

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this Circular, you should obtain independent professional advice.

If you have sold or transferred all your shares in China Shipping Container Lines Company Limited, you should at once hand this Circular together with the attached form of proxy and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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: 2866)

**CONTINUING CONNECTED TRANSACTIONS
AND DISCLOSEABLE TRANSACTION:
MASTER PROVISION OF CONTAINERS AGREEMENT
AND
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**Independent financial adviser to the independent board committee and independent shareholders of
China Shipping Container Lines Company Limited**



GUOTAI JUNAN CAPITAL LIMITED

A letter from the board of directors (the “Board”) of China Shipping Container Lines Company Limited (the “Company”) is set out on pages 3 to 10 of this Circular. A notice convening the special general meeting of the Company (the “SGM”) to be held at 2:00 p.m. on 31 March 2006 at Conference Room 1, 3rd Floor, 450 Fu Shan Road, Pudong New District, Shanghai, the People's Republic of China is set out on pages 26 to 28 of this Circular.

If you intend to attend the SGM, please complete and return the enclosed reply slip in accordance with the instructions printed thereon as soon as possible and in any event by no later than 11 March 2006.

Whether or not you are able to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon. The form of proxy must be signed by you or your attorney duly authorized in writing or, in case of a legal person, must either be executed under its seal or under the hand of a legal representative or other attorney duly authorized to sign the same. If the form of proxy is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign, or other document of authorization, must be notarially certified.

For holders of H shares of the Company, please return the proxy form together with any documents of authority to Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible; and for holders of domestic shares of the Company, please return the above documents to the Directorate Secretary Office of the Company at 3rd Floor, 450 Fu Shan Road, Pudong New District, Shanghai, the People's Republic of China as soon as possible, and in both cases in any event not later than 24 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM should you so wish.

* The Company is registered as an overseas 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”.

13 February 2006

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement”	means the master provision of containers agreement which is proposed to be entered into between the Company and China Shipping;
“Annual Caps”	means the maximum amount to be paid to China Shipping Group for the purchase of containers by the Group for the three financial years ending 31 December 2006, 2007 and 2008;
“associate”	has the meaning ascribed thereto under the Listing Rules;
“Board”	means the board of the directors of the Company;
“China Shipping”	means China Shipping (Group) Company (中國海運(集團) 總公司), a wholly PRC state-owned enterprise and the controlling shareholder of the Company;
“China Shipping Group”	means China Shipping and its subsidiaries and associates (excluding the Group);
“Company”	means China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司), a joint stock limited company incorporated in the PRC, of which 2,420,000,000 H shares are listed on The Stock Exchange of Hong Kong Limited;
“Continuing Connected Transactions”	means the continuing connected transactions to be entered into between the Group and the China Shipping Group under the Agreement;
“Directors”	means the directors of the Company;
“Group”	means the Company and its subsidiaries;
“Guotai Junan”	means Guotai Junan Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders and a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	means a committee of the Board comprising all the independent non-executive Directors (namely, Mr. Hu Hanxiang, Mr. Gu Nianzu, Mr. Wang Zongxi and Mr. Lam Siu Wai, Steven) established for the purpose of considering and advising the Independent Shareholders in connection with the Agreement, the Continuing Connected Transactions and the Annual Caps;
“Independent Shareholders”	means shareholders of the Company except China Shipping (being the controlling shareholder, and hence a connected person, of the Company having a material interest in the Agreement, the Continuing Connected Transactions and the Annual Caps) and its associate(s), if any;
“Latest Practicable Date”	9 February 2006, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules;
“PRC”	the People’s Republic of China;
“Rights”	units of share appreciation rights;
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended and supplemented from time to time;
“SGM”	means the special general meeting of the shareholders of the Company to be held at 2:00 p.m. on 31 March 2006 at Conference Room 1, 3rd Floor, 450 Fu Shan Road, Pudong New District, Shanghai, the PRC;
“Shareholders”	means holders of share(s) of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

The exchange rate adopted in this Circular for illustration purpose only is US\$1.00 = HK\$7.76.

