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 2013

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

Business Highlights

- Shipping volume of the Group reached 3,897,282TEU in the first half of 2013, representing a decrease of 1.6% over that of the same period of 2012.

- Revenue of the Group amounted to RMB15,850,676,000 in the first half of 2013, representing an increase of RMB540,841,000 or 3.5% as compared with the same period of last year.

- Shipping capacity of the Group reached 620,000TEU as at 30 June 2013, representing a net increase of 25,000TEU as compared with that at the end of 2012.

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 2013 (the "Period") prepared under Hong Kong Accounting Standard 34, "Interim Financial Reporting", which has been reviewed by the audit committee of the Company. The Company's auditor, Ernst & Young, Certified Public Accountants, 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.

During the Period, the Group recorded a revenue of RMB15,850,676,000, representing an increase of RMB540,841,000 or 3.5% as compared with the same period of 2012. Net loss attributable to owners of the parent for the Period amounted to RMB1,258,077,000, representing a decrease of RMB22,908,000 as compared with the net loss for the same period of 2012. Basic loss per share was RMB0.11.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	**30 June 2013** ***RMB'000*** **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**36,077,651**	35,676,940
Leasehold land and land use rights		**91,779**	92,981
Intangible assets		**25,272**	28,730
Deferred income tax assets		**496,787**	496,859
Available-for-sale financial assets		**362,140**	362,140
Investments in associated companies		**316,760**	293,965
Investments in joint ventures		**1,299,323**	1,329,542
Total non-current assets		**38,669,712**	38,281,157
CURRENT ASSETS			
Inventories		**1,362,207**	1,238,030
Trade and notes receivables	*4*	**2,572,145**	2,263,700
Prepayments and other receivables		**508,293**	590,406
Restricted deposits		**1,000**	1,000
Cash and cash equivalents		**7,063,138**	8,830,970
Total current assets		**11,506,783**	12,924,106
Total assets		**50,176,495**	51,205,263
EQUITY			
Equity attributable to owners of the parent			
Share capital		**11,683,125**	11,683,125
Special reserves		**9,802**	2,229
Other reserves		**16,905,027**	17,041,861
Accumulated losses		**(3,464,761)**	(2,198,638)
		25,133,193	26,528,577
Non-controlling interests		**960,658**	945,084
Total equity		**26,093,851**	27,473,661

	Notes	**30 June 2013** *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Long-term borrowings		**15,359,846**	15,363,812
Domestic corporate bonds		**1,790,304**	1,789,078
Finance lease obligations		**207,158**	228,384
Deferred income tax liabilities		**11**	11
Total non-current liabilities		**17,357,319**	17,381,285
CURRENT LIABILITIES			
Trade payables	*5*	**4,072,327**	3,883,845
Accruals and other payables		**647,851**	778,327
Short-term bank borrowings		**308,935**	–
Long-term bank borrowings – current portion		**1,597,925**	1,528,272
Finance lease obligations – current portion		**51,144**	119,634
Current income tax liabilities		**22,143**	15,239
Provisions		**25,000**	25,000
Total current liabilities		**6,725,325**	6,350,317
Total liabilities		**24,082,644**	23,731,602
Total equity and liabilities		**50,176,495**	51,205,263
Net current assets		**4,781,458**	6,573,789
Total assets less current liabilities		**43,451,170**	44,854,946

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**15,850,676**	15,309,835
Cost of services		**(16,625,780)**	(16,191,352)
Gross loss		**(775,104)**	(881,517)
Other gains, net	*7*	**44,539**	42,475
Other income	*8*	**213,228**	256,101
Selling, administrative and general expenses		**(453,892)**	(446,951)
Operating loss	*6*	**(971,229)**	(1,029,892)
Finance costs	*9*	**(273,853)**	(226,985)
Share of results of associated companies		**19,593**	19,779
Share of results of joint ventures		**12,900**	23,054
Loss before income tax		**(1,212,589)**	(1,214,044)
Income tax expense	*10*	**(41,881)**	(38,795)
Loss for the period		**(1,254,470)**	(1,252,839)
Attributable to:			
Owners of the parent		**(1,258,077)**	(1,280,985)
Non-controlling interests		**3,607**	28,146
		(1,254,470)	(1,252,839)
Loss per share for loss attributable to equity holders of the parent (Expressed in RMB per share) – Basic and diluted	*12*	**RMB(0.11)**	RMB(0.11)
Dividends	*11*	**–**	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2012, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. SIGNIFICANT ACCOUNTING POLICIES

Except for the adoption of the new and amended standards and interpretations effective as of 1 January 2013, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

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

(a) New and amended standards adopted by the Group

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time adoption of International Financial Reporting Standards*
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 – *Transaction Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKFRS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	Amendments to HKAS 19 *Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates*
HK(IFRIC)-Int 21	*Stripping Costs in the Production Phase of a Surface Mine*
Improvements to HKFRSs 2009-2011 Cycle	Amendments to a number of HKFRSs issued in May 2012

The adoption of these new and revised HKFRSs had no significant financial effect on these financial statements.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on or after 1 January 2013 and have not been early adopted:

HKFRS 9	*Financial Instruments*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[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]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

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

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, which is reconciled to loss before tax. This measurement is consistent with that in the annual financial statements.

