,791,791

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

5 TRADE PAYABLES

	30 June 2011 *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
Trade payables		
– Related parties	**1,052,406**	1,671,588
– Third parties	**3,529,638**	2,667,699
	4,582,044	4,339,287

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

	30 June 2011 *RMB'000* **(Unaudited)**	31 December 2010 *RMB'000* (Audited)
Within 3 months	**4,425,844**	4,243,731
4 to 6 months	**127,883**	6,940
7 to 9 months	**25,800**	8,229
10 to 12 months	**1,170**	17,662
1 to 2 years	**1,347**	62,725
	4,582,044	4,339,287

6 OPERATING (LOSS)/PROFIT

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Costs of bunker consumed	**4,234,620**	3,717,540
Depreciation and amortisation	**672,839**	699,051
Operating lease rental	**1,753,620**	1,778,763
Provision for impairment of receivables	**11,276**	19,537

7 OTHER GAINS, NET

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gains/(losses)	**57,354**	(47,783)
Gains on disposal of investment in a jointly controlled entity	**–**	92,272
Net gains on disposal of property, plant and equipment	**34,734**	2,323
	92,088	46,812

During the six months ended 30 June 2010, the Group disposed all of its investment in a jointly controlled entity, CSX World Terminal Yan Tai Co., Ltd. in exchange for equity interest in Yantai Ltd. and resulted in a gain of RMB92,272,000.

8 OTHER INCOME

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**61,795**	26,605
Government grant related to income	**20,335**	12,711
Information services income	**960**	11,170
Dividend income from available-for-sale financial assets	**10,702**	22
	93,792	50,508

9 FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses:		
– Bank borrowings	**120,859**	111,872
– Domestic corporate bonds	**39,462**	41,768
– Finance lease obligations	**15,679**	25,790
Total interest expenses	**176,000**	179,430
Less: amount capitalised in vessels under construction and construction in progress	**(89,462)**	(68,148)
	86,538	111,282

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax (b)	**25,943**	37,448
– Hong Kong profits tax (a)	**–**	847
Deferred income tax	**8**	8,708
	25,951	47,003

Taxes on income for the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings. The tax rates of the Group's companies applied during the interim periods are set out below:

(a) Hong Kong profits tax

Hong Kong profits tax is provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits of the Group's companies operated in Hong Kong for the six months ended 30 June 2011.

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

The Company is a joint stock limited company under the Company Law of the PRC and is registered in the Yangshan Free Trade Port Area, Shanghai PuDong New Area. The original CIT rate applicable to the Company was 15%. Under the new CIT Law, the CIT rate applicable to the Company will increase gradually to 25% within 5 years from 2008 to 2012. The applicable income tax rate of the Company for the six months ended 30 June 2011 is 24%. Under the new CIT Law, except for certain subsidiaries whose CIT rates will increase gradually to 25% within 5 years from 2008 to 2012, the CIT rates for other subsidiaries have been changed to 25% since 1 January 2008.

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

11 DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

12 (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company *(RMB'000)*	**(630,340)**	1,171,404
Weighted average number of ordinary shares in issue *(thousands)*	**11,683,125**	11,683,125
Basic (loss)/earnings per share *(RMB per share)*	**RMB(0.05)**	RMB0.10

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share, as the Company does not have any potential dilutive ordinary shares during the period ended 30 June 2011 (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

Driven by the optimistic sentiment towards the container shipping market in 2010, a concentrated delivery of additional shipping capacity was seen during the Period, reaching 780,000TEU or approximately 5.2% of the world's total shipping capacity, and most of which are super large container vessels. As a result, long hauls such as Europe and trans-Pacific trade lanes were seriously affected as evidenced by stagnant freight rate. Which, combined with sluggish demand in the U.S and Europe, had resulted in a slowdown in the industry as a whole. In contrast with 2010, the lower freight rate, weaker market demand, higher oil prices and other negative factors had led to a downturn in the results of the Group.

PERFORMANCE ANALYSIS

During the Period, the Group' loaded container volume was 3,436,223TEU, slightly down 3.3% as compared with the same period of 2010, and revenue was RMB13,966,904,000, representing a decrease of RMB2,060,016,000 or 12.9% as compared with that of the same period of 2010.

