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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)

**ANNOUNCEMENT OF THE FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

FINANCIAL HIGHLIGHTS (UNDER HKFRS)

- Revenue amounted to RMB34,808,706,000
- Profit attributable to equity holders of the Company amounted to RMB4,203,134,000
- Basic earnings per share amounted to RMB0.360
- Loaded container volume amounted to 7,208,055TEU in the year 2010

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 2010, together with the audited comparative figures for the year ended 31 December 2009.

CHAIRMAN'S STATEMENT

In 2010, the global financial crisis receded to some extent, each of the major economies was gradually back on track to recovery and the container shipping industry saw its chance to turn around as demand resumed. By timely adjusting its strategy to seize the opportunities arising from regional economic recovery together with the growth pattern of this industry, the Group successfully implemented the philosophy of refined management into each of its operation processes and achieved remarkable results in 2010.

For the year 2010, the Group's revenue was RMB34,808,706,000, representing an increase of 76.3% as compared with 2009. The Group's loaded container volume was 7,208,055TEU, representing an increase of 6.9% as compared with 2009. Net profit after tax was RMB4,233,241,000 and earnings per share were RMB0.36.

OPERATION REVIEW

Since 2010, the container shipping market was characterized by: proactively idling excess shipping capacity by shipping companies; universal application of extra slow steaming in long haul; increase in cooperative trade lanes; shortage of containers in the industry and improved competitive relationship due to the fact that supply of containers for respective could not catch up with the growth in cargo volume. Such traits and a reviving global economy, the container shipping market thus became prosperous swiftly.

By leveraging on the favorable conditions, the Group further implemented refined management and adopted various measures to cope with the changing shipping market.

1. The Group proactively idled its shipping capacity in face of a weak market condition in early 2010, with the highest idle rate exceeding 10%. On one hand, it reduced the operating loss of the Group due to unreasonably low transportation price, on the other hand, it relieved the pressure in the shipping market due to supply.
2. The Group rationally analyzed the market and optimized overall trade lane arrangement and shipping capacity based on effectiveness. The Group continued to put its flexible and highly efficient operation characters into play, response rapidly and implement effectively and enhance the effectiveness of its trade lanes. For example, the Group increased the measures, such as the interchange of shipping capacity between domestic and international trade lanes in a changing market environment and so forth, so as to increase the effectiveness of trade lanes.
3. The Group increased the number of trade lanes, expanded the coverage of trade lanes and market share in the regional markets through exchanging and buying shipping space as well as jointly bidding vessels and other various manner.
4. The Group continued to implement the strategy of "Large Clients, Large Cooperation", broaden the area of cooperation, expand sea-to-rail transportation network and further stabilise cooperation with major clients around the world.

5. The Group achieved effective control over various costs under the guidance of philosophy of refined management. For example, in terms of container management costs, the Group accurately predicted the market and decisively purchased 30,000TEU containers at a low price and locked 45,000TEU leased containers at a low price. Such move not only relieved the overall container shortage in the industry, but also procured that the container management cost per container of the Group as compared with 2009 increased merely by 2.6% which is far lower than the degree of inflation in container price. Other costs such as port cost and transshipment cost also decreased to a certain extent.
6. The Group proactively promoted an extra slow steaming based on the existing slow steaming, which reduced fuel cost and fulfilled the Group's social responsibility for saving energy and reducing emissions.
7. The Group also improved its organization set-up, optimized working mechanism and ensure successful implementation of decisions and enhanced operational efficiency.

FUTURE PROSPECT

In 2011, the global economy is in face of the changing situation in the Middle East and attacks due to geographical disasters such as the earthquake in Japan, which cast various uncertainties on the recovery of industry. The container transportation market is also facing new challenges, such as rapid rise in oil price, continuously high container price, gap between demand and supply and changes in competitive relationship and so forth. Therefore, in the next two to three years, the container shipping market would be in the process of striving to stabilise development and gradually attain a balance between market demand and market supply.

In 2011, the Group will continue to watch the market closely and adopt proactive measures in respect of profitability, cost control, brand service, human resource and information in a timely manner so as to enhance the overall competitiveness of the Group:

1. Continue to optimize fleet structure and promote healthy and steady development of fleet. In 2011, we will have six vessels each with a capacity of 14,100TEU and three vessels each with a capacity of 4,700TEU delivered and to be in use. In 2012, we will have two vessels each with a capacity of 14,100TEU and five vessels each with a capacity of 4,700TEU delivered and to be in use. Upon which, fleet structure of the Company will be further optimized and would be more prominent in terms of its large size.
2. Strive to enhance operational efficiency of trade lanes. In 2011, the Group will continue to make full use of its advantages, arrange its shipping capacity flexibly, adjust overall arrangement of trade lanes, broaden trade lane cooperation and strive to improve the operational efficiency of trade lanes.
3. Continue to strengthen the cost control. The Group will continue to implement refined management, strictly control cost expenditure, promote the proposal of reducing voyage speed in order to reduce fuel consumption. The Group will take effective measures to manage containers, control port cost, transshipment cost and so forth.