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

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

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

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

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

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

	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 for the six months ended 30 June 2013 (Unaudited)				
Other segment assets	**43,745,655**	**4,270,724**	**(314,894)**	**47,701,485**
Joint ventures	**47,709**	**1,251,614**	**–**	**1,299,323**
Associated companies	**66,272**	**41,544**	**–**	**107,816**
Available-for-sale financial assets	**–**	**362,140**	**–**	**362,140**
Total segment assets	**43,859,636**	**5,926,022**	**(314,894)**	**49,470,764**
Unallocated assets				
– Associated companies				**208,944**
– Deferred income tax assets				**496,787**
Total assets				**50,176,495**
Segment liabilities	**21,928,743**	**2,446,641**	**(314,894)**	**24,060,490**
Unallocated liabilities				
– Deferred income tax liabilities				**11**
– Current income tax liabilities				**22,143**
Total liabilities				**24,082,644**

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

	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 for the year ended 31 December 2012 (Audited)				
Other segment assets	44,863,329	4,156,229	(296,801)	48,722,757
Joint ventures	45,812	1,283,730	–	1,329,542
Associated companies	65,824	20,957	–	86,781
Available-for-sale financial assets	–	362,140	–	362,140
Total segment assets	44,974,965	5,823,056	(296,801)	50,501,220
Unallocated assets				
– Associated companies				207,184
– Deferred income tax assets				496,859
Total assets				51,205,263
Segment liabilities	21,643,887	2,373,498	(296,801)	23,720,584
Unallocated liabilities				
– Deferred income tax liabilities				11
– Current income tax liabilities				11,007
Total liabilities				23,731,602

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

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

4. TRADE AND NOTES RECEIVABLES

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

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

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

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

5. TRADE PAYABLES

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

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

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

6. OPERATING LOSS

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

	Six months ended 30 June	
	2013 *RMB'000* **(Unaudited)**	2012 *RMB'000* (Unaudited)
Cost of bunker consumed	**4,396,813**	5,296,115
Depreciation and amortisation	**759,865**	758,267
Operating lease rental	**1,607,636**	1,403,223
Provision for impairment of receivables	**9,236**	26,775

7. OTHER GAINS, NET

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

8. OTHER INCOME

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

9. FINANCE COSTS

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

10. INCOME TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax *(a)*	**41,881**	38,795
– Hong Kong profits tax *(b)*	**–**	–
Deferred income tax	**–**	–
	41,881	38,795

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

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

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

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

(b) Hong Kong profits tax

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

11. DIVIDENDS

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

12. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Loss attributable to owners of the parent *(RMB'000)*	**(1,258,077)**	(1,280,985)
Weighted average number of ordinary shares in issue *(thousands)*	**11,683,125**	11,683,125
Basic loss per share *(RMB per share)*	**RMB(0.11)**	RMB(0.11)

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

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

PERFORMANCE ANALYSIS

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

LOADED CONTAINER VOLUME BY TRADE LANES

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

BREAKDOWN OF REVENUE

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

During the Period, while the Group consolidated domestic market share, the domestic shipping capacity decreased and such decrease caused the domestic freight volume to reduce by 11.8% as compared to the corresponding period of last year. On the other hand, the Group flexibly adjusted shipping capacity allocated to international lanes based on market demand, which led to an increase of freight volume of international trade by 7.4% as compared to the corresponding period of last year. Due to the factors above, during the Period, the number of loaded containers of the Group amounted to 3,897,282TEU, representing a decrease of 1.6% as compared to the corresponding period of last year.

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

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

Cost analysis

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

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

- During the Period, container and cargo costs amounted to RMB5,639,466,000, representing an increase of 5.0% as compared with the same period of last year. Of which, port charges amounted to RMB948,974,000, representing an increase of 1.6% as compared with the same period of last year. The Group's stevedore charges for loaded and empty containers amounted to RMB3,377,227,000 during the Period, representing an increase of 1.6% as compared with the same period of last year. Container management and cargo arrangement expenses amounted to RMB1,313,265,000, representing an increase of 17.8% as compared to the same period of last year, mainly due to growth of rental cost of containers.

- Vessel and voyage costs for the Period amounted to RMB6,827,592,000 representing a decrease of 12.4% as compared with the same period of 2012, mainly due to decrease in fuel costs. During the Period, fuel costs amounted to RMB4,396,813,000, representing a decrease of 17.0% as compared with the same period of last year. This was mainly due to the reduction in international oil price in the first half of 2013 which caused the unit price of fuel consumption of the Company to decrease by 13.5% as compared with the same period of last year, and along with the Company's effort in operational improvement, the fuel consumption reduced by 4.0% as compared with the corresponding period of last year.

- During the Period, sub-route and other costs amounted to RMB4,158,722,000, representing an increase of 1.5% as compared with the same period of last year, mainly due to the increase of the extended service. Such costs did not take into account the factor which influenced the change in cost determination caused by changes in extended freight agent service model for domestic market.

