



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)**

## **2008 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 the Company are listed), the quarterly report ("**Quarterly Report**") of China Shipping Container Lines Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the third quarter of 2008 ("**Reporting Period**") will be published in the PRC on 28 October 2008. 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

*Currency: RMB*

|   | As at<br>the end of the<br>Reporting Period | As at the end of<br>previous year  | Increase/decrease<br>at the end of the<br>Reporting Period<br>as compared<br>with the end of<br>previous year (%)      |
|---|---|--|--|
| Total assets ( <i>RMB</i> )   | 51,361,412,163.53                           | 48,465,884,479.93  | 5.97   |
| Owner's equity (or shareholders' equity) ( <i>RMB</i> )                           | 32,471,802,007.76                           | 32,703,259,708.43  | -0.71  |
| Net assets per share attributable to equity holders of the company ( <i>RMB</i> ) | 2.78  | 2.80   | -0.71  |
|   |   | From beginning of<br>the year to end of<br>Reporting Period<br>(January to<br>September) | Increase/decrease<br>as compared with<br>the corresponding<br>period of<br>last year(%)                                |
| Net cash flow from operating activities ( <i>RMB</i> )                            |   | 477,780,165.33   | N/A  |
| Net cash flow per share from operating activities ( <i>RMB</i> )                  |   | 0.041  | N/A  |
|   |   | From beginning<br>of the year to<br>end of Reporting<br>Period (January to<br>September) | Increase/decrease<br>of the Reporting<br>Period as<br>compared with<br>the corresponding<br>period of<br>last year (%) |
| Net profit attributable to equity holders of the company ( <i>RMB</i> )           | -271,661,581.30                             | 426,992,207.07   | N/A  |
| Basic earnings per share ( <i>RMB</i> )   | -0.023                                      | 0.037  | N/A  |
| Basic earnings per share excluding extraordinary gain or loss ( <i>RMB</i> )      | -   | 0.032  | -  |
| Diluted earnings per share ( <i>RMB</i> )   | -0.023                                      | 0.037  | N/A  |
| Fully diluted return on equity (%)  | 1.32  | -0.84  | N/A  |
| Fully diluted return on equity excluding extraordinary gain or loss (%)           | 1.16  | -0.95  | N/A  |

|   | From the<br>beginning of the<br>year to end of the<br>Reporting Period<br>(January to<br>September)<br>(RMB)<br>Deduction:<br>Charged to<br>allocated item |
|---|--|
| <b>Extraordinary items</b>  |  |
| Gain/loss from disposal of non-current assets   | 49,367,103.22  |
| Return, deduction or exemption of tax with approval exceeding authority or without official approval  | 251,000.00   |
| Government grants (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) attributable to gains and losses for the period  | 332,000.00   |
| Capital occupying fee from non-financial enterprises which are credited into current profit and loss, excluding capital occupying fee obtained from non-financial enterprises by financial institutes with operation qualification approved and established by the relevant department of the State | 283,000.00   |
| Other net non-operating income/expenses save for the above  | 658,105.06   |
| Total   | <u>50,891,208.28</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 675,882 (H share shareholders: 2,087)

### 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  | 3,701,268,309  | H share        |
| HUTCHISON INTERNATIONAL LIMITED   | 31,000,000   | H share        |
| Bank of China – Jiashe Shanghai Shenzhen 300 Index Securities Investment Fund                               | 17,309,738   | A share        |
| Hou Chun Wei  | 12,407,100   | A share        |
| China Life Insurance Company Limited – Dividend Payout – Group Dividend Payout – 005L – FH001 Shanghai      | 8,931,870  | A share        |
| China Life Insurance Company Limited – Dividend Payout – Individual Dividend Payout – 005L – FH002 Shanghai | 8,931,870  | A share        |
| Industrial and Commercial Bank of China – Lion Equity Securities Investment Fund                            | 7,093,726  | A share        |
| Hongyang Securities Investment Fund   | 5,960,092  | A share        |
| LEUNG KAI LON & LEONG I HONG  | 5,100,000  | H share        |
| Agricultural Bank of China – Dacheng Shanghai Shenzhen 300 Index Securities Investment Fund                 | 4,521,859  | A share        |

*Note:* China Shipping (Group) Company through Ocean Fortune Investment Limited, a wholly-owned subsidiary of China Shipping (Hong Kong) Holdings Co., Limited, which in turn is a wholly-owned subsidiary of China Shipping (Group) Company, acquired 132,882,000 H shares of issued during the period from 2 April 2008 to 12 June 2008, representing 1.14% of the total share capital of the Company. Those shares are registered under the name of HKSCC Nominees Limited.