LETTER FROM THE BOARD



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: 2866)

Directors:

Mr. Li Kelin

Mr. Jia Hongxiang

Mr. Huang Xiaowen

Mr. Zhao Hongzhou

Mr. Li Shaode⁺

Mr. Zhang Jianhua⁺

Mr. Wang Daxiong⁺

Mr. Zhang Guofa⁺

Mr. Xu Hui⁺

Mr. Hu Hanxiang⁺⁺

Mr. Gu Nianzu⁺⁺

Mr. Wang Zongxi⁺⁺

Mr. Lam Siu Wai, Steven⁺⁺

*Legal address and principal place of
business in the PRC:*

27th Floor

450 Fu Shan Road

Pudong New District

Shanghai

the People's Republic of China

Principal place of business in Hong Kong:

Level 69

The Center

99 Queen's Road Central

Hong Kong

⁺ *non-executive Directors*

⁺⁺ *independent non-executive Directors*

13 February 2006

To the Shareholders

Dear Sir or Madam,

Further to the announcement of the Company dated 27 January 2006, the purpose of this Circular is to provide you with information regarding the Agreement, the Continuing Connected Transactions, the Annual Caps and the proposed amendment to the articles of association of the Company, and to set out the notice of SGM.

1. CONTINUING CONNECTED TRANSACTIONS

Background

In light of the increasing shipping capacity of the Group in the next few years, the Group requires additional containers and therefore the Company intends to enter into the Agreement with China Shipping, the controlling shareholder of the

* *The Company is registered as an overseas 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".*

LETTER FROM THE BOARD

Company, whereby China Shipping agrees to supply and agrees to procure that its subsidiaries and associates manufacture and supply new containers to the Group. The Agreement and the Continuing Connected Transactions are expected to constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and such transactions together with the Annual Caps will be subject to approval by the Independent Shareholders at the SGM. The Agreement also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Agreement

The general terms of the Agreement are set out below:

(a) General Principles, Price and Terms

The Agreement requires, in general terms that:

- the quality of containers to be provided should be satisfactory to the Company;
- the price at which such containers are to be provided must be fair and reasonable; and
- the terms and conditions on which such containers are to be provided should be no less favourable to the Group than those:
 - (i) offered from the China Shipping Group to independent third parties; and
 - (ii) offered from independent third parties to the Group.

(b) Price Determination

The Agreement provides that containers must be provided in accordance with the following general pricing principles:

- state-prescribed prices;
- where there is no state-prescribed price, then according to relevant market prices; or
- where there is no relevant market price, then according to the contracted price.

LETTER FROM THE BOARD

For the purpose of the Agreement:

“state-prescribed price” means the price set by the relevant laws, regulations and other governmental regulatory documents issued by the relevant departments of the PRC Government;

“market price” means the price at which the same or comparable type of product is provided from independent third parties in the same area in the ordinary course of business; and

“contracted price” means the actual cost incurred in providing such product plus a margin of 5% thereof.

(c) *Term and Termination*

The initial term of the Agreement is 3 years, with effect from the date of signature after it is approved by the Independent Shareholders at the SGM. Upon the expiry of such initial term, the Agreement shall automatically extend for further terms of three years, subject to the approval of the relevant annual caps by the Shareholders if required under the Listing Rules and the fulfilment of the relevant requirements of the Listing Rules, unless at any time either party gives at least 3 months’ prior written notice of termination to the other party. The Company shall comply with the relevant disclosure and Shareholders’ approval requirements under the Listing Rules, if the Agreement is renewed.

During the term of the Agreement, termination of any implementation agreement described below may be effected from time to time by any one of the parties to the relevant implementation agreement providing at least 3 months’ written notice of termination to the other party or parties.

(d) *Implementation Agreement*

It is envisaged that from time to time and as required, individual implementation agreements may be entered into between members of the Group and members of the China Shipping Group.

The implementation agreement will set out the specific containers requested by the relevant members of the Group and any detailed technical and other specifications which may be relevant to those containers. The implementation agreement may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions in accordance with which such containers are required to be provided as contained in the Agreement.

As the implementation agreements are simply further elaborations on the provision of containers as contemplated by the Agreement, as such, they do not constitute new categories of connected transactions.