Business Review

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

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

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

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

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

FUTURE PROSPECT

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

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

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's principal sources of working capital are the operating cash inflow and short-term bank borrowings. Cash is mainly used in operation cost expenses, repayment of loans, construction of new vessels and the purchase of containers. During the Period, the Group's net operating cash outflow was RMB418,376,000. As at 30 June 2013, the Group's cash balance in banks was RMB7,063,138,000.

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

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

As at 30 June 2013, the Group's bonds payable in ten-year period amounted to RMB1,790,304,000, all proceeds raised from the bonds were used in the construction of vessels. The issuance of such bonds is guaranteed by Bank of China, Shanghai branch.

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

As at 30 June 2013, the Group's RMB borrowings at fixed interest rates amounted to RMB4,047,340,000. USD borrowings at fixed interest rates amounted to USD165,120,000 (equivalent to RMB1,020,227,000) and USD borrowings at floating interest rates amounted to USD1,974,386,000 (equivalent to RMB12,199,139,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are also primarily denominated in RMB and US dollars.

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

GEARING RATIO

As at 30 June 2013, the gearing ratio of the Group (i.e. the ratio of net interest-bearing financial liabilities less cash and cash equivalents over total equity) was 47.0%, which is higher than that of 37.1% as at 31 December 2012. The increase was on the one hand due to the cash outflows used in the Group's operational and capital expenses during the Period, and on the other hand, was due to reduction in equity as a result of loss for the Period.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the Group's revenues and operating expenses are settled or denominated in US dollars. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. During the Period, the Group devoted much effort to improve the currency structure of assets in order to control the exchange loss for the Period. The Group recorded an exchange profit of approximately RMB26,308,000 in the income statement, and the exchange difference which directly charged to equity amounted to approximately RMB137,448,000 during the Period. The Group has continued to monitor the RMB exchange rate fluctuation, and convert net cash inflow from operating activities into RMB in a timely manner so as to minimise the losses brought by foreign exchange fluctuations. The Group will continue to implement the policy of timely conversion of foreign monetary assets, reduce the monetary net assets denominated in foreign currency, and consider appropriate measures, including hedging instruments such as forward exchange contracts when necessary and appropriate, based on the actual needs of the Group's operation in order to minimise the Group's exposure to foreign exchange risk.

CAPITAL COMMITMENT

As at 30 June 2013, the Group's capital commitments and investment commitments which had been contracted but not provided for and which had been authorised but not contracted for, in relation to vessels under construction amounted to RMB7,489,270,000 and RMB378,700,000, respectively. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers, were RMB114,406,000 and RMB9,878,896,000, respectively.

CONTINGENT LIABILITY

As at 30 June 2013, the Group had a provision of RMB25,000,000 for legal claims. The provision was related to legal claims brought against the Group by customers of the Group. After taking legal advice, the Board is of the view that the outcome of the legal claims should not give rise to any significant loss beyond the amounts provided for as at 30 June 2013.

SHARE CAPITAL

As at 30 June 2013, the share capital of the Company was as follows:

Types of shares	Number of shares in issue	Percentage
		(%)
A Shares	7,932,125,000	67.89
H Shares	3,751,000,000	32.11
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 (2012: nil).

EMPLOYEES, TRAINING AND BENEFITS

As at 30 June 2013, the Group had 4,211 employees and an additional 1,484 outsourced labour employees. In addition, the Group had entered into contracts with a number of subsidiaries of China Shipping (Group) Company, pursuant to which these subsidiaries provided the Group with approximately 3,611 crew members in total who mainly work on the Group's self-owned or bareboat chartered vessels. Total staff expenses during the Period was approximately RMB942,733,000.

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

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

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

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

AUDIT COMMITTEE

The Board has set up an audit committee which consists of two independent non-executive Directors, namely Ms. Zhang Nan and Mr. Guan Yimin, and one non-executive Director, namely Ms. Su Min. The audit committee has reviewed the Company's interim results for the Period and agreed with the accounting treatment adopted by the Company.

CORPORATE GOVERNANCE CODE

The Company was in compliance with all the code provisions of the "Corporate Governance Code" set out in Appendix 14 to the 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 the Directors and supervisors of the Company, each of them has confirmed that he/she has complied with the required standard set out in the Model Code regarding directors' and supervisors' securities transactions during the Period.

INFORMATION DISCLOSURE

This announcement will be published on the Stock Exchange website at http://www.hkexnews.hk. The interim report for the six months ended 30 June 2013 will be dispatched by the Company to its shareholders and published on the website of the Stock Exchange and the Company's website at http://www.cscl.com.cn in due course. The interim report contains all the relevant financial information as required under Appendix 16 to the Listing Rules.

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

Shanghai, the PRC
28 August 2013

The Board as at the date of this announcement comprises of Mr. Li Shaode, Mr. Xu Lirong, Mr. Huang Xiaowen, Mr. Zhang Guofa 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 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"*