LOADED CONTAINER VOLUME BY TRADE LANES

Principal Markets	**1H2011** ***(TEU)***	1H2010 *(TEU)*	Change *(%)*
Pacific trade lanes	**597,393**	662,852	(9.9%)
Europe/Mediterranean trade lanes	**533,089**	598,828	(11.0%)
Asia Pacific trade lanes	**623,180**	704,507	(11.5%)
China domestic trade lanes	**1,639,545**	1,549,326	5.8%
Others	**43,016**	37,209	15.6%
Total	**3,436,223**	3,552,722	(3.3%)

REVENUE FROM OPERATIONS BY TRADE LANES

Principal Markets	**1H2011** ***(RMB'000)***	1H2010 *(RMB'000)*	Change *(%)*
Pacific trade lanes	**4,299,315**	5,366,930	(19.9%)
Europe/Mediterranean trade lanes	**3,469,337**	5,269,655	(34.2%)
Asia Pacific trade lanes	**2,295,926**	2,186,822	5.0%
China domestic trade lanes	**2,864,534**	2,432,234	17.8%
Others	**1,037,792**	771,279	34.6%
Total	**13,966,904**	16,026,920	(12.9%)

During the Period, because of sluggish international demand and a weaker-than-expected domestic export, the loaded container volume of the Group decreased slightly by 3.3% to approximately 3,436,223TEU as compared with the same period of last year.

The average freight rate per TEU for international trade lanes of the Group amounted to RMB5,760, decreased by 12.0% as compared with the same period of last year owing to stagnant movement in international freight rate. The revenue per TEU for domestic trade lanes increased by 11.3% to RMB1,747 as compared with the same period of 2010, mainly attributable to the Group's quality trade lanes for domestic trade which are widely recognized in the domestic market, thereby enabling the freight rate to be maintained at a high level and an increase in cargo volume by approximately 5.8% as compared with the same period of last year.

Cost analysis

During the Period, the Group's operation costs totaled to RMB14,284,990,000, representing a decrease of RMB122,956,000 or 0.9% as compared with the same period of 2010.

The decrease in total operation costs was due to the following factors:

- During the Period, container and cargo costs amounted to RMB4,721,134,000, representing a decrease of 13.5% as compared with the same period of last year. On one hand, the decrease was due to a decrease in the volume of loaded cargoes, on the other hand, it was attributable to the successful implementation of various cost reduction measures of the Group. Of which, port charges amounted to RMB955,735,000, remained flat as compared with the same period of last year. The Group's stevedore charges for loaded and empty containers amounted to RMB2,630,556,000 during the Period, representing a decrease of 20.5% as compared with the same period of last year. Container management cost amounted to RMB1,134,843,000, representing a decrease of 5.5% as compared with the same period last year.

- Vessel and voyage costs for the Period amounted to RMB6,680,409,000, representing an increase of 11.0% as compared with the same period of 2010, mainly due to the increase in fuel costs. During the Period, fuel costs amounted to RMB4,229,934,000, representing an increase of 13.8% as compared with the same period of 2010. The increase in fuel costs was a direct result of the continual increase in international crude oil price, which was up approximately 41.9% as compared with Brent oil price in the same period of 2010. However, owing to the universal application of extra slow steaming, the Group had reduced fuel consumption of approximately 160,000 tonnes during the Period. Besides, the Group had timely locked 520,000 tonnes of fuel during fluctuation of oil prices in the international market. Those measures were proven to be successful and resulted in the increase in our fuel costs at a lower rate than the average increase in international crude oil price.

- During the Period, sub-route and other costs amounted to RMB2,883,447,000, representing a mild decrease of 1.6% as compared with the same period of 2010. The decrease was mainly a result of the increase in direct routes service and minimizing of transshipment.

Future prospect

It is expected in the second half of 2011 and in the next one or two years, the road to recovery will be characterized by uncertainty and volatility and is not going to be an easy one. The main determining factor will be the peak period for delivery of new vessels. In general, however, risks of market downturn are still under control and change in competing relationship will become the biggest uncertain factor.

Despite such complex situation, the Group will face up to all future market volatility and operating pressure while fulfilling its business targets: on one hand, the Group will continue to implement stringent cost control and stay competitive; on the other hand, the Group will adopt effective measures to enhance profitability of the Company. The Group shall take proactive and flexible approach while maintaining stable operations.

