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 2015

	1H 2015	1H 2014	**Change**
	RMB	*RMB*	*(%)*
	(Unaudited)	(Unaudited)	
Revenue	**15,991,418,000**	17,406,834,000	(8.1)
Operating income	**215,676,000**	619,245,000	(65.2)
Profit attributable to owners of the parent	**10,643,000**	431,637,000	(97.5)
Basic earnings per share	**0.09 cent**	3.69 cent	(97.5)
Gross profit margin	**3.5%**	(0.7%)	600.0
Gearing ratio	**66.5%**	57.1%	12.0

Business Highlights

- Shipping volume of the Group reached 3,991,098 TEU in the first half of 2015, representing an increase of 1.0% over that of the same period of 2014.
- Revenue of the Group amounted to RMB15,991,418,000 in the first half of 2015, representing a decrease of RMB1,415,416,000 or 8.1% as compared with the same period of 2014.
- Shipping capacity of the Group reached 908,579 TEU as at 30 June 2015, representing a net increase of 181,966 TEU as compared with that as at the end of 2014.

The board (the "Board") of directors (the "Directors") of China Shipping Container Lines Company Limited (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 2015 (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, has reviewed the unaudited condensed consolidated interim financial information of the Group 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 RMB15,991,418,000, representing a decrease of RMB1,415,416,000 or 8.1% as compared with the same period of 2014. Net profit attributable to shareholders amounted to RMB10,643,000, representing a decrease of 97.5% as compared with the same period of 2014. Basic earnings per share was RMB0.09 cent.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	**30 June 2015** **RMB'000** **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**37,983,945**	36,369,808
Investment properties		**2,065**	2,093
Intangible assets		**16,201**	18,916
Deferred tax assets		**10,467**	10,479
Derivative financial instruments		**–**	4,026
Interests in associates		**3,833,037**	3,754,380
Interests in joint ventures		**53,859**	52,402
Total non-current assets		**41,899,574**	40,212,104
CURRENT ASSETS			
Inventories		**1,228,983**	1,185,498
Trade and notes receivables	4	**2,135,031**	2,384,511
Prepayments and other receivables		**516,479**	401,953
Restricted deposits		**326,100**	500
Derivative financial instruments		**–**	697
Cash and cash equivalents		**8,005,395**	9,355,888
Total current assets		**12,211,988**	13,329,047
Total assets		**54,111,562**	53,541,151

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**11,683,125**	11,683,125
Special reserves		**16,456**	20,150
Other reserves		**16,880,843**	16,873,604
Accumulated losses		**(3,770,570)**	(3,784,442)
		24,809,854	24,792,437
Non-controlling interests		**85,266**	85,046
Total equity		**24,895,120**	24,877,483
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**14,527,683**	13,463,254
Domestic corporate bonds		**1,795,206**	1,793,981
Finance lease obligations		**10,252**	150,281
Deferred tax liabilities		**72**	75
Derivative financial instruments		**16**	–
Total non-current liabilities		**16,333,229**	15,407,591
CURRENT LIABILITIES			
Trade payables	*5*	**3,954,807**	3,825,897
Other payables and accruals		**671,827**	658,358
Interest-bearing bank and other borrowings		**8,217,757**	8,690,651
Finance lease obligations – current portion		**7,779**	36,978
Tax payable		**5,538**	19,193
Provisions		**25,000**	25,000
Derivative financial instruments – current portion		**505**	–
Total current liabilities		**12,883,213**	13,256,077
Total liabilities		**29,216,442**	28,663,668
Total equity and liabilities		**54,111,562**	53,541,151
Net current (liabilities)/assets		**(671,225)**	72,970
Total assets less current liabilities		**41,228,349**	40,285,074

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
CONTINUING OPERATIONS			
Revenue	3	**15,991,418**	17,406,834
Cost of services		**(15,431,426)**	(17,523,018)
Gross profit/(loss)		**559,992**	(116,184)
Selling, administrative and general expenses		**(526,454)**	(473,380)
Other income	7	**199,662**	322,791
Other gains, net	8	**(17,524)**	886,018
Operating profit	6	**215,676**	619,245
Finance costs	9	**(281,167)**	(215,770)
Share of profits and losses of:			
Associates		**94,980**	28,824
Joint ventures		**1,457**	3,606
Profit before income tax from continuing operations		**30,946**	435,905
Income tax expense	10	**(11,848)**	(29,839)
Profit for the period from continuing operations		**19,098**	406,066
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation		**–**	38,756
PROFIT FOR THE PERIOD		**19,098**	444,822