## **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 financial assets held for trading as compared with the end of last year was mainly due to the expiry of certain forward foreign exchange contracts during the Reporting Period;
- (2) The increase in prepayment of 98.6% as compared with the end of last year was mainly due to the increase in prepayment by the Company to suppliers in relation to vessel chartering and container leasing as required under the contracts during the Reporting Period;
- (3) The increase in interest receivable was mainly attributable to the bank deposit interest during the Reporting Period;
- (4) The increase of other receivables by 30.4% as compared with the end of last year was mainly because of increased deposit paid for the use of ports and vessels as a result of expansion of operating scale of the Company;
- (5) Construction in progress increased by 80% as compared with the end of last year, which was mainly due to the payment of US\$272 million by the Company to Samsung Heavy Industries Co., Ltd. on 14 February 2008, pursuant to a contract regarding the building of 13,300 TEU container vessels as well as the investment in the construction of containers and container trailers;
- (6) Deferred income tax asset decreased as compared with the end of last year. The main reason was the reversal of provision made at the end of last year;
- (7) The decrease in financial liabilities held for trading as compared with the end of last year was mainly attributable to the expiry of the non-deliverable forward contracts entered into between the subsidiaries of the Company and Bank of China and ABN AMRO Bank during the Reporting Period;
- (8) Short term borrowings in the amount of US\$246 million repayable within one year was newly made during the Reporting Period;
- (9) Accounts payable increased by 56.7% as compared with the end of last year. The main reason was an increase in port charges, stevedore charges and maintenance fees as a result of an increase of operating businesses. Besides, the settlement period of the international routes was relatively long and most of the settlements were generally made at the end of the Reporting Period. As a result, the accounts payable in the third quarter was relatively high;
- (10) The increase in advance from customers by 127.2% as compared with the end of last year was mainly attributable to the increase in advance from customers from third party customers during the Reporting Period as compared with the end of last year;

- (11) Salary and welfare payable decreased by 45.5% as compared with the end of last year. The main reason for the decrease was the payment of the outstanding year-end bonus for 2007 to its employees;
- (12) Income tax liabilities decreased by 81% as compared with the end of last year. The main reason was the payment of outstanding income tax for 2007 by the Company during the Reporting Period;
- (13) The decrease in dividend payable as compared with the end of last year was due to the payment of part of the outstanding dividends payable last year during the Reporting Period;
- (14) Non-current liabilities due within one year increased by 55.2% as compared with the end of last year. The increase was due to the increment of long-term borrowings expiring within one year.

## **2.2 Acquisition of 100% equity interest in China Shipping Terminal Development Co., Ltd. (中海碼頭發展有限公司) (“CS Terminal”)**

Reference is made to the announcement of the Company dated 6 August 2008 and the circular to shareholders of the Company dated 21 August 2008.

According to the Company’s planned use of A share listing proceeds, part of the net proceeds from the A share listing will be used for the acquisition of assets related to container transportation, which is the principal business of the Company.

The fourteenth meeting of the second session of the board of directors of the Company was held on 6 August 2008, which approved the acquisition of 100% equity interest in CS Terminal from China Shipping (Group) Company (“China Shipping”).

Based on the valuation report prepared by an independent valuer, China Tong Cheng Assets Appraisal Co., Ltd. (中通誠資產評估有限公司), the appraised value of the 100% equity interests in CS Terminal as at 31 March 2008 was RMB2,601,405,907.78.

The third extraordinary general meeting of the Company for year 2008 was held on 10 October 2008, which approved the acquisition of CS Terminal. Accordingly, an amount of RMB2,601,405,907.78 was paid to China Shipping pursuant to the agreement for the acquisition of 100% equity interest in CS Terminal (the “Agreement”) on 17 October 2008.

Meanwhile, pursuant to the Agreement, a professional audit institution was engaged by the Company to audit the net assets of CS Terminal during the period from 1 April 2008 to 30 September 2008.

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

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

On 29 August 2007, 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 October 2008

*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 name and under its English name “China Shipping Container Lines Company Limited”.*