In the second half of 2011, the Group will focus on the following aspects:

1. ***Continue to optimize fleet structure and expand shipping capacity appropriately.***

   In the second half of 2011, we will take delivery of three vessels each with a capacity of 14,100TEU and three vessels each with a capacity of 4,700TEU. By the end of 2011, the shipping capacity of our vessels will reach near 600,000TEU. By the time, vessels with a capacity exceeding 4,000TEU will account for 83.6% of the Group's fleet, giving us a distinctive advantage in terms of large shipping capacity.

2. ***Routes operation***

   The Group will continue to closely monitor market changes and adopt a prudent approach in operation. We will commence external cooperation extensively in order to provide customers with both upward and downward logistics services while sea-to-rail intermodal transportation network will be established. In addition, the Group will optimize route design and formulate flexible transportation pricing strategy which will enable us to respond swiftly to market changes, so as to seize the opportunities brought by market fluctuation and maximize efficiency of trade lanes. The second half of the year is generally the traditional peak season for the container shipping industry. The Group will seize every opportunity to enhance the revenue of all trade lanes.

3. ***Cost control***

   The Group will implement the refined management on an ongoing basis, strictly control cost and expenditure, and continually promote the slow steaming scheme in order to reduce fuel consumption. The Group will take effective measures to manage containers, control port usage charge, transshipment cost, financial cost and vessel cost. We are determined to maintain our leading cost advantage in the highly competitive market.

4. ***Freight forwarding and Overseas marketing***

   In preparation for expanding the network of global shipping route and raising our global service level, the Group will move forward the construction of freight forwarding network. Continuous attention will be paid to emerging markets and opportunities accompanying with regional economy development.

   Besides, the Group will also step up the supervision and assessment for its work on overseas marketing, and will focus on increasing the shipping volume of backhaul cargo and transportation of cargo through a third country, improving the organization of overseas freight forwarders and assessment mechanism, developing overseas marketing team and enhancing cargo canvassing capability.

5. ***Further strengthen team building, promote brand building and fulfill social responsibility***

   While the Group is growing, we will implement training plan for our talent pool and improve remuneration incentive mechanism.

   Moreover, based on our "large clients" strategy, the Group will continue to fulfill its corporate social responsibility by insisting, among others, lower carbon emission, environmental protection and following through with poverty and disaster relief etc.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's principal source of liquidity is cash flow from operations and short-term bank loans. The Group's cash has mainly been used in paying for operating costs, repayments of loans and construction of new vessels and purchase of containers. During the Period, the Group generated a net operating cash outflow of RMB411,032,000 and the Group had a bank balance and cash of RMB7,124,756,000 as at 30 June 2011.

As at 30 June 2011, the Group's total bank borrowings were RMB11,341,645,000. The maturity profile is spread over a period between 2011 and 2021 with RMB2,349,609,000 repayable within one year, RMB5,665,482,000 repayable within the second year, RMB702,187,000 repayable within the third to fifth year, and RMB2,624,367,000 repayable after the fifth year. The Group's long-term bank borrowings are mainly used to fund the construction of vessels and terminals.

As at 30 June 2011, the Group's long-term bank borrowings were secured by mortgages over certain containers, container vessels, and vessels under construction with a net book value of RMB3,832,666,000 (as at 31 December 2010: RMB2,074,524,000).

As at 30 June 2011, the Group's ten-year period fully repayable bonds amounted to RMB1,785,402,000, all proceeds were used in the construction of vessels. The bonds are guaranteed by the Bank of China, Shanghai branch.

As at 30 June 2011, the Group's obligations under finance leases amounted to RMB431,717,000, with the maturity profile ranging from 2011 to 2017. The amount repayable within one year is RMB203,708,000, the amount repayable within the second year is RMB174,316,000, the amount repayable within the third to fifth year is RMB43,200,000 and the amount repayable after the fifth year is RMB10,493,000. The Group's finance lease obligations are substantially arranged for the lease of containers, while the remaining small portion is arranged for the construction of terminals and port facilities.