	Notes	Six months ended 30 June **2015** ***RMB'000*** **(Unaudited)**	2014 *RMB'000* (Unaudited)
Attributable to:			
Owners of the parent		**10,643**	431,637
Non-controlling interests		**8,455**	13,185
		19,098	444,822
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
(Expressed in RMB per share)	*12*		
– Basic and diluted			
For profit for the period		**RMB0.09 cent**	RMB3.69 cent
For profit from continuing operations		**RMB0.09 cent**	RMB3.39 cent

Details of the dividends payable and proposed for the period are disclosed in note 11 to the financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**19,098**	444,822
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	**16,868**	–
Exchange differences on translation of foreign operations	**(5,288)**	55,067
Others, net off income tax effects	**(5,236)**	2,054
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**6,344**	57,121
Total comprehensive income for the period	**25,442**	501,943
Attributable to:		
Owners of the parent	**17,548**	488,626
Non-controlling interests	**7,894**	13,317
	25,442	501,943

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Owners of the parent						
	Issued capital *RMB'000*	Special reserves *RMB'000*	Other reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2014	11,683,125	38,278	16,895,316	(4,845,260)	23,771,459	446,595	24,218,054
Profit for the period	–	–	–	431,637	431,637	13,185	444,822
Other comprehensive income for the period:							
Exchange differences on translation of foreign operations	–	–	54,935	–	54,935	132	55,067
Others	–	–	2,054	–	2,054	–	2,054
Total comprehensive income for the period ended 30 June 2014	–	–	56,989	431,637	488,626	13,317	501,943
Transactions with owners							
Capital injection from non-controlling interests	–	–	–	–	–	10,081	10,081
Disposal of subsidiaries	–	(883)	(6,395)	–	(7,278)	(422,270)	(429,548)
Dividends paid to non-controlling interests	–	–	–	–	–	(5,468)	(5,468)
Accrued special reserve during the period	–	87,627	–	(87,627)	–	–	–
Used special reserve during the period	–	(116,307)	–	116,307	–	–	–
Others	–	–	468	(464)	4	(151)	(147)
Balance at 30 June 2014 (unaudited)	11,683,125	8,715	16,946,378	(4,385,407)	24,252,811	42,104	24,294,915

	Owners of the parent						
	Issued capital	Special reserves	Other reserve	Accumulated losses	Total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	**11,683,125**	**20,150**	**16,873,604**	**(3,784,442)**	**24,792,437**	**85,046**	**24,877,483**
Profit for the period	**–**	**–**	**–**	**10,643**	**10,643**	**8,455**	**19,098**
Other comprehensive income for the period:							
Share of other comprehensive income of associates	**–**	**–**	**16,868**	**–**	**16,868**	**–**	**16,868**
Exchange differences on translation of foreign operations	**–**	**–**	**(4,727)**	**–**	**(4,727)**	**(561)**	**(5,288)**
Others	**–**	**–**	**(5,236)**	**–**	**(5,236)**	**–**	**(5,236)**
Total comprehensive income for the period ended 30 June 2015	**–**	**–**	**6,905**	**10,643**	**17,548**	**7,894**	**25,442**
Transactions with owners							
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(7,524)**	**(7,524)**
Accrued special reserve during the period	**–**	**86,738**	**–**	**(86,738)**	**–**	**–**	**–**
Used special reserve during the period	**–**	**(90,432)**	**–**	**90,432**	**–**	**–**	**–**
Others	**–**	**–**	**334**	**(465)**	**(131)**	**(150)**	**(281)**
Balance at 30 June 2015 (unaudited)	**11,683,125**	**16,456**	**16,880,843**	**(3,770,570)**	**24,809,854**	**85,266**	**24,895,120**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**879,698**	638,649
Income tax paid		**(25,495)**	(30,179)
Net cash generated from operating activities		**854,203**	608,470
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment and intangible assets		**(2,544,006)**	(2,650,522)
Proceeds from disposal of items of property, plant and equipment		**16,706**	77,014
Disposal of subsidiaries		**–**	(880)
Increase in investments in available-for-sale financial assets		**–**	(499,445)
Dividends received from associates		**79,090**	19,308
Dividends received from joint ventures		**–**	1,286
Dividends received from available-for-sale financial assets		**–**	12,600
Interest received		**139,600**	63,363
Net cash used in investing activities		**(2,308,610)**	(2,977,276)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(317,677)**	(363,369)
Capital injection from non-controlling shareholders		**–**	7,897
New bank loans		**40,550,414**	4,403,639
Repayment of bank loans		**(39,939,588)**	(3,076,687)
Capital element of finance lease payments		**(127,390)**	(17,154)
Interest element of finance lease payments		**(47,853)**	(6,433)
Dividends paid to non-controlling interests		**–**	(946)
Net cash generated from financing activities		**117,906**	946,947
Net decrease in cash and cash equivalents		**(1,336,501)**	(1,421,860)
Cash and cash equivalents at beginning of the period		**9,355,888**	9,602,804
Effect of foreign exchange rate changes – net		**(13,992)**	35,092
Cash and cash equivalents at end of the period		**8,005,395**	8,216,036