4. Broaden and deepen external cooperation. The Group will continue to implement the strategy of “Large Clients, Large Cooperation”, commence external cooperation extensively, complement each other with its advantages, provide extended services, construct the sea-to-rail transportation network. Moreover, the Group will further stabilise cooperation with its clients, actively maintain existing clients, deepen cooperation with large clients and smooth out the impact of market fluctuations on its operating results.
5. Strengthen construction of overseas sales network. The Group will focus on the construction of two domestic and international sales network, strengthening the construction of overseas sales team and acquisition of returned cargo and transportation of cargo through a third country.
6. Continue to adjust and optimise the structure and arrangement of container terminals, extend container transportation industrial chain, optimise the Group’s function as a global carrier.
7. Strengthen personnel training, improve assessment mechanism, strengthen team building and corporate culture building. Establish talent pool, improve talent selection, exchange and training and so forth, so as to ensure a sustainable development of the Group.
8. Strengthen brand service, further establish universal service standards, set up consistent team value, establish integrated brand for the Company, maintain good public relations, value corporate social responsibility.
9. Speed up overall planning and implementation in different stages of information technology system. Promote the upgrade of information infrastructure of the Company.

2011 will be a critical year for the development of container transportation business. It presents both opportunities arising from the global macro-economic recovery as well as tremendous challenges due to regional uncertainties. With its professionalism and diligence and under the guidance of refined management philosophy, the Group is committed to create value for its shareholders.

Li Shaode
Chairman

Shanghai, the People’s Republic of China

29 March 2011

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

	<i>Note</i>	As at 31 December 2010 RMB'000	2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		33,704,542	33,234,405
Leasehold land and land use rights		97,795	100,214
Intangible assets		26,416	26,227
Deferred income tax assets		15,606	19,699
Available-for-sale financial assets		362,140	163,300
Investments in associated companies		84,720	113,704
Investments in jointly controlled entities		1,207,344	1,122,075
		35,498,563	34,779,624
Current assets			
Inventories		883,275	874,400
Trade and notes receivables	4	1,791,791	1,573,176
Prepayments and other receivables		181,100	128,394
Loan to a jointly controlled entity		13,000	—
Cash and cash equivalents		10,648,396	6,936,708
		13,517,562	9,512,678
Total assets		49,016,125	44,292,302
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		11,683,125	11,683,125
Other reserves		17,478,560	17,664,548
Retained earnings/(accumulated losses)		23,254	(4,120,974)
		29,184,939	25,226,699
Non-controlling interests		777,304	751,499
Total equity		29,962,243	25,978,198

		As at 31 December	
	<i>Note</i>	2010	2009
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings		8,276,108	8,351,685
Domestic corporate bonds		1,784,176	1,781,724
Finance lease obligations		339,512	571,901
Deferred income tax liabilities		61	83
		10,399,857	10,705,393
Current liabilities			
Trade payables	5	4,339,287	4,071,296
Accrual and other payables		788,118	743,498
Short-term bank borrowings		529,816	136,564
Long-term bank borrowings – current portion		2,695,432	2,296,220
Finance lease obligations – current portion		210,574	232,069
Current income tax liabilities		59,439	36,971
Provisions		31,359	92,093
		8,654,025	7,608,711
Total liabilities		19,053,882	18,314,104
Total equity and liabilities		49,016,125	44,292,302
Net current assets		4,863,537	1,903,967
Total assets less current liabilities		40,362,100	36,683,591

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

		Year ended 31 December	
	<i>Note</i>	2010	2009
		RMB'000	RMB'000
Revenue	3	34,808,706	19,740,331
Costs of services	6	<u>(29,792,886)</u>	<u>(25,485,612)</u>
Gross profit/(loss)		5,015,820	(5,745,281)
Other gains, net	7	139,834	43,258
Other income	8	151,032	158,016
Selling, administrative and general expenses	6	<u>(840,388)</u>	<u>(687,988)</u>
Operating profit/(loss)		4,466,298	(6,231,995)
Finance costs	9	(214,147)	(254,147)
Share of results of associated companies		42,490	(211)
Share of results of jointly controlled entities		<u>25,067</u>	<u>37,077</u>
Profit/(loss) before income tax		4,319,708	(6,449,276)
Income tax expense	10	<u>(86,467)</u>	<u>(22,466)</u>
Profit/(loss) for the year		<u>4,233,241</u>	<u>(6,471,742)</u>
Profit attributable to:			
Equity holders of the Company		4,203,134	(6,489,048)
Non-controlling interests		<u>30,107</u>	<u>17,306</u>
		<u>4,233,241</u>	<u>(6,471,742)</u>
Earnings/(losses) per share for profit/(loss)			
attributable to equity holders of the Company			
(Expressed in RMB per share)			
– Basic and diluted	11	<u>RMB0.360</u>	<u>RMB(0.555)</u>
Dividends	12	<u>–</u>	<u>–</u>

