

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



# 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)

### 2010 THIRD QUARTERLY REPORT

In accordance with the applicable rules of the Shanghai Stock Exchange of the People's Republic of China ("PRC") (being the stock exchange on which the A shares of China Shipping Container Lines Company Limited (the "Company") are listed), the quarterly report ("Quarterly Report") of the Company and its subsidiaries (together referred to as the "Group") for the third quarter of 2010 ("Reporting Period") will be published on the Shanghai Stock Exchange on 28 October 2010. The financial information set out in the Quarterly Report was prepared in accordance with the Generally Accepted Accounting Principles of the PRC.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## §1 BASIC INFORMATION OF THE COMPANY

### 1.1 Principal financial data and statistics highlights

Currency: RMB

	As at the end of the Reporting Period	As at the end of previous year	Increase/decrease at the end of the Reporting Period as compared with the end of previous year (%)
Total assets (RMB)	49,324,750,362.57	44,335,304,267.67	11.25
Owner's equity (or shareholders' equity) (RMB)	28,400,746,003.87	25,226,699,161.23	12.58
Net assets per share attributable to equity holders of the company (RMB/Share)	2.43	2.16	12.58

		<b>From beginning of the year to end of Reporting Period (January to September)</b>	<b>Increase/decrease as compared with the corresponding period of last year (%)</b>
Net cash flow from operating activities ( <i>RMB</i> )		4,211,495,073.39	229.56
Net cash flow per share from operating activities ( <i>RMB/Share</i> )		0.36	229.56
	<b>Reporting Period (July to September)</b>	<b>From beginning of the year to end of Reporting Period (January to September)</b>	<b>Increase/decrease of the Reporting Period as compared with the corresponding period of last year (%)</b>
Net profit attributable to equity holders of the company ( <i>RMB</i> )	2,154,231,565.61	3,325,635,476.90	211.28
Basic earnings per share ( <i>RMB/Share</i> )	0.1844	0.2847	211.28
Basic earnings per share, excluding extraordinary gains or losses ( <i>RMB/Share</i> )	0.1759	0.2693	206.17
Diluted earnings per share ( <i>RMB/Share</i> )	0.1844	0.2847	211.28
Weighted average return on net assets (%)	7.87	12.39	Increase 15.22 percentage points
Weighted average return on net assets, excluding extraordinary gains or losses (%)	7.51	11.72	Increase 14.86 percentage points

Excluding extraordinary gains or losses items and amounts:

*Unit: Yuan    Currency: RMB*

<b>Items</b>	<b>From the beginning of the year to end of the Reporting Period (January to September)</b>
Gain/loss from disposal of non-current assets	130,790,310.79
Government grants recognized in the income statement for the period (exclusive of those that are closely related to the operation of the Company and received in a certain amount or fixed quantity according to the State standards)	26,901,544.63
Other non-operating income/expenses excluding the items above	-1,577,871.22
Other extraordinary gains or losses items	51,625,054.89
Impact of income tax	-27,491,961.61
Impact of gains or losses of minority shareholders (after tax)	-664,513.88
<b>Total</b>	<b>179,582,563.60</b>

## **1.2 Total number of shareholders at the end of the Reporting Period and the top 10 shareholders of the Company who are not subject to trading moratorium**

*Unit: share*

Total number of shareholders at the end of the Reporting Period 521,135

### **Top 10 shareholders of the Company who are not subject to trading moratorium**

<b>Name of shareholders (in full)</b>	<b>Number of shares held at the end of the Reporting Period</b>	<b>Type</b>
HKSCC NOMINEES LIMITED	3,727,803,340	H share
China Construction Bank – the Great Wall brand preferred Equity Securities Investment Fund	23,309,890	A share
China Construction Bank – Fu Guo Tian Bo Innovative Theme Equity Securities Investment Fund	21,198,289	A share
Bank of Communications – Han Xing Securities Investment Fund	16,371,686	A share
Bank of Communications – Fu Guo Tian Yi Value Securities Investment Fund	16,007,800	A share