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standards 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 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

As at 30 June 2015, the current liabilities of the Group exceeded its current assets by approximately RMB671 million. In the opinion of the Company, it is an industry practice for the shipping business to keep a low level of current ratio. These financial statements were prepared on a going concern basis notwithstanding the net current liability position because it is expected that the Group will generate sufficient cash inflows from the operation and have adequate unused bank and other credit facilities to meet its financial obligation when they fall due.

2. SIGNIFICANT ACCOUNTING POLICIES

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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

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 revised standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2015.

HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) *– Investment Entities*
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

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 2015 and have not been early adopted:

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

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

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 assesses the performance of the operating segments based on a measure of operating profit, which is reconciled to profit before tax. This measurement is consistent with that in the annual financial statements.

For the period ended 30 June 2015 and 2014, all the profits or losses from continuing operations were generated through container shipping and related business.

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Pacific	**4,711,005**	4,473,300
Europe/Mediterranean	**3,645,219**	4,402,181
Asia Pacific	**3,074,579**	2,968,948
China Domestic	**2,248,362**	2,885,645
Other Lanes	**773,628**	446,823
Logistic Services and Others	**1,538,625**	2,229,937
Turnover	**15,991,418**	17,406,834

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 by geographical location as they mainly include container vessels and containers which are utilised across geographical markets for shipment of cargoes throughout the world.

No revenue derived from a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the six months ended 30 June 2015 and 2014.

4. TRADE AND NOTES RECEIVABLES

	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
– Fellow subsidiaries	**322,072**	333,418
– Third parties	**1,725,668**	1,858,108
	2,047,740	2,191,526
Notes receivable	**87,291**	192,985
	2,135,031	2,384,511

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

	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**2,043,365**	2,344,821
4 to 6 months	**30,457**	56,954
7 to 9 months	**118,312**	49,410
10 to 12 months	**6,009**	222
Over one year	**237**	952
	2,198,380	2,452,359
Less: provision for impairment of receivables	**(63,349)**	(67,848)
	2,135,031	2,384,511

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

5. TRADE PAYABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade payables		
– Fellow subsidiaries	**338,606**	873,069
– Third parties	**3,616,201**	2,952,828
	3,954,807	3,825,897

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within 3 months	**3,907,589**	3,782,579
4 to 6 months	**9,954**	8,961
7 to 9 months	**12,438**	11,196
10 to 12 months	**16,494**	14,847
1 to 2 years	**8,332**	8,314
	3,954,807	3,825,897

6. OPERATING PROFIT

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Bunker consumed or sold	**2,946,149**	4,807,980
Depreciation and amortisation	**876,418**	754,034
Operating lease rentals	**2,147,334**	1,670,057
Provision for impairment of receivables	**(2,834)**	13,944

7. OTHER INCOME

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest income	**100,413**	89,786
Government grant related to income	**3,964**	70,414
Refund of value-added tax ("VAT")	**91,150**	156,775
Agency service income	**4,135**	–
Information technology service fees	**–**	5,816
	199,662	322,791

8. OTHER GAINS, NET

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Losses on disposal of items of property, plant and equipment	**(2,491)**	(48,288)
Gains on disposal of subsidiaries	**–**	948,093
Net foreign exchange losses	**(15,033)**	(13,787)
	(17,524)	886,018

9. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses		
– Borrowings and domestic corporate bonds	**283,048**	236,029
– Finance lease obligations	**2,267**	6,433
Total interest expenses	**285,315**	242,462
Less: amount capitalised in vessels under construction and construction in progress	**(4,148)**	(26,692)
	281,167	215,770

10. INCOME TAX

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax *(a)*	**7,793**	29,373
– Hong Kong profits tax *(b)*	**–**	–
– Others	**4,047**	466
Deferred income tax	**8**	–
	11,848	29,839

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")

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 established in Mainland China was 25% for the six months ended 30 June 2015 and 2014.

