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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER, 2009

FINANCIAL HIGHLIGHTS (UNDER HKFRS)

- Revenue amounted to RMB19,740,331,000
- Loss attributable to equity holders of the Company amounted to RMB6,489,048,000
- Basic loss per share amounted to RMB0.555
- Loaded container volume amounted to 6,741,790 TEU in the year 2009

The board of directors (the "**Board**") of China Shipping Container Lines Company Limited (the "**Company**") is pleased to present the audited consolidated results prepared under Hong Kong Financial Reporting Standards ("**HKFRS**") of the Company and its subsidiaries (the "**Group**") for the year ended 31 December, 2009, together with the restated comparative figures for the year ended 31 December, 2008.

CHAIRMAN'S STATEMENT

The financial tsunami starting from 2007 has worsened deeply in 2009 with such unprecedented, broad and deep adverse impact. Despite the adoption of a number of counter-measures, the Group has failed to reverse its state of making losses continuously.

For the year 2009, the Group's revenue was RMB19,740,331,000, representing a decrease of 43.4% as compared with the year 2008. The Group's loaded container volume was 6,741,790 TEU, representing a decrease of approximately 3.7% as compared with last year.

OPERATION REVIEW

In light of difficult operating environment, the Group vigorously respond to it, strictly controlled its costs, remained closely tied with market changes, and implemented comprehensive measures in various ways in response to the market:

1. Reorganising the fleet structure, optimising the trade lane design

As at the end of December 2009, the fleet of the Company comprised 128 vessels with a total shipping capacity of 497,000 TEU. In light of the difficult environment of excess shipping capacity, the Group promptly let out part of its shipping capacity and terminated the fleet leases with high rental, leased the fleet that matched the Group's development of trade lanes, and speeded up the disposal of obsolete vessels. Meanwhile, the Group was keen on developing trade lanes cooperation, made active and flexible adjustment to the overall arrangement of trade lanes, optimised its overall arrangement of trade lanes, and carried out cooperation in various forms with a number of shipping companies concerning a few trade lanes.

2. Deepened the "Three Refinement" philosophy and increased efficiency

The Group not only achieved quality trade lanes and quality services, but also quality thinking process and quality philosophy through 3 years of great effort since the Group requested the implementation of refined management.

(1) Strengthened the establishment of quality trade lanes and continuously improved service quality of each trade lane;

(2) Took efforts to increase the "Three Ratios" (on-schedule ratio, container load ratio and satisfaction ratio);

(3) Refined the specifics of cost control

(a) Controlled fuel cost

The Group controlled fuel cost through implementing economic voyage speed generally and fixing fuel price periodically. The annual consumption of fixed price fuel in 2009 amounted to 420,000 tons, representing the saving of USD31,907,000 as compared to the market price during the same period.

(b) Controlled container management cost

To strictly control container management cost, the Group implemented measures such as speeding up the turnaround of containers, reducing the number of empty containers, strengthening the management of overdue containers and adopting the policy of "terminating high and renting low". This led to a decrease in total container management costs of 34.3% as compared with the year 2008, which amounted to RMB1,790,000,000. The container management cost of single container decreased of 31.8%.

(c) *Controlled port cost*

Relying on the overall advantages of the Group and the advantage of the brand of China Shipping, making full use of the decrease in port operation cost and the intensified competition, the negotiation of port cost rate achieved good results and thus reduced port charges by approximately RMB100,000,000. The port charges averaged to single container decreased of 26.7% and stevedore charges averaged to single container decreased of 21.7%

(d) *Controlled transhipment cost*

The Group strengthened its trade lanes cooperation, increased the shipping space of direct voyage, and reduced transhipment volume. Total annual transhipment loaded container volume of international trade lanes for the year 2009 was 1,468,000 TEU, representing a decrease of 376,000 TEU as compared with last year.

(4) Refined the specifics of freight rate management and adjusted the freight rate policy flexibly

(5) Strengthened its effort regarding the lease of shipping space and stabilised revenues generated from trade lanes

3. Enhanced marketing and optimised cargo structure

In 2009, the Group further comprehensively explored several markets including "Global BCO", "global freight logistics companies" by relying on the operating platform of the global clients. It strengthened communication and interaction with oversea agencies and meanwhile enhanced the development of project clients and direct clients, optimised the cargo structure and increased the volume of fundamental sources of cargo.

4. Strengthened external cooperation and faced the crisis together

The Group implemented the strategy of "Large Clients, Large Cooperation", carried out external cooperation extensively, shared advantages with each other, provided extended services, constructed the sea-to-rail transportation network and created a win-win situation by partnering with large customers.

5. Improved internal control mechanism and prevented risks in operation

The Group deepened the establishment of the internal control project and comprehensive risk management system project, thus promoting the consistent and healthy development of the Group.

6. Reasonably conducted financial management

Based on the need for financial management, the Group repaid part of its borrowings in advance, procured working capital loans, continuously reduced RMB loans by considering the trend of the continuous appreciation of RMB, increased debts in foreign currencies, and reasonably avoided exchange rate risk. By carrying out a reasonable financial management, the Group's liquidity sufficiency in 2009, 2010 or even a longer term in the future has been guaranteed.

FUTURE PROSPECT

Currently, although approximately 7% of the shipping capacity in the market is idle and predictably, there will be approximately 9% of new shipping capacity in the whole year of 2010, the increase in container trade volume is expected to be more than 10% in 2010. Additionally, with the obvious acceleration in the speed of vessel dismantlement and the universal application of ultra-slow voyage speed in the industry, the gap between effective shipping capacity and freight volume will be reduced further.

Owing to the recovery of the market freight rates recently, the freight rate for each trade lane has been significantly improved, shipping companies have begun to release their respective idle shipping capacities and this resulted in the freight rates becoming loosen. However, the shipping companies are obviously apt to be careful in releasing their shipping capacity after experiencing huge losses last year. It is believed that the game between the shipping companies and the market will reach an equilibrium at a relatively high freight rate.