As at 30 June 2011, the Group had RMB borrowings at fixed interest rates of 5.3% to 6.1% per annum amounted to RMB2,317,145,000, USD borrowings at fixed interest rates in the amount of USD89,493,000 (equivalent to RMB579,165,000) and USD borrowings at floating interest rates ranging from London Inter-bank Offered Rate plus 0.4% to 1.2% per annum amounted to USD1,304,984,000 (equivalent to RMB8,445,335,000. The Group's borrowings are settled in RMB and US dollars while its cash and cash equivalents are also primarily denominated in RMB and US dollars.

It is expected that capital needs for regular cash flow and capital expenditure can be funded by the internal cash flow of the Group or external financing. The directors of the Company will review the operating cash flow of the Group from time to time. It is the intention of the Group to maintain an appropriate composition of equity and debt to constantly achieve an effective capital structure.

Gearing ratio

As at 30 June 2011, the gearing ratio of the Group (i.e. the ratio of net interest-bearing financial liabilities less cash and cash equivalents over total equity) was 22.1%, which is higher than that of 10.6% as at 31 December 2010 due to the reduction in equity as a result of the loss for the period.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the Group's revenues and operating expenses are settled or denominated in US dollars. As a result, the negative impact on the net operating revenue due to RMB appreciation since July 2005 can be offset by each other to a certain extent. During the Period, the Group devoted much effort to improve the currency structure of assets in order to control the exchange loss for the Period. The Group recorded an exchange gains of approximately RMB57,354,000 which was recorded in the income statement, and the exchange difference which directly charged to equity amounted to approximately RMB209,592,000 during the Period. The Group continues to monitor the RMB exchange rate fluctuation, and convert net cash inflow from operating activities into RMB in a timely manner so as to minimise the losses brought by foreign exchange fluctuations. The Group will continue to implement the policy of timely conversion of foreign monetary assets, reduce the monetary net assets denominated in foreign currency, and consider appropriate measures, including hedging instruments (e.g. forward exchange contracts) when necessary and appropriate, based on the Group's operating needs to minimise its currency exposure.

CAPITAL COMMITMENT

As at 30 June 2011, the Group's capital commitments which had been contracted but not provided for, in relation to vessels under construction amounted to RMB3,972,760,000 and in relation to investments was RMB285,000,000. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers, are RMB149,157,000 and RMB12,695,345,000, respectively.

CONTINGENT LIABILITY

As at 30 June 2011, the Group had a provision of RMB25,000,000 for legal claims.

SHARE CAPITAL

As at 30 June 2011, the share capital of the Company was as follows:

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (2010: nil).

EMPLOYEES, TRAININGS AND BENEFITS

As at 30 June 2011, the Group had 4,442 employees. Total staff expenses during the Period were approximately RMB824,877,000. 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 2,721 crew members in total who mainly work on the Group's self-owned or bareboat chartered vessels.

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

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

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 sharebased, 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. The Directors (other than independent non-executive Directors), the supervisors of the Company (other than independent Supervisors), the senior management of the Company, the head person in charge of department of each of the operational and management departments of the Company and the general managers and deputy general managers of the Company's subsidiaries might in the future be entitled to the compensation in the form of cash payment, which is calculated based on the appreciation in the price of the Group's H share from the date of grant to the date of exercising the rights.

The Group has put in place various training for its staff, including SMS training for the crewing department as well as management training for mid-to-high level management staff.

AUDIT COMMITTEE

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with all code provisions of the "Code on Corporate Governance Practices" set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

DISCLOSURE OF INFORMATION

This announcement is published on the website of Hong Kong Stock Exchange http://www.hkexnews.hk. The interim report for the six months ended 30 June 2011 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 website of Hong Kong Stock Exchange and the Company's website at http://www.csd.com.cn in due course.

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

Shanghai, the PRC
24 August 2011

The Board as at the date of this announcement comprises of Mr. Li Shaode, Mr. Zhang Guofa, Mr. Huang Xiaowen and Mr. Zhao Hongzhou, being executive Directors, Mr. Ma Zehua, Mr. Zhang Jianhua, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Zhang Rongbiao and Mr. Xu Hui, being non-executive directors, and Mr. Shen Kangchen, Mr. Jim Poon (also known as Pan Zhanyuan), Mr. Shen Zhongying, Mr. Wu Daqi and Ms. Zhang Nan, being independent non-executive directors.

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