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

(b) Hong Kong profits tax

Hong Kong profits tax was provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profits of the Group's companies operating in Hong Kong for the six months ended 30 June 2015.

11. DIVIDENDS

The directors did not recommend an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

12. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation *(RMB'000)*		
– From continuing operations	**10,643**	395,591
– From a discontinued operation	**–**	36,046
Shares		
Weighted average number of ordinary shares in issue *(thousands)*	**11,683,125**	11,683,125

Diluted earnings per share for the period ended 30 June 2015 was the same as the basic earnings per share, as the Company did not have any potentially dilutive ordinary shares during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

Due to the imbalance between shipping capacity supply and demand, the container transportation market as a whole remained sluggish in the first half of 2015. Freight rates for Asia-Europe trade lanes hit record low levels under the impact of new shipping capacity put into market amid a weak economic growth momentum in the eurozone. On the other side, benefiting from steadily growing demand boosted by the stable recovery of the U.S. economy, coupled with the impact of the U.S. West Coast port strikes, freight rates for Trans-Pacific trade lanes stayed at stable levels. Meanwhile, freight rates for Asia Pacific trade lanes underwent volatility under the gradual upgrade of shipping capacity. In response to varied conditions of different trade lanes, the Company actively adjusted its operating strategies and implemented differentiated operation to boost trade lane efficiency and operating results.

PERFORMANCE ANALYSIS

In the first half of 2015, the Group's loaded container volume amounted to 3,991,098TEU, increasing by 1.0% as compared with the same period of 2014, and revenue was RMB15,991,418,000, representing a decrease of RMB1,415,416,000 or 8.1% as compared with the same period of 2014.

LOADED CONTAINER VOLUME BY TRADE LANES

Principal Markets	**1H 2015** *(TEU)*	1H 2014 *(TEU)*	Change *(%)*
Pacific trade lanes	**614,021**	649,140	(5.4%)
Europe/Mediterranean trade lanes	**743,647**	760,273	(2.2%)
Asia Pacific trade lanes	**1,045,293**	931,621	12.2%
China domestic trade lanes	**1,555,947**	1,562,384	(0.4%)
Other trade lanes	**32,190**	49,869	(35.5%)
Total	**3,991,098**	3,953,287	1.0%

BREAKDOWN OF REVENUE

Principal Markets	**1H 2015** **(*RMB'000*)**	1H 2014 (*RMB'000*)	Change (*%*)
Pacific trade lanes	**4,711,005**	4,473,300	5.3%
Europe/Mediterranean trade lanes	**3,645,219**	4,402,181	(17.2%)
Asia Pacific trade lanes	**3,074,579**	2,968,948	3.6%
China domestic trade lanes	**2,248,362**	2,885,645	(22.1%)
Other trade lanes	**773,628**	446,823	73.1%
Logistics and other businesses	**1,538,625**	2,229,937	(31.0%)
Total	**15,991,418**	17,406,834	(8.1%)

In the first half of 2015, the Group flexibly adjusted shipping capacity allocated to domestic and international lanes based on market demand, while consolidating its domestic market share. As such, the freight volume of international lanes increase by 1.9% as compared to the corresponding period of last year, while the freight volume of domestic lanes decreased by 0.4% 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 3,991,098TEU, representing an increase of 1.0% as compared to the corresponding period of 2014.

As the imbalance between supply and demand remained severe during the Period, the freight rates for international trade lanes bumped up and down and towards a downward trend while the freight rates for domestic trade lanes continued to decline. As a result, the Group recorded a revenue of RMB15,991,418,000 for the Period, representing a decrease of 8.1% as compared with the same period of 2014.

Cost Analysis

For the first half of 2015, the Group's operational costs totalled RMB15,431,426,000, representing a decrease of RMB2,091,592,000 or 11.9% as compared with the same period of 2014.