It is unlikely that the global economy will head into a second dip of the recession in 2010, and the trend of economic recovery is basically clear in each economy. Although the container shipping industry is still encountering many uncertain factors, such as increase in oil price and the appreciation of RMB, the Group believes that along with successively carrying out and implementing each revenue enhancing and expenditure controlling measure, the operation of the Group will be significantly improved in 2010.

The Group is taking a careful but optimistic view about the future market situation.

The Group proposes to carry out its business by focusing on the following points:

1. **Optimise trade lanes on an efficiency-oriented basis**

   For its trade lanes operation, the Group will flexibly control the input of shipping capacity, adjust the overall arrangement of trade lanes and develop its trade lanes cooperation. It will actively participate in the relevant associations, negotiate and collaborate with other shipping companies, and together promote the restoration of and increase in freight rates. It will reduce the shipping capacity of the trade lanes that are suffering losses and increase trade lanes operation efficiency.

2. **Further improve service and increase three ratios**

   The Group will continue to adapt to changes in the market on its own initiative, concentrate the efforts on the "three ratios" (on-schedule ratio, container load ratio and satisfaction ratio) and proactively meet the needs of clients, protect their interests and present the Group's core competitiveness based on its quality service.

3. **Further refine the specifics of cost control**

   The Group will consistently deepen and implement refined management and strictly control cost and expenditure including fuel cost, container management cost, port charge and transhipment cost.

4. **Strengthen safety management**

In 2010, the Group will continue to uphold the policy of safety first, prevention first and integrated administration, establish a harmonious and safe production environment, take the approach of safe development, and comprehensively upgrade the level of safety production and efficiency of the Group.

5. **Speed up information construction**

The Group will improve information system of regional companies and overseas agencies, accelerate the payables and receivables system project and further improve the verification process of the Group and increase the accuracy of the verification.

6. **Further strengthen and broaden internal control mechanism and improve the management of the Group**

In the year 2010, the Group will, just as in the past, seek for opportunities in the dynamic market, conquer difficulties and promote the stable development of the Group!

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER, 2009

	Note	As at 31 December, 2009 RMB'000	2008 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**33,234,405**	33,449,688
Leasehold land and land use rights		**100,214**	96,397
Intangible assets		**26,227**	12,968
Deferred income tax assets		**19,699**	86,912
Available-for-sale financial assets		**163,300**	163,300
Investments in associated companies		**113,704**	38,915
Investments in jointly controlled entities		**1,122,075**	1,073,811
		34,779,624	34,921,991
Current assets			
Inventories		**874,400**	471,635
Trade and notes receivables	*4*	**1,573,176**	2,264,752
Prepayments and other receivables		**128,394**	429,191
Cash and cash equivalents		**6,936,708**	11,686,978
		9,512,678	14,852,556
Total assets		**44,292,302**	49,774,547
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**11,683,125**	11,683,125
Other reserves		**17,664,548**	17,709,662
(Accumulated losses)/retained earnings		**(4,120,974)**	2,368,074
		25,226,699	31,760,861
Minority interests		**751,499**	735,050
Total equity		**25,978,198**	32,495,911

	Note	As at 31 December, 2009 RMB'000	2008 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings		**8,351,685**	4,231,712
Domestic corporate bonds		**1,781,724**	1,779,274
Finance lease obligations		**571,901**	2,064,032
Deferred income tax liabilities		**83**	53,535
		10,705,393	8,128,553
Current liabilities			
Trade and notes payables	*5*	**4,071,296**	3,283,833
Accrual and other payables		**743,498**	811,098
Short-term bank borrowings		**136,564**	1,553,612
Long-term bank borrowings – current portion		**2,296,220**	2,621,874
Finance lease obligations – current portion		**232,069**	531,659
Current income tax liabilities		**36,971**	323,007
Provisions		**92,093**	25,000
		7,608,711	9,150,083
Total liabilities		**18,314,104**	17,278,636
Total equity and liabilities		**44,292,302**	49,774,547
Net current assets		**1,903,967**	5,702,473
Total assets less current liabilities		**36,683,591**	40,624,464

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2009

	Note	**Year ended 31 December,** **2009** *RMB'000*	2008 *RMB'000* (Restated)
Revenue	*3*	**19,740,331**	34,888,595
Costs of services	*6*	**(25,485,612)**	(33,860,624)
Gross (loss)/profit		**(5,745,281)**	1,027,971
Other gains/(losses), net	*7*	**43,258**	(569,434)
Other income	*8*	**158,016**	447,837
Selling, administrative and general expenses	*6*	**(687,988)**	(529,684)
Operating (loss)/profit		**(6,231,995)**	376,690
Finance costs	*9*	**(254,147)**	(331,483)
Share of results of associated companies		**(211)**	(4,426)
Share of results of jointly controlled entities		**37,077**	33,216
(Loss)/profit before income tax		**(6,449,276)**	73,997
Income tax (expense)/credit	*10*	**(22,466)**	1,683
(Loss)/profit for the year		**(6,471,742)**	75,680
Attributable to:			
Equity holders of the Company		**(6,489,048)**	47,084
Minority interests		**17,306**	28,596
		(6,471,742)	75,680
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– basic	*11*	**RMB(0.555)**	RMB0.004
– diluted	*11*	**RMB(0.555)**	RMB0.004
Dividends	*12*	**–**	–

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the "PRC") on 28 August, 1997 as a company with limited liability under the Company Law of the PRC. On 3 March, 2004, the Company was transformed into a joint stock limited company under the Company Law of the PRC. In June 2004, the Company issued 2,420,000,000 overseas public shares ("H Share"), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 16 June, 2004. In December 2007, the Company issued 2,336,625,000 PRC domestic public shares ("A Share"), which were listed on the Shanghai Stock Exchange on 12 December, 2007.