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 2004, the Company issued overseas public shares ("H Share"), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 16 June 2004. In 2007, the Company issued PRC domestic public shares ("A Share"), which were listed on the Shanghai Stock Exchange on 12 December 2007.

The address of the Company's registered office is Room A-538, Yangshan International Trade Center, No.188 Ye Sheng Road, Yangshan Free Trade Port Area, Shanghai, the PRC.

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2011.

2 ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2010 have been prepared in accordance with HKFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of cash-settled share-based compensation plan.

2.1 Basis of preparation

- (a) New and amended standards and interpretation to existing standard effective in 2010 and relevant to the Group
- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. 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 are expensed. This standard does not have any impact on the Group's consolidated financial statements for the year ended 31 December 2010, as the Group has not entered into any business combination during the year.

HKAS 27 (revised) requires the effects of all transactions with non-controlling interests 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. 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. HKAS 27 (revised) has had no impact on the Group's consolidated financial statements for the year ended 31 December 2010, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity.

- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 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 that interpretation. The amendment does not have a material impact on the Group's consolidated financial statements.
 - HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered this amendment did not have any impact on the Group as all the leases of land should still be classified as operating lease under HKAS 17 (amendment).
- (b) New and amended standards and interpretation to existing standard effective in 2010 but not currently relevant to the Group
- 'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.
 - HK(IFRIC) 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).
 - HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009.
 - HK(IFRIC) 9, 'Reassessment of embedded derivatives' and HKAS 39, 'Financial instruments: Recognition and measurement', effective 1 July 2009.
 - HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009.
 - HKAS 38 (amendment), 'Intangible assets', effective 1 January 2010.
 - HKAS 1 (amendment), 'Presentation of financial statements'.
 - HKAS 36 (amendment), 'Impairment of assets', effective 1 January 2010.
 - HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'.
 - HK – Int 5, 'Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause'.
- (c) New standards, new interpretations and amendments to standards and interpretations that are relevant to the Group's operations and have been issued but not effective for the financial year beginning 1 January 2010 and have not been early adopted:
- HKFRS 9, 'Financial instruments', issued in November 2009. The standard is not applicable until 1 January 2013.
 - 'Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. The Group will apply the amended standard from 1 January 2011.
 - HK (IFRIC) – Int 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The Group will apply the interpretation from 1 January 2011.

- ‘Prepayments of a minimum funding requirement’ (amendments to HK (IFRIC) – Int 14). The amendments correct an unintended consequence of HK (IFRIC) – Int 14, HKAS 19 – ‘The limit on a defined benefit asset, minimum funding requirements and their interaction’. The amendments are not applicable until 1 January 2011.
- (d) New standard that are relevant to the Group’s operations and not effective for the financial year beginning 1 January 2010, but has been early adopted:
- Revised HKAS 24 (revised), ‘Related party disclosures’, effective 1 January 2011. The revised standard exempts disclosures in relation to related party transactions and outstanding balances, including commitments, with a government that has control, joint control or significant influence over the reporting entity and another entity that is related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The Group has elected to early adopt the partial exemption in paragraphs 25-27 of the revised standard for government related entities from 1 January 2010.

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.

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude investments in associates not related to the segment and deferred income tax assets. Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include deferred income tax liabilities and current income tax liabilities.

Unallocated assets mainly represent investments in associates not related to the segment and deferred income tax assets. Unallocated liabilities mainly represent deferred income tax liabilities and current income tax liabilities.

Revenue is set out below:

	For the year ended 31 December	
	2010	2009
	RMB’000	RMB’000
Pacific	12,627,818	6,427,004
Europe/Mediterranean	10,491,167	4,302,682
Asia Pacific	4,753,985	3,345,492
China Domestic	5,342,060	4,168,956
Others	1,593,676	1,496,197
Turnover	34,808,706	19,740,331