LETTER FROM THE BOARD

Annual Caps

The Group started to purchase containers from Dong Fang International Container (Lianyungang) Co., Ltd., a wholly-owned subsidiary of China Shipping, in October 2005, and the total cash consideration paid by the Group to the China Shipping Group in the financial year ended 31 December 2005 was US\$31,306,000 (equivalent to approximately HK\$242,934,560), as mentioned in the announcements of the Company dated 31 October 2005 and 30 November 2005. The Group also purchased containers from Dong Fang International Container (Lianyungang) Co., Ltd. at the cash consideration of US\$18,997,600 (equivalent to approximately HK\$147,421,376), as mentioned in the announcement of the Company dated 10 January 2006.

Based on the above figure in 2005 and the expected increase in the Group's shipping capacity in the next few years, the total amount of cash consideration payable for the purchase of containers by the Group to the China Shipping Group for the three financial years ending 31 December 2006, 2007 and 2008 are not expected to exceed US\$108,870,000 (equivalent to approximately HK\$844,831,200) (including the cash consideration of US\$18,997,600 (equivalent to approximately HK\$147,421,376) payable for the containers purchased from Dong Fang International Container (Lianyungang) Co., Ltd., as mentioned in the announcement of the Company dated 10 January 2006), US\$125,050,000 (equivalent to approximately HK\$970,388,000) and US\$73,320,000 (equivalent to approximately HK\$568,963,200), respectively. Accordingly, these amounts have been set as the proposed Annual Caps for this category of continuing connected transaction.

Finance Terms

The Company expects to use internal resources and/or bank borrowings to satisfy the consideration payable for the purchase of containers under the Agreement.

The purchase of containers will increase the fixed assets of the Group. The Group's current assets will decrease or long-term liabilities will increase depending on whether the purchase price for the containers will be funded from internal resources or external finance, as the case may be. The effect of the purchase of the containers on the earnings of the Group cannot be ascertained at present, which will depend on the conditions of the shipping market at the time of delivery of the containers.

Reason for entering into the Agreement with China Shipping

In light of the expected increase in the shipping capacity of the Group in the next couple of years to satisfy market demand and since the terms of sale (including the consideration) of the containers provided by the China Shipping Group are generally more favourable to the Group and the quality of such containers are not worse than those provided by independent third party suppliers, the Company intends to enter into the Agreement with China Shipping.

LETTER FROM THE BOARD

Implications under the Listing Rules

Since China Shipping is the controlling shareholder of the Company, each member of the China Shipping Group is therefore a connected person of the Company. In respect of the Agreement and the Continuing Connected Transactions, the relevant “percentage ratio” applicable to such transactions for the purpose of Chapter 14A of the Listing Rules is expected or likely to exceed 2.5% on an annual basis, the aggregate annual consideration payable for such transactions is expected or likely to exceed HK\$10,000,000 and such transactions are not expected to fall under any of the categories set out in Rules 14A.16(1) to (4) of the Listing Rules. Accordingly, the Agreement and the Continuing Connected Transactions are expected to constitute, or may in the on-going performance become, non-exempt continuing connected transactions of the Company under the Listing Rules, and such transactions together with the Annual Caps will be subject to approval by the Independent Shareholders at the SGM.

Based on the information described above, the Board is of the view that the Agreement and the Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Group and the Company’s shareholders as a whole.

General information

The Group is principally engaged in the operation and management of international and domestic container marine transportation.

China Shipping is a large shipping conglomerate that operates across different regions, sectors and countries. The China Shipping Group (including the Group) has five specialised shipping fleets (including oil tankers, tramps, passenger vessels, container vessels and special vessels). The subsidiaries of China Shipping engaged in, among other things, manufacture and trading of containers.