In May 2008, the Group acquired from the subsidiaries of China Shipping (Group) Company ("China Shipping Group", the ultimate holding company) a 60% equity interest in China Shipping (Yangpu) Cold Storage & Transportation Co., Ltd. ("CS Yangpu", a then 40% owned associated company of the Group) and a 25% equity interest in Shanghai China Shipping Yangshan International Logistics Co., Ltd. ("CS Yangshan") (a then 50% owned jointly controlled entity of the Group) at total cash considerations of RMB38,681,000. After the acquisition, CS Yangpu and CS Yangshan became subsidiaries of the Group.

In October 2008, the Group acquired from China Shipping Group the 100% equity interest in China Shipping Terminal Development Co., Ltd. ("CS Terminal") at a cash consideration of RMB2,661,837,000.

In March 2009, the Group acquired from China Shipping Group and Hang Lim Shipping Co., Ltd. ("Hang Lim", a third party) the 51% and 24.5% equity interests in Shanghai Inchon International Ferry Co., Ltd ("Shanghai Inchon") at cash considerations of RMB21,678,000 and RMB10,414,000, respectively. Shanghai Inchon became a subsidiary of the Group thereafter.

CS Terminal, CS Yangpu, CS Yangshan and Shanghai Inchon are collectively referred to as the "Acquired Subsidiaries".

The Group is principally engaged in owning, chartering and operating container vessels for the provision of international and domestic container marine transportation service and operating container terminal.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for the Common Control Combinations" issued by Hong Kong Institute of Certificate Public Accountants (the "HKICPA") and under the historical cost convention.

2.1 Basis of preparation

(a) *New and amended standards and interpretation to existing standard effective in 2009 and relevant to the Group*

- HKFRS 7 'Financial Instruments – Disclosures' (amendment) (effective from 1 January, 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures.

- HKAS 1 (revised) 'Presentation of financial statements' (effective 1 January, 2009). The revised standard requires 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The change in accounting policy only impacts presentation aspects.

- HKFRS 2 (amendment) 'Share-based payment' (effective 1 January, 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have a material impact on the Group's financial statements.

- HKAS 23 (Amendment) 'Borrowing Costs' (effective from 1 January, 2009). In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January, 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The adoption of HKAS 23 Borrowing Costs (amendment) had no material impact on the Group's financial statements, since the Group has been capitalised borrowings costs.

- HKFRS 8 'Operating segments' (effective from 1 January, 2009). HKFRS 8 replaces HKAS 14 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The standard does not have any impact on the Group's financial statements except for certain changes in note disclosure.

(b) *Standards, amendments and interpretations to existing standards that are relevant for the Group's operations but not yet effective and have not been early adopted by the Group*

- HKAS 27 (revised) 'Consolidated and separate financial statements' (effective from 1 July, 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This revised standard does not have the material impact on the Group's consolidated financial statements. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

- HKFRS 3 (revised) 'Business combinations' (effective from 1 July, 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- HKAS 38 (amendment) 'Intangible Assets' (effective from 1 July, 2009). The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- HKAS 1 (amendment) 'Presentation of financial statements'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- HKFRS 2 (amendments) 'group cash-settled share-based payment transactions' (effective from 1 January, 2010). In addition to incorporating HK(IFRIC)-Int 8 'Scope of HKFRS 2' and HK(IFRIC)-Int 11, 'HKFRS 2 – group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by the interpretation.

- HKFRS 9 "Financial Instrument" (effective from 1 January, 2013).

  Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  An instrument is subsequently measured at amortised cost only if it is a debt instrument, and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

  All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

- HKAS 24 (Revised), "Related Party Disclosures" (effective from 1 January, 2011). The amendment introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose:

  – the name of the government and the nature of their relationship; and

  – the nature and amount of any individually-significant transactions; and

  – the extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party.

(c) Interpretations and amendments to existing standards that are not relevant for the Group's operations and not yet effective

- HK(IFRIC) 17 'Distribution of non-cash assets to owners' (effective on or after 1 July, 2009)

- HKFRS 5 (amendment) 'Measurement of non-current assets (or disposal groups) classified as held for sale' (effective on or after 1 July, 2009)

- HKAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" – "Eligible Hedged Items" (effective from 1 July, 2009)

- HKFRS 1 (Revised) "First-time Adoption of HKFRSs" (effective from 1 July, 2009)

- HKFRS 1 (Amendment) "Additional Exemptions for First-time Adopters" (effective from 1 January, 2010)

- HKAS 32 (Amendment) "Classification of Rights Issue" (effective from 1 February, 2010)

- HK(IFRIC) 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective from 1 July, 2010)

- Amendment to HK(IFRIC) 14 "Prepayments of A Minimum Funding Requirement" (effective from 1 January, 2011)

(d) HKICPA's improvement to HKFRS published in October 2008 and May 2009

In October 2008 and May 2009, HKICPA published its first and second annual improvement project, which made some amendments to HKFRS to clarify some accounting treatments/disclosure requirements under new/revised HKFRS and eliminate inconsistency. Management does not expect these amendments have a material impact on the Group's financial statements.

2.2 Merger accounting for business combination under common control

The Group and the Acquired Subsidiaries are under common control of China Shipping Group. The Group has applied merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for the Common Control Combinations" to account for the purchase of the equity interests in the Acquired Subsidiaries during the year, as if the acquisitions had been occurred and the Acquired Subsidiaries had been combined from 1 January, 2008, the beginning of the earliest financial period presented.

The net assets of the Group and the Acquired Subsidiaries are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of the Group's interest in the net fair value of the Acquired Subsidiaries' identifiable assets, liabilities and contingent liabilities over cost of acquisition at the time of the business combinations under common control. The consolidated income statement includes the results of the Group and the Acquired Subsidiaries from 1 January, 2008, the earliest date presented, regardless of the date of the business combinations under common control.

The comparative amounts in the consolidated balance sheets are restated and presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, such as professional fees, registration fees, or costs of furnishing information to shareholders, incurred in relation to business combinations under common control that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

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 both a geographic and business perspective. From a geographic perspective, the decision-maker assesses the revenue from the world's major trade lanes including Pacific, Europe/Mediterranean, Asia Pacific, China Domestic and Others. From a business perspective, the chief operating decision-maker 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 profit/(loss), which is reconciled to profit/(loss) before tax. This measurement is consistent with that in the annual financial statements.