The segment information for the year ended 31 December 2010 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	34,498,808	458,313	(148,415)	34,808,706
Less: inter-segment revenue	–	(148,415)	148,415	–
Revenue of the Group, from external customers	<u>34,498,808</u>	<u>309,898</u>	<u>–</u>	<u>34,808,706</u>
Segment operating profit	4,240,988	225,310	–	4,466,298
Finance costs	(164,393)	(49,754)	–	(214,147)
Share of results of				
– An associated company	32,770	–	–	32,770
– Jointly controlled entities	<u>1,017</u>	<u>24,050</u>	<u>–</u>	<u>25,067</u>
Segment profit before income tax	4,110,382	199,606	–	4,309,988
Unallocated share of results of				
– An associated company				<u>9,720</u>
Profit before income tax				4,319,708
Income tax expense				<u>(86,467)</u>
Profit for the year				<u>4,233,241</u>
Other items				
Depreciation and amortisation	1,301,718	79,544	–	1,381,262
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>2,190,227</u>	<u>240,318</u>	<u>–</u>	<u>2,430,545</u>
Balance sheet				
Other segment assets	43,400,800	4,021,881	(76,366)	47,346,315
Jointly controlled entities	39,819	1,167,525	–	1,207,344
Available-for-sale financial assets	<u>–</u>	<u>362,140</u>	<u>–</u>	<u>362,140</u>
Total segment assets	43,440,619	5,551,546	(76,366)	48,915,799
Unallocated assets				
– An associated company				84,720
– Deferred income tax assets				<u>15,606</u>
Total assets				<u>49,016,125</u>
Segment liabilities	16,627,438	2,443,310	(76,366)	18,994,382
Unallocated liabilities				
– Deferred income tax liabilities				61
– Current income tax liabilities				<u>59,439</u>
Total liabilities				<u>19,053,882</u>

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

	Container shipping and related business <i>RMB'000</i>	Container terminal and related business <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Group <i>RMB'000</i>
Income statement				
Total segment revenue	19,502,679	389,932	(152,280)	19,740,331
Less: inter-segment revenue	—	(152,280)	152,280	—
Revenue of the Group, from external customers	<u>19,502,679</u>	<u>237,652</u>	<u>—</u>	<u>19,740,331</u>
Segment operating (loss)/profit	(6,346,452)	114,457	—	(6,231,995)
Finance costs	(196,023)	(58,124)	—	(254,147)
Share of results of				
– An associated company	(211)	—	—	(211)
– Jointly controlled entities	<u>1,438</u>	<u>35,639</u>	<u>—</u>	<u>37,077</u>
Segment (loss)/profit before income tax	(6,541,248)	91,972	—	(6,449,276)
Income tax expense				<u>(22,466)</u>
Loss for the year				<u>(6,471,742)</u>
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)	<u>1,091,629</u>	<u>404,642</u>	<u>75,000</u>	<u>1,571,271</u>
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
An associated company	38,704	—	—	38,704
Available-for-sale financial assets	<u>—</u>	<u>163,300</u>	<u>—</u>	<u>163,300</u>
Total segment assets	38,958,715	5,261,166	(22,278)	44,197,603
Unallocated assets				
– An associated company				75,000
– Deferred income tax assets				<u>19,699</u>
Total assets				<u>44,292,302</u>
Segment liabilities	15,965,521	2,333,807	(22,278)	18,277,050
Unallocated liabilities				
– Deferred income tax liabilities				83
– Current income tax liabilities				<u>36,971</u>
Total liabilities				<u>18,314,104</u>

4 TRADE AND NOTES RECEIVABLES

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade receivables		
– Fellow subsidiaries	142,470	224,472
– Third parties	1,375,844	1,153,584
	1,518,314	1,378,056
Notes receivables	273,477	195,120
	1,791,791	1,573,176

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

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within 3 months	1,618,516	1,396,028
4 to 6 months	55,084	81,146
7 to 9 months	71,393	66,113
10 to 12 months	97,103	72,507
Over 1 year	25,836	–
	1,867,932	1,615,794
Less: provision for impairment of receivables	(76,141)	(42,618)
	1,791,791	1,573,176

The carrying amounts of trade and notes receivables approximate their fair values as at the balance sheet dates.

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 PAYABLES

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Trade payables		
– Fellow subsidiaries	1,671,588	1,636,424
– Third parties	2,667,699	2,434,872
	4,339,287	4,071,296

The ageing analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Within 3 months	4,243,731	3,929,336
4 to 6 months	6,940	72,196
7 to 9 months	8,229	69,764
10 to 12 months	17,662	–
1 to 2 years	62,725	–
	4,339,287	4,071,296

The carrying amounts of the trade payables approximate their fair values as at the balance sheet dates.