<b>Name of shareholders (in full)</b>	<b>Number of shares held at the end of the Reporting Period</b>	<b>Type</b>
Bank of China – Harvest Shanghai Shenzhen 300 Index Securities Investment Fund	15,065,251	A share
Industrial & Commercial Bank of China Limited – China AMC CSI 300 Index Fund	9,499,940	A share
Bank of Communications – Tian Zhi Core Value Growth Stock Securities Investment Fund	7,800,000	A share
China Merchants Bank Co., Limited – Fu Guo Tian He Stable Selected Stock Securities Investment Fund	7,753,784	A share
Dong Hai Securities – Everbright – Dongfeng No.6 Collective Assets Management Plan	7,298,382	A share

## **§2 SIGNIFICANT EVENTS**

### **2.1 Particulars of material changes in major accounting items and financial indicators of the Company and reasons**

- (1) The increase in money capital by 47.41% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase in the cash inflows from operating activities and borrowings during the current period;
- (2) The increase in notes receivables by 30.52% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase in sales revenue and the slight increase in notes receivable from customers;
- (3) The increase in accounts receivables by 58.09% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the significant increase in the Company's revenue from main operation during the current period as compared with the corresponding period of last year, resulting in the increase in accounts receivable;
- (4) The increase in interests receivables by 469.81% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase in the balance of fixed deposits during the current period as compared with the beginning of the Reporting Period;
- (5) The decrease in dividend receivables by 100% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the dividends received which were declared by DP World Yanti Terminal (煙台環球碼頭) and Yingkou New Century Terminal (營口新世紀碼頭) last year;
- (6) The decrease in deferred income tax assets by 44.50% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the actual payment of company annuities, resulting in offsetting the deferred income tax assets;

- (7) The increase in the short-term loans by 147.59% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to new U.S. dollar loans during the current period;
- (8) The decrease in interest payables by 32.03% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the payment for interest on corporate bonds at the previous interest bearing period during the current period;
- (9) The decrease in the losses of undistributed profits by 77.23% during the Reporting Period as compared with the beginning of the Reporting Period was due to the significant increase in the operating profit of the Company during the current period;
- (10) The increase in operating income by 123.61% during the Reporting Period as compared with the corresponding period of last year was due to the significant increase in loaded container volume and freight revenue for single container during the Reporting Period as compared with the corresponding period of last year, as a result of increase in the container volume, and rebound in freight rate;
- (11) The increase in operating costs by 30.96% during the Reporting Period as compared with the corresponding period of last year was due to the significant increase in loaded container volume of major trade lanes and inflation of fuel price leading to an increase in the operating costs;
- (12) The increase in management expenses by 34.31% during the Reporting Period as compared with the corresponding period of last year was due to the payment of remuneration of employees of the Company;
- (13) The increase in assets impairment loss by 82.01% during the Reporting Period as compared with the corresponding period of last year was due to the increase in the balance of accounts receivable which is greater than that in the corresponding period of last year and the increase in provisions for bad debts as compared with the corresponding period of last year;
- (14) The increase in investment income by 221.21% during the Reporting Period as compared with the corresponding period of last year was due to the gains from disposal of equity interest according to the pricing under the Share Transfer Agreement through the share swap of Port of Yantai undertaken by China Shipping Terminal Development Co., Ltd. (中海碼頭公司) (a subsidiary of the Company) by exchanging its 35% equity interest in DP World Yantai (煙台環球) to the 3.9% equity interest in Yantai Port Co., Ltd. (煙台港股份有限公司) and gains from disposal of our external investee “Haixing Yuancang Containers Logistics Co., Ltd.” (海興遠倉儲運有限公司);
- (15) The increase in non-operating income by 58.01% during the Reporting Period as compared with the corresponding period of last year was due to the increase in government grants to the Company during the Reporting Period;
- (16) The decrease in non-operating expenses by 90.25% during the Reporting Period as compared with the corresponding period of last year was due to the decrease on disposal of fixed assets in the Company during the Reporting Period;