The change in operational costs was due to the following reasons:

- During the Period, container and cargo costs amounted to RMB5,942,680,000, representing a decrease of 9.2% as compared with the same period of last year. The decrease was mainly due to the decrease in container handling charges standing to accounts during the Period as a result of partial port calls adjusted for international trade lanes as well as the sharp depreciation in non-US dollars against US dollars; meanwhile, the Company has significantly lowered container management and operation fee and empty container storage and allocation costs by further optimizing transhipment routes and controlling inland cargo.

- Vessel and voyage costs for the Period amounted to RMB5,150,315,000 representing a decrease of 10.7% as compared with the same period of last year, mainly due to decrease in fuel costs under the combined effect of the reduction in international oil prices and the Company's continued effort to reinforce fuel saving measures.

- During the Period, the costs of logistics and other businesses amounted to RMB1,464,410,000, representing a decrease of 28.7% as compared with the same period of last year. The decrease was mainly due to sharp declines in international oil prices this year which resulted in a decrease in the procurement costs of China Shipping (Singapore) Petroleum Pte. Ltd.

- During the Period, sub-route and other costs amounted to RMB2,874,021,000, representing a decrease of 8.9% as compared with the same period of last year, mainly due to the decrease in inland freight volume as a result of depressed domestic route market.

Business Review

In the first half of 2015, in response to the complex and changing market conditions, the Company managed to achieve noticeable results by entering on "large vessels, new trade lanes, new network" and vigorously implementing each operating measure.

Thanks to the enhanced restructuring of shipping capacity, fleet optimization brought good effect. In the first half year, the Company completed in taking delivery of all five 19,100TEU new vessels and made reasonable operation arrangement for the vessels. In the meantime, the Company pressed ahead with the disposal of old vessels, speeded up the surrender of outdated vessels and acquired special vessels to replenish its fleet to better cater for market demand. As at 30 June 2015, the Company had a total operating capacity of 909,000TEU indicating further enhancement in the core competence of its fleet.

As a result of enhanced service quality improvement and increased marketing efforts, high value added cargoes and cargoes from direct customers saw noticeable increases. The Company has always regarded service quality as the cornerstone for cooperation with customers, striving to build high-quality trade lanes through focusing on customer demand and innovating marketing ideas. In addition, the Company managed to offer more specialised services to customers of different sectors, improving service quality at every tiny point and satisfying customers' differentiated needs for trade lane products and services. While improving service quality, the Company also increased its marketing efforts targeted at customers. Thanks to these efforts, both the contracted volume from direct customers and high value added cargoes increased significantly in the first half year.

Cost advantage was achieved through strengthening cost control. In the first half year, amid a weak market recovery, the Company firmly stuck to the idea that "cost is the core competitiveness" and continued to increase cost control efforts, improving its cost competitiveness. In particular, the Company achieved a considerable reduction in fuel costs which accounted for a large proportion of its operating costs, by strengthening energy-saving technical transformation and monitoring over vessel fuel consumption. In the first half year, while the shipping capacity of the Company's fleet has increased, fuel consumption and fuel costs were lowered.

Supply chain integration strategy was strengthened and diversified development achieved a breakthrough. In the first half year, the Company further enhanced its strategic cooperation with China Railway Corporation* (中國鐵路總公司) to further promote sea-rail operations across the country, with the loaded container volume of railway transportation increasing by 60%. Meanwhile, the Company continued to increase its efforts in building extended onshore services by refining trailer management and standardizing operating procedures, with an aim to enhancing the competitiveness and coverage of the extended services.

In addition, the Company continued to promote the setting up of e-commerce platform for shipping services. In the first half year, the Company launched three products on the "eshippinggateway" platform, namely, domestic shipping booking, European pickup services, Sino-Brazil express. The Company's loading ports substantially cover all the major ports across the country.

FUTURE PROSPECT

In second half of 2015, international trade still won't be cheerful. With the massive influx of new shipping capacity, shipping market will face even more uncertainties. The shipping industry is gradually developing towards scale expansion, intensive operation and supply chain integration. Thresholds of market entry and service standards will continues to rise along with the increasing scale of container liners, innovations in large vessel operations and in service concepts.

In response to the ever changing shipping market, the Company will actively adjust its strategic thinking and endeavor to create its service advantage, cost advantage and competitive edge, to become bigger and stronger. In the second half year, the Company will focus on the implementation of the following measures: improve fleet planning to optimize fleet structure; strengthen cost control and management standard to improve quality and efficiency; improve cargo source structure to raise the revenue per container; enhance the development of strategic customers and cultivate high-quality customers to realize win-win cooperation; study innovation-driven business model to improve existing business model and service quality; conduct research on transshipment port strategy to enhance scale expansion and intensive capacity.