6 COSTS AND EXPENSES BY NATURE

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

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Costs of services		
Container repositioning and management	8,839,475	7,431,982
Bunkers consumed	7,990,518	5,633,080
Operating lease rentals	3,434,219	3,526,604
Port charges	1,964,859	1,743,726
Depreciation	1,340,517	1,497,270
Employee benefit expenses	1,020,117	1,007,964
(Utilisation of)/provision for onerous contracts	(60,734)	67,093
Sub-route costs and others	5,263,915	4,577,893
	<u>29,792,886</u>	<u>25,485,612</u>
Selling, administrative and general expenses		
Employee benefit expenses	481,007	399,800
Rental expenses	72,402	50,971
Telecommunication and utilities expenses	41,101	30,392
Depreciation	34,235	54,996
Repair and maintenance expenses	4,092	2,948
Auditors' remuneration	13,740	10,450
Amortisation	6,510	5,596
Provision for/(reversal of) impairment of trade receivables	33,523	(39,670)
Office expenses and others	153,778	172,505
	<u>840,388</u>	<u>687,988</u>
	<u><u>30,633,274</u></u>	<u><u>26,173,600</u></u>

7 OTHER GAINS, NET

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Gains/(losses) on disposal of property, plant and equipment	75,384	(42,676)
Net foreign exchange (losses)/gains	(27,822)	85,934
Gains on disposal of investment in a jointly controlled entity	92,272	—
	<u>139,834</u>	<u>43,258</u>

8 OTHER INCOME

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Interest income	84,324	100,922
Government grant related to income	36,255	36,701
Dividends income from available-for-sale financial assets	10,161	20,393
Interest income from loan to a jointly controlled entity	232	—
Information technology services fees	20,060	—
	<u>151,032</u>	<u>158,016</u>

9 FINANCE COSTS

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Interest expenses:		
– borrowings and domestic corporate bonds	313,900	309,436
– finance lease obligations	50,820	83,357
	<u>364,720</u>	<u>392,793</u>
Total interest expenses	364,720	392,793
Less: amount capitalised in vessels under construction and construction in progress	<u>(150,573)</u>	<u>(138,646)</u>
	<u>214,147</u>	<u>254,147</u>

10 INCOME TAX EXPENSE

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Current income tax		
– Hong Kong profits tax (<i>note (a)</i>)	6,725	1,787
– PRC enterprise income tax (<i>note (b)</i>)	75,671	28,029
Deferred income tax	4,071	(7,350)
	<u>86,467</u>	<u>22,466</u>

Note:

(a) Hong Kong profits tax

Hong Kong profits tax is provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits of the Group's companies operated in Hong Kong for the year ended 31 December 2010.

(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. The applicable income tax rate of the Company for 2010 is 22%. 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 has been changed to 25% since 1 January 2008.

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 EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) 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	
	2010	2009
Profit/(loss) attributable to equity holders of the Company (<i>RMB'000</i>)	4,203,134	(6,489,048)
Weighted average number of ordinary shares in issue (<i>thousands</i>)	11,683,125	11,683,125
Basic earnings/(losses) per share (<i>RMB</i>)	0.360	(0.555)

Diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share, as the Company does not have any potential dilutive ordinary shares during the year ended 31 December 2010 (2009: Nil).

12 DIVIDENDS

The directors do not recommend a dividend in respective of the year ended 31 December 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review on Overall Operational Performance

For the year ended 31 December 2010, the Group recorded a revenue of RMB34,808,706,000, representing an increase of 76.3% as compared with 2009; profit before income tax was RMB4,319,708,000; profit attributable to equity holders of the Company amounted to RMB4,203,134,000, up significantly as compared with 2009. Loaded cargo volume for the whole year amounted to 7,208,055 TEU, representing an increase of 6.9% as compared with 2009. For the year ended 31 December 2010, the average freight rate per TEU for international trade lanes of the Group amounted to RMB7,105, representing an increase of 76.4% as compared with 2009. It was primarily due to increase in demand for container transportation directly driven by better than expected global economic recovery, universal application of extra slow steaming in long haul, increase in cooperative trade lanes, overall shortage of containers in each trade lane, improved competitive relationships and so forth. As a result, freight rate significantly improved and remained steady for a prolonged period. The average freight rate per TEU for domestic trade lanes in Mainland China amounted to RMB1,574, representing an increase of 22.1% as compared with 2009.

For the year ended 31 December 2010, the total shipping capacity of the Group amounted to 505,872TEU, representing an increase of 0.7% as compared with 2009.

Financial Review

Revenue

The Group's revenue was increased by RMB15,068,375,000 from RMB19,740,331,000 in 2009 to RMB34,808,706,000 in 2010, representing an increase of 76.3%. The increase in revenue was primarily due to:

Increased volume of loaded cargoes

The volume of loaded cargoes in 2010 amounted to 7,208,055TEU, representing an increase of 6.9% as compared with 2009. It was primarily due to the rapid growth in China's import and export trade and the gradual improvement of external economic environment, leading to a stable increase of demand in containers.