- (17) The increase in income tax expenses by 114.83% during the Reporting Period as compared with the corresponding period of last year, due to the Company writing off the deferred tax assets provided for the cumulative losses from its foreign subsidiaries during the corresponding period of last year;
- (18) The increase in net profits attributable to equity holders of the parent company by 211.29% during the Reporting Period as compared with the corresponding period of last year was due to the increase in the Company's revenue and the decrease in the Company's losses during the Reporting Period;
- (19) The decrease in other comprehensive income by 569% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in the U.S. dollar exchange rates, resulting in the increase in the loss of translation of foreign currency;
- (20) The increase in total comprehensive income by 205.37% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in operating profit;
- (21) The increase in net cash flows from operating activities for the Reporting Period by 229.56% as compared with the corresponding period of last year was mainly due to the increase in the revenue of the Company during the Reporting Period;
- (22) The decrease in net cash flows from investing activities for the Reporting Period by 77.30% as compared with the corresponding period of last year was mainly due to the increase in vessel construction and purchase of fixed assets by the Company during the Reporting Period;
- (23) The increase in net cash flows from financing activities for the Reporting Period by 211.28% as compared with the corresponding period of last year was mainly due to the increase in net borrowings by the Company during the Reporting Period;
- (24) The decrease of cash caused by changes in foreign exchange rates by 338.35% during the Reporting Period as compared with the corresponding period of last year was due to the decrease in exchange rates during the Reporting Period;
- (25) The net increase in cash and cash equivalents by 165.15% at the end of the Reporting Period as compared with the corresponding period of last year was due to the net increase in cash inflows from operating activities and borrowings during the current period;
- (26) The increase in the balance of cash and cash equivalents by 52.99% at the end of the Reporting Period as compared with the corresponding period of last year was due to the net increase in cash inflows from operating activities and borrowings during current period.

## **2.2 Status of performance of undertakings by the Company, its shareholders and controlling shareholders**

### *(1) Non-competition undertakings*

On 29 August 2007, China Shipping (Group) Company (“China Shipping”), the controlling shareholder of the Company has undertaken that (i) it shall, or shall procure the subsidiaries controlled by it, to take all effective steps not to engage in or participate in any business which competes with the container shipping business or related businesses currently carried on by the Company or any subsidiary controlled by the Company, nor to hold any interest or benefit in the said businesses. If there is an opportunity for China Shipping or any subsidiary controlled by it to participate in any container shipping business or related businesses currently principally engaged in by the Company or any subsidiary controlled by it, or in any project in relation to the businesses which the Company or any subsidiary controlled by it shall in the future principally engage in, China Shipping shall, or shall procure the subsidiary controlled by it, to grant to the Company or any subsidiary controlled by it the first opportunity to participate in the said business or project; and (ii) China Shipping will fully indemnify the Company and/or the subsidiaries controlled by the Company against all losses, damages and costs incurred by China Shipping and/or the subsidiaries controlled by it as a result of or arising from any breach of the undertakings set forth above.

### *(2) Undertaking to lock-up shares*

China Shipping, the controlling shareholder of the Company, has undertaken that it will not, within 36 months from the listing of the Company’s A shares on the Shanghai Stock Exchange, transfer nor authorize others to manage any of the Company’s A shares held by it, nor will it allow the Company to repurchase the Company’s A shares held by it.

During the Reporting Period, China Shipping did not breach any of the undertakings as stated above.

## **2.3 Disclosure as to, and reason for, the warning in respect of forecast of a probable loss in respect of the accumulated net profit from the beginning of the financial year to the end of the next reporting period or any significant changes in profit as compared with that of the corresponding period of last year**

The probable gains in respect of the accumulated net profit from the beginning of the financial year to the end of the next reporting period represented a significant change as compared with the loss during the corresponding period of last year. This was mainly due to the recovery of global trade, which stimulated the demand in the container transportation market, resulting in a significant growth in the cargo volume and pricing.

## **2.4 Implementation of the profit distribution plan during the Reporting Period**

There was no profit distribution during the Reporting Period.



## CAUTION STATEMENT

The Board wishes to remind investors that the above extracts from the Quarterly Report is based on the Group's internal records and management accounts and have not been reviewed or audited by the auditors. **Investors are cautioned not to rely unduly on the extracts from the Quarterly Report. In addition, investors are advised to exercise caution when dealing in the shares of the Company.**

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

Shanghai, the PRC  
27 October 2010

*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. Yan Zhichong and Mr. Xu Hui, being non-executive Directors, and Ms. Zhang Nan, Mr. Jim Poon (also known as Pan Zhanyuan), Mr. Wu Daqi, Mr. Shen Kangchen and Mr. Shen Zhongying, 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".*