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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)**

## **2009 FIRST 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**", together with its subsidiaries, the "**Group**") are listed), the quarterly report ("**Quarterly Report**") of the Company for the first quarter of 2009 ("**Reporting Period**") will be published in the PRC on 27 April 2009. The financial information set out in the Quarterly Report was prepared in accordance with the Generally Accepted Accounting Principles of the PRC.

In accordance with the requirement of Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, we have extracted the following price-sensitive information from the Quarterly Report:

## §1 BASIC INFORMATION OF THE COMPANY

### 1.1 Principal financial data and statistics highlights

	<i>Currency: RMB</i>		
	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 ( <i>RMB</i> )	47,848,508,930.85	50,298,573,277.22	-4.87
Owner's equity (or shareholders' equity) ( <i>RMB</i> )	31,165,882,527.07	32,451,858,014.65	-3.96
Net assets attributable to equity holders of the Company per share ( <i>RMB</i> )	2.61	2.78	-6.12
		From beginning of the year to end of Reporting Period	Increase/decrease as compared with the corresponding period of last year (%)
Net cash flow from operating activities ( <i>RMB</i> )		-439,655,711.31	-119.49
Net cash flow from operating activities per share ( <i>RMB</i> )		-0.0376	-119.49
		From beginning of the year to end of Reporting Period	Increase/decrease of the Reporting Period as compared with the corresponding period of last year (%)
Net profit attributable to equity holders of the Company ( <i>RMB</i> )	-1,212,688,917.48	-1,212,688,917.48	-337.66
Basic earnings per share ( <i>RMB</i> )	-0.1038	-0.1038	-337.66
Basic earnings per share excluding extraordinary gain or loss ( <i>RMB</i> )	-0.1043	-0.1043	-348.43
Diluted earnings per share ( <i>RMB</i> )	-0.1038	-0.1038	-337.66
Fully diluted return on equity (%)	-3.98	-3.98	Decrease 5.46 percentage points
Fully diluted return on equity excluding extraordinary gain or loss (%)	-4.00	-4.00	Decrease 5.47 percentage points

Excluding extraordinary items and amounts:

<b>Extraordinary items</b>	<b>From the beginning of the year to end of the Reporting Period (RMB)</b>	<b>Reasons</b>
Gain/loss on disposal of non-current assets	287,608.11	Gain on disposal of fixed assets
Government subsidies credited to profit and loss account for the current period (exclusive of government subsidies which are closely related to the operation of the Company and entitled pursuant to the State standard quota or amount)	7,011,799.58	
Other net non-operating income excluding the items above	596,297.52	
Income tax	<u>-1,579,141.04</u>	
Total	<u><u>6,316,564.17</u></u>	

## 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 630,620 (H shareholders: 2,527, A shareholders: 628,093)

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

Name of shareholders (in full)	Number of shares held at the end of the Reporting Period	Type of shares
HKSCC NOMINEES LIMITED	3,692,738,115	H share
HUTCHISON INTERNATIONAL LIMITED	31,000,000	H share
Industrial and Commercial Bank of China – China Southern Excellent Performance Growth Stock – Type Securities Investment Fund	30,958,095	A share
Industrial and Commercial Bank of China – China Universal Balanced Growth Stock – Type Securities Investment Fund	29,999,816	A share
Bank of China – Jiashi Service Added Value Industry Securities Investment Fund	15,999,901	A share
Bank of China – Jiashe Shanghai Shenzhen 300 Index Securities Investment Fund	15,315,188	A share
Industrial and Commercial Bank of China – Penghua Quality Governance Stock – Type Securities Investment Fund (LOF)	15,300,000	A share
Bank of China – ABN AMRO TEDA Industry Selection Securities Investment Fund	12,999,319	A share
Huaxia Bank Co., Limited – Desheng Selection Stock Securities Investment Fund	10,199,929	A share
Hou Chun Wei	9,600,000	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 decrease in balance of trade receivables by 32.91% at the end of Reporting Period as compared with the beginning of the Reporting Period was mainly attributable to a sharp decrease in operating income during the Reporting Period;
- (2) The decrease in interest receivables by 61.44% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the maturity of certain fixed deposits and the collection of interest receivables for 2008 during the period;
- (3) The increase in deferred income tax assets by 124.19% at the end of the Reporting Period as compared with the beginning of the period was because of the losses of the overseas subsidiaries during the period and increase in deferred income tax assets calculated at the rate of 16.5% by the Company;
- (4) The decrease in balance of short-term borrowings by 39.58% at the end of the Reporting Period as compared with the beginning of the period was because of the repayment of short-term borrowings falling due during the period;
- (5) The decrease in employee benefits payable by 60.13% at the end of the Reporting Period as compared with the beginning of the period was due to the payment of the outstanding year-end bonus for 2008 to its employees;
- (6) Deferred income tax liabilities decreased by 91.54% at the end of the Reporting Period as compared with the beginning of the period. The reason for the decrease was because of the losses of the overseas subsidiaries and decrease in deferred income tax liabilities calculated at the rate of 16.5% by the Company;
- (7) Retained earnings decreased by 55.7% from the beginning of the Reporting Period to the end of the Reporting Period because of the loss of RMB1,212,000,000 during the period;
- (8) The decrease in operating income by 58.07% as compared with the corresponding period of last year was due to the impact of global economy and substantial decrease in revenue from loaded container volume and freight rate per TEU as compared with the corresponding period of last year;
- (9) During the Reporting Period, operating costs recorded a year-on-year decrease of 40.76% was due to the Company's commitment to the control of various operating costs. As for fuel costs, the Company has locked in 330,000 tons of fuel overseas for its consumption during the whole year of 2009, of which 90,000 tons have been consumed in the first quarter, and the Company saved USD580,000 as a result thereof. Remarkable results were achieved as the Company recorded a year-on-year decrease of 11.6% in fuel consumption of vessels and a year-on-year decrease of 46% in fuel costs. At the same time, other operating costs were also controlled to certain extent;
- (10) During the Reporting Period, business tax recorded a year-on-year decrease of 34.53% was due to the significant decrease in operating income;