Below is an analysis of loaded container volume by trade lanes

Principal Markets	2010 (TEU)	2009 (TEU)	Changes (%)
Pacific trade lanes	1,422,957	1,195,986	19%
Europe/Mediterranean trade lanes	1,183,421	1,050,079	12.7%
Asia Pacific trade lanes	1,327,892	1,320,862	0.5%
China domestic trade lanes	3,187,152	3,049,392	4.5%
Others	86,633	125,471	-31%
Total	<u>7,208,055</u>	<u>6,741,790</u>	<u>6.9%</u>

Increase in freight rate

The Group's average freight rate per TEU in 2010 amounted to RMB4,660, representing an increase of 67% as compared with 2009. Among which, the average freight rate per TEU for international trade lanes amounted to RMB7,105, representing an increase of approximately 76.4%. The increase in cargo volume driven by economic recovery in 2010, an upward adjustment of freight rate as the Company timely seized the opportunities in the market, persistent cooperation with leading shipping companies and effective control of its shipping capacity such as shipping at a low speed enabled the freight rate of Europe/America trade lanes to increase persistently over a longer period. During the year, the freight rate for single container of Europe/Mediterranean trade lanes increased significantly by 116.4% as compared with 2009, the freight rate for Pacific trade lanes increased significantly by 65.1% as compared with the corresponding period of 2009. The average freight rate per TEU for China domestic trade lanes increased by RMB285 to RMB1,574 owing to a reviving market in the Mainland China.

Cost Analysis

For the year ended 31 December 2010, total costs of services amounted to RMB29,792,886,000, representing an increase of 16.9% as compared with 2009. Due to the effective control of costs by the Group, costs of services per TEU amounted to RMB4,133, representing a mere increase of 9.3% as compared with 2009.

The increase in the costs of services was due to the following reasons:

- Container and cargo costs amounted to RMB11,450,918,000, representing an increase of 15.8% as compared with RMB9,889,030,000 for the same period of 2009, mainly due to the increase in the volume of loaded cargoes. The port costs amounted to RMB1,964,859,000, representing an increase of 12.7% as compared with the corresponding period of 2009 as a result of the increase in trade lanes and the number of voyages. Due to an increase in the volume of loaded cargoes for international trade lanes, the Group's stevedore charges for loaded and empty containers amounted to RMB6,818,812,000, representing an increase of 19.4% as compared with the corresponding period of 2009. Due to an increase in container capacity, charges for repositioning empty containers and rental fees of containers, the container management cost amounted to RMB2,667,247,000, representing an increase of 9.7% as compared with the corresponding period of 2009.
- Vessel and voyage costs for the year ended 31 December 2010 amounted to RMB12,782,325,000, representing an increase of 24.9% as compared with the corresponding period of 2009, mainly due to the increase in fuel costs. For the year ended 31 December 2010, fuel costs amounted to RMB7,990,518,000, representing an increase of 41.8% as compared with the corresponding period of 2009. The increase in fuel costs was mainly due to the continuous increase in international crude oil price. In 2010, the Group locked 745,000 tones of fuel which offset part of effects from the increase in oil price.
- For the year ended 31 December 2010, sub-route and other costs amounted to RMB5,559,643,000, representing an increase of 3.6% as compared with the corresponding period of 2009. The increase was mainly due to the increase in door-to-door transportation services provided by the Group, which led to an increase in the sub-route cost.

Gross profit

Due to the above reasons, the Group recorded a gross profit of RMB5,015,820,000 in 2010, up RMB10,761,101,000 as compared with 2009.

Income tax expense

For the period from 1 January 2010 to 31 December 2010, the CIT rate applicable to the Company was 22%. 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 have been changed to 25% since 1 January 2008.

Pursuant to relevant CIT regulations, the profits derived from the Company's foreign subsidiaries shall be subject to CIT when dividends were declared by its foreign subsidiaries. The Company uses an applicable tax rate according to relevant CIT regulations to pay the tax on profits of the foreign subsidiaries.

Selling, administrative and general expenses

For the year ended 31 December 2010, the Group's selling, administrative and general expenses were RMB840,388,000, representing an increase of 22.2% as compared with 2009. The increase was mainly due to relatively significant increase in employees' salaries and benefit expenses.

Net profit attributable to equity holders

Due to the above reasons, the net profit attributable to the equity holders of the Company for the year 2010 was RMB4,203,134,000, representing an increase of RMB10,692,182,000 as compared with a loss of RMB6,489,048,000 in 2009.

Liquidity, financial resources and capital structure

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

As at 31 December 2010, the Group's total borrowings were RMB11,501,356,000. The maturity profile is spread over a period between 2010 and 2021 with RMB3,225,248,000 repayable within one year, RMB3,701,890,000 repayable within the second year, RMB2,764,767,000 repayable within the third to the fifth year, and RMB1,809,451,000 repayable after the fifth year. The Group's long-term bank borrowings are mainly used to finance the construction of vessels and ports.