Sales between segments are carried out on terms mutually agreed amongst those business segments.

Revenue is set out below:

	For the year ended 31 December,	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Pacific	**6,427,004**	11,289,549
Europe/Mediterranean	**4,302,682**	10,681,324
Asia Pacific	**3,345,492**	5,104,944
China Domestic	**4,168,956**	5,544,189
Others	**1,496,197**	2,268,589
Turnover	**19,740,331**	34,888,595

The segment information for the year ended 31 December, 2009 is as follows:

	Container shipping and related business *RMB'000*	Container terminal and related business *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
Income statement				
Total segment revenue	19,502,679	389,932	–	19,892,611
Less: inter-segment revenue	–	(152,280)	–	(152,280)
Revenue of the Group, from external customers	19,502,679	237,652	–	19,740,331
Segment operating (loss)/profit	(6,346,452)	114,457	–	(6,231,995)
Finance costs	(196,023)	(58,124)	–	(254,147)
Share of results of				
– associated companies	(211)	–	–	(211)
– jointly controlled entities	1,438	35,639	–	37,077
Segment (loss)/profit before income tax	(6,541,248)	91,972	–	(6,449,276)
Income tax expense				(22,466)
Loss for the year				(6,471,742)
Balance sheet				
Other segment assets	38,880,976	4,014,826	(22,278)	42,873,524
Jointly controlled entities	39,035	1,083,040	–	1,122,075
Associated companies	38,704	–	–	38,704
Available-for-sale financial assets	–	163,300	–	163,300
Total segment assets	38,958,715	5,261,166	(22,278)	44,197,603
Unallocated assets				
– Associated company				75,000
– Deferred income tax assets				19,699
Total assets				44,292,302
Segment liabilities	15,965,521	2,333,807	(22,278)	18,277,050
Unallocated liabilities				
– Deferred income tax liabilities				83
– Current income tax liabilities				36,971
Total liabilities				18,314,104

	Container shipping and related business	Container terminal and related business	Unallocated	Group
Other items				
Depreciation and amortisation	1,476,730	81,132	–	1,557,862
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,091,629	404,642	75,000	1,571,271

The segment information for the year ended 31 December, 2008 is as follows:

	Container shipping and related business *RMB'000* (Restated)	Container terminal and related business *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000* (Restated)
Income statement				
Total segment revenue	34,615,838	437,265	–	35,053,103
Less: inter-segment revenue	–	(164,508)	–	(164,508)
Revenue of the Group, from external customers	34,615,838	272,757	–	34,888,595
Segment operating profit	202,512	174,178	–	376,690
Finance costs	(257,729)	(73,754)	–	(331,483)
Share of results of				
– associated companies	(4,426)	–	–	(4,426)
– jointly controlled entities	7,014	26,202	–	33,216
Segment (loss)/profit before income tax	(52,629)	126,626	–	73,997
Income tax credit				1,683
Profit for the year				75,680
Balance sheet				
Other segment assets	44,709,708	3,716,621	(14,720)	48,411,609
Jointly controlled entities	60,253	1,013,558	–	1,073,811
Associated companies	38,915	–	–	38,915
Available-for-sale financial assets	–	163,300	–	163,300
Total segment assets	44,808,876	4,893,479	(14,720)	49,687,635
Unallocated assets				
– Deferred income tax assets				86,912
Total assets				49,774,547
Segment liabilities	14,877,984	2,038,830	(14,720)	16,902,094
Unallocated liabilities				
– Deferred income tax liabilities				53,535
– Current income tax liabilities				323,007
Total liabilities				17,278,636

	Container shipping and related business	Container terminal and related business	Unallocated	Group
Other items				
Depreciation and amortisation	1,272,576	80,661	–	1,353,237
Additions to non-current assets (other than financial instruments and deferred income tax assets)	6,369,431	660,705	–	7,030,136

The directors of the Company (the "Directors") 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.

4 TRADE AND NOTES RECEIVABLES

	As at 31 December,	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Trade receivables		
– Fellow subsidiaries	**224,472**	489,494
– Third parties	**1,153,584**	1,541,861
	1,378,056	2,031,355
Notes receivables	**195,120**	233,397
	1,573,176	2,264,752

The ageing analysis of the trade and notes receivables based on invoice date is as follows:

	As at 31 December,	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Within 3 months	**1,396,028**	2,057,166
4 to 6 months	**81,146**	124,381
7 to 9 months	**66,113**	63,278
10 to 12 months	**72,507**	52,254
Over 1 year	**–**	49,961
	1,615,794	2,347,040
Less: provision for impairment of receivables	**(42,618)**	(82,288)
	1,573,176	2,264,752

The carrying amounts of the trade and notes receivables approximate their fair values and represent the maximum credit exposure of the Group.

Credit policy

Credit terms in the range within 3 months are granted to those customers with good payment history. There is no concentration of credit risk with respect to trade receivables, as the Group and the Company have a large number of customers, internationally dispersed.

5 TRADE AND NOTES PAYABLES

	As at 31 December, **2009** *RMB'000*	2008 *RMB'000* (Restated)
Trade payables		
– Fellow subsidiaries	**1,636,424**	763,421
– Third parties	**2,434,872**	2,500,156
	4,071,296	3,263,577
Notes payable	**–**	20,256
	4,071,296	3,283,833

The ageing analysis of the trade and notes payables based on invoice date is as follows:

	As at 31 December, **2009** *RMB'000*	2008 *RMB'000* (Restated)
Within 3 months	**3,929,336**	3,241,536
4 to 6 months	**72,196**	24,034
7 to 9 months	**69,764**	18,263
	4,071,296	3,283,833

The carrying amounts of the trade and notes payables approximate their fair value.