- (11) During the Reporting Period, finance costs decreased by 90.72% was primarily due to the significant decrease in exchange losses as compared with the corresponding period of last year, which was attributable to the minimal fluctuation in foreign exchange rates during the period and the proper measures taken by the Company against exchange rate risks;
- (12) During the Reporting Period, asset impairment loss decreased by 100.25% as compared with the corresponding period of last year. The reason for the decrease was due to the substantial decrease in receivable balance at the end of the Reporting Period as compared with the beginning of the period and reduction of bad debt provision for the period after testing by the Company;
- (13) The decrease in investment income by 61.95% during the Reporting Period as compared with the corresponding period of last year was owing to the significant year-on-year decrease in net profit from equity investment entities;
- (14) The year-on-year increase in non-operating income by 159.2% was due to the significant increase in government subsidiary received by certain affiliated terminal companies during the period as compared with the corresponding period of last year;
- (15) The decrease in income tax expenses by 243.43% during the period as compared with the corresponding period of last year was due to the losses of the overseas subsidiaries and therefore leading to an increase in deferred income tax assets and decrease in deferred income tax liabilities;
- (16) The year-on-year decrease in net profit by 337.66% attributable to the equity holders of the Company was due to the losses as a result of the fact that the decrease of the Company's income was far higher than the decrease of its costs during the period;
- (17) The year-on-year decrease in net cash flows from operating activities by 119.49% during the period was due to the losses as a result of the fact that the decrease of the Company's operating income was far higher than the decrease of its costs during the period;
- (18) The net cash flows from investing activities decreased by 89.3% during the period was due to the significantly decrease of the capital expenditure in construction of vessels and containers during the period as compared with the corresponding period of last year;
- (19) The net cash flows from financing activities decreased by 152.19% during the period was due to the decrease in new borrowings of approximately RMB1,912,000,000 and increase in repayments of the borrowings falling due of approximately RMB625,000,000 during the period as compared with the corresponding period of last year;
- (20) The decrease in the level of effect of foreign exchange rate changes on cash and cash equivalents by 65.57% during the period as compared with the corresponding period of last year was due to the minimal exchange fluctuation in the period.

During the first quarter of last year, as the subprime mortgage crisis in the U.S. had not spread to the European and Chinese economies, the good performances in the freight rate and cargo volume of all trade lanes (excluding the U.S.) provided strong support for the Company's profits.

Since the second half of 2008, the major economies of the world were extensively and rapidly adversely affected by the outbreak of the financial crisis which also manifested the tendency of further deterioration. Along with the decline of both the import and export data of China, the depressed performances of various international trade lanes directly resulted in the Company's losses.

Nevertheless, the Company's continuously efforts in controlling various operating costs have achieved obvious result.

In the future, along with the construction of Shanghai as an international financial and shipping centre and the PRC government's efforts in developing the Chinese economy by way of expanding domestic demands etc., hopefully the operating environment will be improved.

## **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.

## 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 of  
**China Shipping Container Lines Company Limited**  
**Li Shaode**  
*Chairman*

Shanghai, the People's Republic of China  
27 April 2009

*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 Mr. Hu Hanxiang, Mr. Jim Poon (also known as Pan Zhanyuan), Mr. Wang Zongxi, 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 and the English name "China Shipping Container Lines Company Limited".*