China Shipping and its associate(s), if any, will at the SGM abstain from voting on the ordinary resolution to approve the Agreement, the Continuing Connected Transactions and the Annual Caps, which will be taken on a poll as required under the Listing Rules. As at the Latest Practicable Date, China Shipping and its associates controlled or were entitled to exercise control over the voting rights in respect of 3,610,000,000 domestic shares in the Company, representing 59.87% of the entire issued share capital of the Company. To the extent that the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date:

- (i) there was no voting trust or other agreement, arrangement or understanding entered into by or binding upon China Shipping;
- (ii) China Shipping was not subject to any obligation or entitlement whereby it had or might have temporarily or permanently passed control over the exercise of the voting right in respect of its shares in the Company to a third party, whether generally or on a case-by-case basis;

LETTER FROM THE BOARD

- (iii) it was not expected that there would be any discrepancy between China Shipping's beneficial shareholding interest in the Company as disclosed in Appendix to this Circular and the number of shares in the Company in respect of which it would control or would be entitled to exercise control over the voting right at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps. Guotai Junan has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps. The letter from the Independent Board Committee and its recommendations to the Independent Shareholders is set out on pages 11 to 12 of this Circular, and the opinion letter from Guotai Junan is set out on pages 13 to 18 of this Circular.

2. RECOMMENDATION

As mentioned above, Guotai Junan has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps.

Having taken into account the advice of Guotai Junan, the Independent Board Committee considers that the Agreement, the Continuing Connected Transactions and the Annual Caps are fair and reasonable and are in the interests of the Group and the Company's shareholders as a whole. The Independent Board Committee also considers that the Agreement and the Continuing Connected Transactions are in the ordinary course of business and on normal commercial terms, and that the Annual Caps are fair and reasonable. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps.

3. PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

Due to the growth in the scope of the Company's business operations, the Directors propose to amend the articles of association of the Company in the following manner, so that the Company is able to have two Vice-Chairmen, instead of just one:

The existing Article 10.1 of the articles of association of the Company be deleted in its entirety and replaced by the following:

"Article 10.1 The Company has a board of directors which is responsible for and reports to the general meetings. The board of directors is composed of 13 directors, among which at least two of them are executive directors who are responsible for the daily duties designated by the Company whilst the remaining are non-executive directors who do not deal with daily affairs. The board of directors has one chairman and two vice-chairmen."

LETTER FROM THE BOARD

The proposed amendment is subject to approval by the Shareholders by way of special resolution at the SGM and voting shall be by a show of hands or by poll as referred to in note(h) of the notice of the SGM. China Shipping and its associate(s), if any, are not required to abstain from voting on the special resolution to approve the above proposed amendment to the articles of association of the Company.

4. SGM

The Notice convening the SGM to be held at 2:00 p.m. on 31 March 2006 at Conference Room 1, 3rd Floor, 450 Fu Shan Road, Pudong New District, Shanghai, the PRC will be dispatched to the Shareholders together with this Circular.

There is enclosed in this Circular a proxy form for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete, sign and return the enclosed proxy form for the SGM in accordance with the instructions printed thereon.

To be valid, for holders of H shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 24 hours before the time for holding the SGM or any adjournment thereof in order for such documents to be valid.

For the holder of domestic shares of the Company, the form of proxy together with any documents of authority must be delivered to the Directorate Secretary Office of the Company at 3rd Floor, 450 Fu Shan Road, Pudong New District, Shanghai, the PRC, not less than 24 hours before the time for holding the SGM or any adjournment thereof in order for such documents to be valid.

Holders of domestic shares or H shares, who intend to attend the SGM, must complete the reply slip enclosed with this Circular and return them to the Directorate Secretary Office of the Company not later than 20 days before the date of the SGM, i.e. no later than 11 March 2006.

Pursuant to Articles 8.18 to 8.20 of the Articles of Association of the Company, at the SGM, a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:

- (1) by the chairman of the meeting;
- (2) by at least two Shareholders entitled to vote present in person or by proxy;
- (3) by one or more Shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting.

LETTER FROM THE BOARD

The demand for a poll may be withdrawn by the person who makes such demand. A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. On a poll taken at the meeting, a Shareholder (including proxy) entitled to two or more votes need not cast all his or her votes in the same way.

Pursuant to the Articles of Association of the Company, for the purpose of holding the SGM, the Register of Members will be closed from 1 March 2006 to 31 March 2006 (both days inclusive), during which period no transfer of shares of the Company will be registered. Shareholders of the Company whose names appear on the Register of Members at the close of business on 1 March 2006 are entitled to attend and vote at the SGM.