6 COSTS AND EXPENSES BY NATURE

Costs of services, selling, administrative and general expenses are analysed as follows:

	For the year ended 31 December,	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Costs of services		
Container repositioning and management	**7,431,982**	10,303,191
Bunkers consumed	**5,633,080**	10,105,221
Operating lease rentals	**3,526,604**	3,415,043
Port charges	**1,743,726**	2,479,541
Depreciation	**1,497,270**	1,317,364
Employee benefit expenses	**1,007,964**	809,423
Provision for onerous contracts	**67,093**	–
Sub-route and others	**4,577,893**	5,430,841
	25,485,612	33,860,624
Selling, administrative and general expenses		
Employee benefit expenses	**399,800**	298,824
Rental expenses	**50,971**	50,056
Telecommunication and utilities expenses	**30,392**	20,764
Depreciation	**54,996**	32,193
Repair and maintenance expenses	**2,948**	4,435
Auditors' remuneration	**10,450**	13,390
Amortisation	**5,596**	3,680
Reversal of impairment of trade receivables	**(39,670)**	(32,647)
Office expenses and others	**172,505**	138,989
	687,988	529,684
	26,173,600	34,390,308

7 OTHER GAINS/(LOSSES), NET

	For the year ended 31 December,	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
(Losses)/gains on disposal of property, plant and equipment	**(42,676)**	35,206
Net foreign exchange gains/(losses)	**85,934**	(599,546)
Losses on forward foreign exchange contracts, net	**–**	(5,094)
	43,258	(569,434)

8 OTHER INCOME

	For the year ended 31 December,	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Interest income	**100,922**	395,398
Government grant related to income	**36,701**	–
Dividend income from available-for-sale financial assets	**20,393**	32,491
Income from disposal of available-for-sale financial assets	**–**	9,955
Information technology services fees	**–**	9,993
	158,016	447,837

9 FINANCE COSTS

	For the year ended 31 December,	
	2009	2008
	RMB'000	*RMB'000*
Interest expenses:		
– bank borrowings and domestic corporate bonds	**309,436**	407,478
– finance lease obligations	**83,357**	146,626
Total interest expenses	**392,793**	554,104
Less: amount capitalised in vessels under construction and construction in progress	**(138,646)**	(222,621)
	254,147	331,483

10 INCOME TAX EXPENSE/(CREDIT)

	For the year ended 31 December,	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Current income tax		
– Hong Kong profits tax *(note (a))*	**1,787**	–
– PRC enterprise income tax *(note (b))*	**28,029**	182,118
Deferred income taxation	**(7,350)**	(183,801)
	22,466	(1,683)

Note:

(a) Hong Kong profits tax

Hong Kong profits tax is provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year ended 31 December, 2009.

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

On 16 March, 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which was effective from 1 January, 2008.

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. The original CIT rate applicable to the Company was 15%. Under the new CIT Law, the CIT rate applicable to the Company will increase gradually to 25% within 5 years from 2008 to 2012. This year the applicable income tax rate is 20%.

The original CIT rates applicable to the Company's subsidiaries incorporated in the PRC range from 15% to 33%. Under the new CIT Law, except for certain subsidiaries whose CIT rates will increase gradually to 25% within 5 years from 2008 to 2012, the CIT rates for other subsidiaries are changed to 25% from 1 January, 2009.

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

11 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December,	
	2009	2008 (Restated)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(6,489,048)**	47,084
Weighted average number of ordinary shares in issue (thousands)	**11,683,125**	11,683,125
Basic (loss)/earnings per share (RMB)	**(0.555)**	0.004

Diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share, as the Company does not have any potential dilutive ordinary shares during the year ended 31 December, 2009 (2008: Nil).

12 DIVIDENDS

The Board does not recommend a dividend in respective of the year ended 31 December, 2009 (2008: Nil).

13 BUSINESS COMBINATION UNDER COMMON CONTROL

As mentioned in Note 1 above, the Group acquired 51% equity interests in Shanghai Inchon from China Shipping Group at cash considerations of RMB21,678,000.

No significant adjustments were made to the net assets and net profit or loss of any entities or businesses as a result of the common control combination to achieve consistency of accounting policies.

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheet as at 31 December, 2009 and 2008.

As at 31 December, 2009

	The Group as previously reported *(Note 1)* *RMB'000*	Shanghai Inchon *RMB'000*	Adjustments *RMB'000*	Consolidated *RMB'000*
ASSETS				
Investment in associated companies	113,704	–	–	113,704
Investment in jointly controlled entities	1,122,075	–	–	1,122,075
Investment in a subsidiary of the Company	32,092	–	(32,092)	–
Available-for-sale financial assets	163,300	–	–	163,300
Other non-current assets	33,379,188	1,357	–	33,380,545
Current assets	9,469,882	61,862	(19,066)	9,512,678
Total assets	44,280,241	63,219	(51,158)	44,292,302
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	11,683,125	16,558	(16,558)	11,683,125
Other reserves	17,678,778	1	(14,231)	17,664,548
(Accumulated losses)/retained earnings	(4,129,001)	17,731	(9,704)	(4,120,974)
	25,232,902	34,290	(40,493)	25,226,699
Minority interests	743,098	–	8,401	751,499
Total equity	25,976,000	34,290	(32,092)	25,978,198
LIABILITIES				
Non-current liabilities	10,705,393	–	–	10,705,393
Current liabilities	7,598,848	28,929	(19,066)	7,608,711
Total liabilities	18,304,241	28,929	(19,066)	18,314,104
Total equity and liabilities	44,280,241	63,219	(51,158)	44,292,302