In addition, the Company will continue to strengthen talent team building, improve corporate governance standard and enhance production safety control, so as to ensure stable and sustainable development of the Company.

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 inflow was RMB854,203,000. As at 30 June 2015, the Group's cash balance in banks was RMB8,005,395,000.

As at 30 June 2015, the Group's total bank borrowings were RMB22,745,440,000. The maturity profile is spread over a period between 2015 to 2027 with RMB8,217,757,000 repayable within one year, RMB3,446,837,000 repayable within the second year, RMB7,127,128,000 repayable within the third to the fifth year, and RMB3,953,718,000 repayable after the fifth year. The Group's long-term bank borrowings are mainly used to finance the construction of vessels.

As at 30 June 2015, the Group's long-term bank borrowings were secured by mortgages over certain container vessels and vessels under construction with a book value of RMB9,946,363,000 (as at 31 December 2014: RMB8,344,784,000).

As at 30 June 2015, the Group's obligations under finance leases amounted to RMB18,031,000, with maturity profile ranging from 2015 to 2019. The amount repayable within one year is RMB7,779,000, the amount repayable within the second year is RMB8,250,000, the amount repayable within the third to the fifth year is RMB2,002,000. The Group's obligations under the finance leases are all used in the lease of new containers.

As at 30 June 2015, the Group's bonds payable in ten-year period amounted to RMB1,795,206,000, and 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. The Group's RMB borrowings at fixed interest rates amounted to RMB600,000,000. USD borrowings at fixed interest rates amounted to USD194,747,000 (equivalent to RMB1,190,605,000) and USD borrowings at floating interest rates amounted to USD3,427,577,000 (equivalent to RMB20,954,835,000). The Group's borrowings are settled in RMB or 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 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 2015, 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 66.5%, which is higher than that of 59.4% as at 31 December 2014. The increase was primarily due to the increase of interest-bearing financial liabilities during 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 recorded a net exchange loss of RMB15,033,000 which was mainly due to fluctuations of the US dollar and Euro exchange rates and the exchange difference which was charged to equity amounted to RMB5,288,000. The Group will continue to monitor the exchange rate fluctuation of RMB and major international currencies, minimize the foreign exchange risk, and take appropriate measures to mitigate the Group's foreign exchange exposure when necessary.

CAPITAL COMMITMENT

As at 30 June 2015, the Group had no capital commitments which had been contracted but not provided for and which had been authorised by the Board but not contracted for, in relation to vessels under construction, and there was no equity investment commitment. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers, were RMB272,768,000 and RMB7,646,356,000, respectively.

SUBSEQUENT EVENTS

On 29 July 2015, China Shipping Container Lines (Hong Kong) Co., Ltd. ("CSCL HK"), a wholly-owned subsidiary of the Company, entered into the shipbuilding contracts with the builders, pursuant to which CSCL HK agreed to purchase eight vessels (each container vessel with a capacity of 13,500 TEU). The aggregate consideration payable for such vessel acquisition under the shipbuilding contracts is US$934,400,000 (equivalent to approximately RMB5,713,856,000).

CONTINGENT LIABILITY

As at 30 June 2015, 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 appropriate 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 2015.

SHARE CAPITAL

As at 30 June 2015, the share capital of the Company was as follows:

Types of shares	**Number of issued shares**	**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 (2014: nil).

EMPLOYEES, TRAINING AND BENEFITS

As at 30 June 2015, the Group had 7,683 employees (of which 3,805 were outsourced labour employees). Total staff expenses during the Period amounted to approximately RMB918,563,000 (including outsourced employee costs).

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 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 Mr. Guan Yimin and Ms. Zhang Nan, 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', supervisors' and relevant employees' 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. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

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 2015 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
Zhang Guofa
Chairman

Shanghai, the PRC
27 August 2015

The Board as at the date of this announcement comprises of Mr. Zhang Guofa, Mr. Huang Xiaowen and Mr. Zhao Hongzhou, being executive Directors, Ms. Su Min, Mr. Ding Nong, Mr. Liu Xihan, Mr. Yu Zenggang and Mr. Chen Jihong, being non-executive Directors, and Ms. Zhang Nan, Mr. Guan Yimin, Mr. Shi Xin, Ms. Hai Chi Yuet and Mr. Graeme Jack, 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".*