As at 31 December 2010, the Group's long-term bank borrowings were secured by mortgages over certain containers, container vessels, and port and depot infrastructure with a book value of RMB2,074,524,000 (as at 31 December 2009: RMB2,254,348,000).

As at 31 December 2010, the Group's bonds payable in ten-year period amounted to RMB1,784,176,000, all proceeds from the bonds were used in the construction of vessels. The issue of bonds are guaranteed by the Bank of China, Shanghai branch.

As at 31 December 2010, the Group's RMB borrowings at fixed interest rates amounted to RMB2,315,150,000; USD borrowings at fixed interest rates amounted to RMB629,730,000 and USD borrowings at floating interest rates amounted to RMB8,556,476,000. The Group's borrowings are denominated in RMB or USD, and cash and cash equivalents are mainly denominated in these two currencies.

As at 31 December 2010, the Group's obligations under finance leases amounted to RMB550,086,000, with the maturity profile ranging from 2010 to 2017. The amount repayable within one year is RMB210,574,000; the amount repayable within the second year is RMB208,475,000; the amount repayable within the third to the fifth year is RMB116,079,000 and the amount repayable after the fifth year is RMB14,958,000. The Group's obligations under the finance leases are substantially used in the lease of new containers, while the remaining small portion is used in the construction of ports and depot infrastructure.

Net current assets

As at 31 December 2010, the Group's net current assets amounted to RMB4,863,537,000. Current assets are mainly comprised of inventories of RMB883,275,000, trade and notes receivables of RMB1,791,791,000, prepayments and other receivables of RMB181,100,000 and cash and bank deposits of RMB10,648,396,000. Current liabilities are mainly comprised of trade payables of RMB4,339,287,000, accrual and other payables of RMB788,118,000, current income tax liabilities of RMB59,439,000, long-term bank borrowings due in one year of RMB2,695,432,000, short-term bank borrowings of RMB529,816,000, finance lease obligations payable in one year of RMB210,574,000 and provisions of RMB31,359,000.

Cash flow

For the year 2010, the Group's net cash inflow generated from operating activities was RMB5,438,384,000, denominated principally in RMB and USD, representing an increase of RMB9,172,897,000 as compared with 2009. Cash and cash equivalents balances at the end of 2010 increased by RMB3,711,688,000 as compared with the same period in 2009, mainly reflecting a greater inflow of net cash from operating activities and financing activities than the net cash outflow used in investing activities. The cash inflow from financing activities of the Group during this year is mainly from bank borrowings, the above-mentioned capital for the purposes of short-term business and purchase and construction of vessels, containers and port infrastructure. Net cash generated from operations, when not required to allocate as working capital, is principally held as short-term and demand deposit at banks.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2009 and 2010:

Unit: RMB

	2010	2009
Net cash generated from/(used in) operating activities	5,438,384,000	(3,734,513,000)
Net cash used in investing activities	(1,999,449,000)	(1,311,288,000)
Net cash generated from financing activities	408,750,000	296,322,000
Impact on cash due to changes in foreign exchange rates	(135,997,000)	(791,000)
Net increase/(decrease) in cash and cash equivalents	3,711,688,000	(4,750,270,000)

Net cash generated from operating activities

For the year ended 31 December 2010, the net cash inflow from operating activities was RMB5,438,384,000, representing an increase of RMB9,172,897,000 from the net cash outflow of RMB3,734,513,000 in 2009. The increase in the net cash generated from operating activities of the Group was attributable to the significant increase in the Group's revenue and the operating profit margin in 2010.

Net cash used in investing activities

For the year ended 31 December 2010, net cash used in investing activities was RMB1,999,449,000, representing an increase of RMB688,161,000 from investing activities for the year 2009 of RMB1,311,288,000. The increase was mainly due to the Group's larger capital expenditure on vessels, containers and other construction in progress and capital expenditure on external investment as compared with 2009.

Net cash generated from financing activities

For the year ended 31 December 2010, net cash generated from financing activities was RMB408,750,000, representing an increase of RMB112,428,000 as compared with the net cash generated from financing activities of RMB296,322,000 in 2009. In 2010, Group's bank borrowings amounted to RMB4,379,253,000, and repayment of bank borrowings amounted to RMB3,367,921,000 and repayment of principal of finance leases of RMB253,884,000.

Average turnover days of trade and notes receivables

As at 31 December 2010, the gross balance of trade and notes receivables of the Group amounted to RMB1,867,932,000, representing an increase of RMB252,138,000 as compared with the corresponding period of 2009, and the balance of trade receivables from related parties amounted to RMB169,730,000, representing a decrease of RMB61,684,000 as compared with the corresponding period of 2009. Despite the significant increase in the Group's revenue in 2010, the Group's average debtor turnover days manifestly decrease as compared with 2009 due to the implementation of automatic fund transfer arrangements from the ship-owners accounts by the Company's management and further enhancement of credit control over the customers.