As at 31 December, 2008

	The Group as previously reported *(Note 1)* *RMB'000*	Shanghai Inchon *RMB'000*	Adjustments *RMB'000*	Consolidated *RMB'000*
ASSETS				
Investment in associated companies	38,915	–	–	38,915
Investment in jointly controlled entities	1,073,811	–	–	1,073,811
Available-for-sale financial assets	163,300	–	–	163,300
Other non-current assets	33,645,538	427	–	33,645,965
Current assets	14,795,656	73,395	(16,495)	14,852,556
Total assets	49,717,220	73,822	(16,495)	49,774,547
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	11,683,125	16,558	(16,558)	11,683,125
Other reserves	17,701,217	1	8,444	17,709,662
Retained earnings	2,354,052	27,494	(13,472)	2,368,074
	31,738,394	44,053	(21,586)	31,760,861
Minority interests	713,464	–	21,586	735,050
Total equity	32,451,858	44,053	–	32,495,911
LIABILITIES				
Non-current liabilities	8,128,553	–	–	8,128,553
Current liabilities	9,136,809	29,769	(16,495)	9,150,083
Total liabilities	17,265,362	29,769	(16,495)	17,278,636
Total equity and liabilities	49,717,220	73,822	(16,495)	49,774,547

Note:

The above adjustments represent adjustments to eliminate the share capital of the Shanghai Inchon against the investment cost of the Group attributable to the Shanghai Inchon and eliminate the inter-company balances between the Group and Shanghai Inchon as at 31 December, 2008. The difference of approximately RMB8,444,000 was made to the other reserves in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December, 2009, the Group recorded a revenue of RMB19,740,331,000, representing a decrease of 43.4% as compared to last year; loss before income tax was RMB6,449,276,000 (2008: profit before income tax amounted to RMB73,997,000); loss attributable to equity holders amounted to RMB6,489,048,000 (2008: profit attributable to equity holders amounted to RMB47,084,000); loaded cargo volume for the whole year amounted to 6,741,790 TEU, representing a decrease of 3.7% as compared to last year. For the year ended 31 December, 2009, the average freight rate per TEU for international trade lanes of the Group amounted to RMB4,027, representing a decrease of approximately 39.9% as compared to the year 2008. The decrease was primarily due to the rapid decrease in freight rates for international trade lanes as a result of weak consumption in various economic regions adversely affected by the financial crisis. The average freight rate for China domestic trade lanes amounted to RMB1,289, representing a decrease of 33.7% as compared to last year as a result of intensified competition in China domestic trade lanes.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by RMB15,148,264,000 or 43.4% from RMB34,888,595,000 for the year 2008 to RMB19,740,331,000 for the year 2009. The decrease in revenue was primarily due to:

- ***Decreased volume of loaded cargoes***

  The volume of loaded cargoes for the year ended 31 December, 2009 amounted to 6,741,790 TEU, representing a decrease of 3.7% as compared to last year as a result of the rapid decrease in cargo volume for international trade lanes, including Europe/Mediterranean trade lanes and the Pacific trade lanes, which were adversely impacted by the global financial crisis.

  Analysis of loaded container volume by trade lanes

Principal Markets	**2009 TEU**	2008 TEU (Restated)	Change *(%)*
Pacific trade lanes	**1,195,986**	1,303,937	-8.3%
Europe/Mediterranean trade lanes	**1,050,079**	1,376,178	-23.7%
Asia pacific trade lanes	**1,320,862**	1,426,744	-7.4%
China domestic trade lanes	**3,049,392**	2,709,974	12.5%
Others trade lanes	**125,471**	181,126	-30.7%
Total	**6,741,790**	6,997,959	-3.7%

- ***Decreased freight rate***

  The Group's average freight rate per TEU for the year 2009 amounted to RMB2,789, representing a decrease of 42.6% as compared to the year 2008. Among which, the average freight rate per TEU for international trade lanes recorded a decrease of about 39.9% as compared to the year 2008 to RMB4,027, mainly due to the general decrease in the freight rate for international trade lanes, and significant decrease in the freight rates for Europe/Mediterranean trade lanes and the Pacific trade lanes, with a decrease of approximately 47.2% in the average freight rate for Europe/Mediterranean trade lanes and a decrease of approximately 37.9% in the average freight rate for the Pacific trade lanes. In addition, the average freight rate for China domestic trade lanes decreased by RMB656 as compared to the same period last year to RMB1,289. The decrease was mainly due to the increased market competition in the China domestic trade lanes.

  Analysis of revenue by trade lanes

Principal Markets	**2009** ***RMB'000***	2008 *RMB'000* (Restated)	Change *(%)*
Pacific trade lanes	**6,427,004**	11,289,549	-43.1%
Europe/Mediterranean trade lanes	**4,302,682**	10,681,324	-59.7%
Asia pacific trade lanes	**3,345,492**	5,104,944	-34.5%
China domestic trade lanes	**3,931,304**	5,271,432	-25.4%
Others trade lanes	**795,805**	1,640,594	-51.5%
Total	**18,802,287**	33,987,843	-44.7%

Costs of services

For the year ended 31 December, 2009, total costs of services amounted to RMB25,485,612,000, representing a decrease of 24.7% as compared to the year 2008. Due to the efficient control of costs by the Group, costs of services on a per TEU basis amounted to RMB3,573, representing a decrease of 23.0% as compared to the year 2008.

The decrease in the total costs of services was mainly due to the following reasons:

- Container and cargo costs decreased by 26.4% from RMB13,444,170,000 in 2008 to RMB9,889,030,000 mainly due to the decrease in the volume of loaded cargoes. Port charges amounted to RMB1,743,727,000, representing a decrease of 29.4%, as a result of the decrease in the trade lanes, the number of voyages, port calling of vessel and canal passing frequency, and the general decrease in port charge rate over the world in 2009. The stevedore charges for loaded and empty containers amounted to RMB5,713,068,000, representing a decrease of 24.6%, principally due to the decrease in the volume of loaded cargoes in the international trade lanes and in the volume of repositioning of empty containers. The container management cost amounted to RMB1,789,914,000, representing a decrease of 34.3%, due to the reasonable arrangement of repositioning and storage of empty containers and rational control of container volume.

- Vessel and voyage costs for the year 2009 amounted to RMB10,232,555,000, representing a decrease of 30.9% as compared to the year 2008, mainly due to the decrease in fuel costs. The decrease in the Group's fuel costs in 2009 amounted to RMB4,445,372,000. By virtue of effective control, vessel and voyage costs per TEU of the Group decreased by RMB597 or 28.2% from RMB2,115 for the year 2008 to RMB1,518 for the year 2009.

- Sub-route and other costs for the year 2009 amounted to RMB5,364,027,000, representing a decrease of 4.5% as compared to the year 2008. Such slight decrease was mainly due to the slight decrease in the volume of loaded cargoes for sub-route resulting from the decrease in door-to-door transportation services provided by the Group, and the general decrease in inland sub-route costs of each country.

Gross loss

Due to the above reasons, the Group recorded a gross loss of RMB5,745,281,000 in 2009 (2008: gross profit amounted to RMB1,027,971,000).

Income tax expense

For the period from 1 January, 2009 to 31 December, 2009, the CIT rate applicable to the Company was 20%. The Company's subsidiaries incorporated in the PRC were subject to CIT at a CIT rate ranging from 20% to 25% for the period from 1 January, 2009 to 31 December, 2009.

Selling, administrative and general expenses

For the year ended 31 December, 2009, the Group's selling, administrative and general expenses were RMB687,988,000, representing an increase of 29.9% as compared to the year 2008. The increase was mainly due to the increase in the fair value of the share appreciation rights granted to the employees.

Loss attributable to equity holders

Due to the above reasons, the loss attributable to the equity holders of the Company for the year 2009 was RMB6,489,048,000 (2008: Profit attributable to equity holders of the Company amounted to RMB47,084,000).

Financial resources and financial liabilities

The Group's principal sources of working capital have been the operating fund inflow and bank borrowings. Cash is mainly used in costs of services, new vessels construction, purchase of containers, the repayment of principal and interest for bank borrowings and finance leases.

As at 31 December, 2009, the Group's total bank borrowings was RMB10,784,469,000. The maturity profile is spread over a period between 2010 and 2021, with RMB2,432,784,000 repayable within one year, RMB2,511,700,000 in the second year, RMB3,908,254,000 in the third to fifth year, and RMB1,931,731,000 after the fifth year. The Group's long-term bank borrowings are mainly used for the purchase of new vessels, containers, and port and depot infrastructure.

As at 31 December, 2009, the Group's long-term bank borrowings were secured by mortgages over several container vessels, containers and port and depot infrastructure with a net book value of RMB2,254,348,000 (31 December, 2008: RMB2,373,710,000).

As at 31 December, 2009, the Group had RMB bank borrowings at fixed interest rates in the amount of RMB2,268,000,000, USD bank borrowings at fixed interest rates in the amount of RMB725,656,000 and USD bank borrowings at floating interest rates in the amount of RMB7,790,813,000. The Group's bank borrowings are denominated in RMB or USD, and cash and cash equivalents are mainly denominated in these two currencies.

As at 31 December, 2009, the Group's obligations under finance leases amounted to RMB803,970,000 (31 December, 2008: RMB2,595,691,000). The maturity profile is spread as follows: the amount repayable within one year is RMB232,069,000, the amount repayable in the second year is RMB221,934,000, the amount repayable in the third to fifth year is RMB326,214,000 and the amount repayable after the fifth year is RMB23,753,000. Almost all of the Group's finance lease obligations payable are arranged for the lease of containers.

Net current assets

As at 31 December, 2009, the Group's net current assets amounted to RMB1,903,967,000. Current assets mainly comprised inventories of RMB874,400,000, trade and notes receivables of RMB1,573,176,000, prepayments and other receivables of RMB128,394,000 and cash and cash equivalents of RMB6,936,708,000. Current liabilities mainly comprised trade and notes payables of RMB4,071,296,000, accrual and other payables of RMB743,498,000, current income tax liabilities of RMB36,971,000, long-term bank borrowings – current portion of RMB2,296,220,000, short-term bank borrowings of RMB136,564,000, finance lease obligations-current portion of RMB232,069,000, and provision of RMB92,093,000.

Cash flows

For the year 2009, the Group's net cash outflow used in operating activities was RMB3,734,513,000, denominated principally in RMB and US dollars, representing a decrease of RMB6,829,636,000 compared to the net cash inflow for the year 2008 of RMB3,095,123,000. Cash and cash equivalent balances at the end of 2009 decreased by RMB4,750,270,000 as compared to the same period last year, mainly reflecting outflow of net cash used in operating activities and investing activities. The cash inflow from financing activities of the Group during the year mainly arose from bank borrowings. The above-mentioned fund will mainly be used for short-term business and purchase of vessels, containers and terminal facilities construction. Net cash generated from operations, when not needed for working capital requirements, is principally held as short-term and demand deposits.

The following table provides information regarding the Group's cash flows for the years ended 31 December, 2008 and 2009:

	For the year ended 31 December,	
	2009	2008
	(RMB)	*(RMB)*
		(Restated)
Net cash (used in)/generated from operating activities	**(3,734,513,000)**	3,095,123,000
Net cash used in investing activities	**(1,311,288,000)**	(8,965,700,000)
Net cash generated from financing activities	**296,322,000**	1,107,470,000
Foreign exchange loss on cash and cash equivalents	**(791,000)**	–
Net decrease in cash and cash equivalents	**(4,750,270,000)**	(4,763,107,000)

Net cash used in operating activities

For the year ended 31 December, 2009, the net cash outflow used in operating activities was RMB3,734,513,000, representing a decrease of RMB6,829,636,000 from the net cash inflow of RMB3,095,123,000 in 2008. The decrease in the net cash generated from operating activities of the Group was due to the significant decrease in the Group's revenue and the operating profit margin in 2009.

Net cash used in investing activities

For the year ended 31 December, 2009, net cash outflow used in investing activities was RMB1,311,288,000, representing a decrease of RMB7,654,412,000 from net cash outflow used in investing activities for the year 2008 of RMB8,965,700,000. The decrease was mainly due to the Group's capital expenditure on vessels, containers and other construction in progress of RMB1,413,809,000, representing a decrease of RMB5,341,303,000 from RMB6,755,112,000 in 2008.