Gearing ratio

As at 31 December 2010, the Group's gearing ratio (i.e. net debts over shareholders' equity) was 10.6%, which was lower than 24.8% in 2009. The decrease in gearing ratio was mainly due to the fact that the net cash inflow from operating activities and financing activities was more than the cash outflow used in investing activities; and the Group's profit in 2010 increased its net asset and all these factors resulted in the decrease in the gearing ratio.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the revenue of the Group are settled in USD. The Group recorded a net exchange loss of approximately RMB27,822,000, which was mainly due to fluctuations of exchange rate in Euro Zone and the exchange difference which charged to shareholders' equity amounted to RMB245,347,000. The Group will continue to watch closely the exchange rate fluctuation of RMB and major international currencies and convert net foreign cash inflow from operating activities into RMB in a timely manner so as to minimize the losses brought by foreign exchange fluctuations, and take appropriate measures where necessary to reduce its foreign exchange risk.

Capital expenditure

During the year ended 31 December 2010, expenditure on the purchase of container vessels and vessels under construction amounted to RMB1,541,639,000, purchase of containers amounted to RMB347,479,000, purchase of other office equipment and vehicles amounted to RMB159,263,000 and equity investment amounted to RMB168,000,000.

Capital commitments

As at 31 December 2010, capital commitments of the Group which had been contracted but not made provisions for in relation to vessels under construction were RMB6,608,210,000; investment commitments had been approved but not contracted were RMB283,891,130. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers are RMB137,471,000 and RMB13,643,171,000, respectively.

Contingent liabilities

As at 31 December 2010, the Group had provisions of RMB31,359,000 for onerous contracts and legal claims.

Employees, training and benefits

As at 31 December 2010, the Group had 4,351 employees. Total expenses were approximately RMB1,468,042,000. In addition, the Group had entered into contracts with a number of subsidiaries of China Shipping (Group) Company, pursuant to which these subsidiaries provided the Group with approximately 2,891 crew members in total 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-based bonuses. The Group has adopted a performance-linked bonus scheme for its employees. The scheme links the employees' financial benefits with certain business performance indicators. Such indicators may include, but not limited to, the profit target of the Group.

Details of such performance-linked bonus scheme vary among the employees of the Group. The Group sets out certain performance indicators for each of its subsidiaries to achieve and formulate detailed performance-based remuneration policies according to its own circumstances.

The Group has adopted a compensation scheme on 12 October 2005 and amended the same on 20 June 2006, 26 June 2007 and 20 June 2008, which is to be satisfied by cash payments and is share-based, known as the "H Share Share Appreciation Rights Scheme" ("Rights Scheme"). The fair value change of the rights is recognised as an expense or income of the Group. Employees might in the future be entitled to the compensation in the form of cash payment, which is calculated based on the appreciation in the price of the Group's H share from the date of grant to the date of exercising the rights.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2010.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Mr. Wu Daqi and Mr. Shen Kangchen, and one non-executive Director, namely Mr. Wang Daxiong. The Group's final results for the year ended 31 December 2010 have been reviewed by the audit committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board confirms that, except for the Company's deviation from provision A.1.1 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"), the Company has complied with all code provisions of the Code on Corporate Governance Practices during the year ended 31 December 2010. The reason for the Company's deviation from provision A.1.1 of the Code on Corporate Governance Practices was due to the significant loss of the Company for the year ended 31 December 2009, failure of directors to attend the Board meeting in person or by way of telephone resulted from their frequent business trips overseas and the time difference, therefore only two out of eight Board meetings were convened as regular Board meetings for the year ended 31 December 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors and supervisors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors and supervisors of the Company, the Company has confirmed that its directors and supervisors have complied with the required standard set out in the Model Code regarding securities transactions by directors and supervisors.

DISCLOSURE OF INFORMATION

This announcement is published on the website of Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.cscl.com.cn>. The annual report for the year ended 31 December 2010 containing all the information as required by Disclosure of Financial Information as set out in Appendix 16 to the Listing Rules will be dispatched by the Company to its shareholders and published on the aforesaid websites of Hong Kong Stock Exchange and the Company in due course.

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

Shanghai, the People's Republic of China

29 March 2011

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. Jim Poon (also known as Pan Zhanyuan), Mr. Wu Daqi, Mr. Shen Kangchen, Mr. Shen Zhongying and Ms. Zhang Nan, being independent non-executive Directors.

* *The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and under the English name "China Shipping Container Lines Company Limited".*