Net cash generated from financing activities

For the year ended 31 December, 2009, net cash inflow generated from financing activities was RMB296,322,000, representing a decrease of RMB811,148,000 as compared to the net cash inflow generated from financing activities of RMB1,107,470,000 in 2008. In 2009, the Group borrowed RMB7,134,600,000 from banks, and repaid bank borrowings of RMB4,753,203,000 and principal of finance leases of RMB1,850,183,000.

Average debtor turnover

As at 31 December, 2009, the gross balance of trade and notes receivables of the Group amounted to RMB1,615,794,000, representing a decrease of RMB731,246,000 as compared to the same period last year, and the balance of trade receivables from related parties amounted to RMB231,414,000, representing a decrease of RMB292,187,000 as compared to the same period last year. Despite the significant decrease in the Group's revenue in 2009, the Group's average debtor turnover days only slightly increased as compared with last year due to the implementation of automatic funds transfer arrangements from the ship-owners accounts and further enhancement of credit control concerning payment by the clients.

Gearing ratio

As at 31 December, 2009, the Group's gearing ratio (i.e. bank borrowings, domestic corporate bonds and finance lease obligations less cash and cash equivalents, over shareholder's equity) was 24.8%, which was higher than 3.4% in 2008. The increase in gearing ratio was mainly due to the fact that the net cash inflow from financing activities was less than the cash outflow used in operating activities and capital expenditures on construction of vessels and containers. In addition, the Group's loss in 2009 also reduced its net asset and all these factors resulted in the increase in gearing ratio of the Group.

Foreign exchange risk and hedging

Most of the revenue of the Group are settled or denominated in US dollars and most of the operating expenses are also settled or denominated in US dollars.

In 2009, the Group continued to improve the currency structure, as such, the Group gained exchange profits of RMB85,934,000 and the exchange difference charged to equity amounted to RMB25,268,000 for the year 2009. The Group continues to monitor the RMB exchange rate fluctuation, convert net cash inflow from operating activities into RMB in a timely manner so as to minimise foreign currency risk, and consider appropriate measures including making hedging arrangement (e.g. forward exchange contracts), based on its operating needs to mitigate the Group's currency exposure.

Capital expenditure

During the year ended 31 December, 2009, capital expenditure on the purchase of container vessels and vessels under construction amounted to RMB938,765,000, terminals and berth facilities amounted to RMB370,653,000, purchase of containers amounted to RMB79,775,000, development of information system amounted to RMB15,856,000, and purchase of office equipment and motor vehicle amounted to RMB39,610,000.

Capital commitments

As at 31 December, 2009, major capital commitments of the Group which had contracted but not provided for, in relation to vessels under construction were RMB8,165,053,000, and in relation to investment were RMB168,000,000. It is expected that part of the commitments will be financed by cash generated from operating activities and the proceeds from the A share issue, with the remaining portion by issuing bonds or by bank borrowings.

Acquisition

On 9 December, 2008 and 23 December, 2008, Shanghai Puhai Shipping Co. Ltd., a wholly-owned subsidiary of the Group, entered into the equity transfer agreements with Hang Lim and China Shipping Group respectively to acquire their respective 24.5% and 51% equity interest in Shanghai Inchon. In March 2009, the Group paid RMB10,414,000 and RMB21,678,000 in total to Hang Lim and China Shipping Group respectively to complete the above acquisition of equity interests.

Contingent liabilities

As at 31 December, 2009, the Group had provisions of RMB92,093,000 for onerous contracts and legal claim.

Employees, training and benefits

As at 31 December, 2009, the Group had 4,311 employees. Employees benefit expenses were approximately RMB1,407,764,000 (including a provision for the year of RMB76,651,000 in relation to the H share share appreciation rights (the "Rights") granted to the Directors and employees). In addition, the Group entered into contracts with a number of subsidiaries of China Shipping Group, pursuant to which those companies provided the Group with approximately 2,921 crew members in aggregate who mainly worked on the Group's self-owned or bare boat chartered vessels.

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

Details of the performance discretionary incentive scheme vary among the members of the Group. The Group sets out certain performance indicators for each of its subsidiaries to achieve. Each subsidiary has the discretion to formulate its own detailed performance related remuneration policies according to its local circumstances.

The Group has adopted a compensation scheme on 12 October, 2005 and amended the same on 20 June, 2006, 26 June, 2007 and 26 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/(income) of the Group. Employees might in the future be entitled to compensation in the form of a 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 exercise.

OTHER DATA

Purchase, sale or redemption of shares

During the year ended 31 December, 2009, the Group has not purchased, sold or redeemed any of the Company's shares.

Audit committee

The financial statements for the year ended 31 December, 2009 of the Group, prepared under HKFRS, have been reviewed by the Company's audit committee.

Compliance with the "Code on Corporate Governance Practices" of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules")

The Board is pleased to confirm that none of the Directors is aware of any information that would reasonably indicate that the Group was not, at any time during the year 2009, in compliance with the code provisions of the "Code on Corporate Governance Practices" as set out in Appendix 14 to the Listing Rules.

The Company has adopted a code of conduct regarding directors' and supervisors' securities transactions on terms no less exacting than the required standard stipulated 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. The Company confirms, having made specific enquiries with all its Directors and supervisors, that its Directors and supervisors have complied with the required standard of securities transactions as set out in the Model Code.

Disclosure of information on the Hong Kong Stock Exchange's website

This announcement is available for viewing on the website of the Hong Kong Stock Exchange, http://www.hkexnews.hk and the Company's website at www.cscl.com.cn. All information required in Appendix 16 to the Listing Rules in the annual report for the year ended 31 December, 2009 will be mailed to shareholders and published on the Hong Kong Stock Exchange's website in due course.

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

Shanghai, the People's Republic of China

21 April 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 Mr. Hu Hanxiang, 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 the English name "China Shipping Container Lines Company Limited".*