In order to attend the SGM, holders of the Company's H shares shall lodge all transfers together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H shares registrar, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 28 February 2006.

5. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 11 to 12 of this Circular, the letter from Guotai Junan to the Independent Board Committee and the Independent Shareholders set out on pages 13 to 18 of this Circular, and the additional information set out in the appendix to this Circular.

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



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: 2866)

13 February 2006

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
MASTER PROVISION OF CONTAINERS AGREEMENT**

We refer to the circular dated 13 February 2006 (the “**Circular**”) to the shareholders of China Shipping Container Lines Company Limited (the “**Company**”) of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee, which has been established to advise the Independent Shareholders in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps, details of which are set out in the letter from the Board contained in the Circular. None of us has a material interest in any of the Agreement, the Continuing Connected Transactions and the Annual Caps.

Since China Shipping is the controlling shareholder of the Company, each member of the China Shipping Group is therefore a connected person of the Company. In respect of the Agreement and the Continuing Connected Transactions, the relevant “percentage ratio” applicable to such transactions for the purpose of Chapter 14A of the Listing Rules is expected or likely to exceed 2.5% on an annual basis, the aggregate annual consideration payable for such transactions is expected or likely to exceed HK\$10,000,000 and such transactions are not expected to fall under any of the categories set out in Rules 14A.16(1) to (4) of the Listing Rules. Accordingly, the Agreement and the Continuing Connected Transactions are expected to constitute, or may in the on-going performance become, non-exempt continuing connected transactions of the Company under the Listing Rules, and such transactions together with the Annual Caps will be subject to approval by the Independent Shareholders at the SGM.

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Guotai Junan has been appointed as the independent financial adviser to advise us and the Independent Shareholders in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps. We wish to draw your attention to the opinion letter from Guotai Junan set out on pages 13 to 18 of the Circular.

As members of your independent Board committee, we have discussed with the management of the Company in relation to the Agreement, the Continuing Connected Transactions and the Annual Caps, and the basis upon which the terms of the transactions have been determined and the Annual Caps calculated. We have also taken into account the principal factors and reasons considered by Guotai Junan in forming its opinion in relation to the Agreement, the Continuing Connected Transactions and the Annual Caps, and have discussed with Guotai Junan its opinion letter and its advice.

On the basis of the above, we consider, and agree with the view of Guotai Junan, that the terms of the Agreement, the Continuing Connected Transactions and the Annual Caps are fair and reasonable and the entering into of the Agreement is in the interests of the Group and the Company's shareholders as a whole. We also consider that the Agreement and the Continuing Connected Transactions are in the ordinary course of business and on normal commercial terms, and that the Annual Caps are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps.

Yours faithfully,
Mr. Hu Hanxiang,
Mr. Gu Nianzu,
Mr. Wang Zongxi and
Mr. Lam Siu Wai, Steven
Independent Board Committee

LETTER FROM GUOTAI JUNAN

The following is the text of the letter of advice dated 13 February 2006 from Guotai Junan to the Independent Board Committee and the Independent Shareholders in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps prepared for incorporation into this Circular:



27th Floor, Lower Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

13 February 2006

*To the Independent Board Committee and
the Independent Shareholders of
China Shipping Container Lines Company Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement, the Continuing Connected Transactions and the Annual Caps, particulars of which are set out in a circular to the Shareholders dated 13 February 2006 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the letter from the Board contained in the Circular (the "Board's Letter"), since China Shipping is the controlling shareholder of the Company, each member of the China Shipping Group is therefore a connected person of the Company. As such, the proposed supply of containers to the Company by the China Shipping Group under the Agreement would constitute continuing connected transactions for the Company. As the applicable percentage ratio in respect of the Continuing Connected Transactions are more than 2.5%, the Continuing Connected Transactions are subject to the reporting, announcement as well as independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Accordingly, the Company will convene the SGM on 31 March 2006 to approve the Agreement, the Continuing Connected Transactions and the Annual Caps by the Independent Shareholders. In this connection, the Circular containing, inter-alia, the information relating to the Agreement and the Continuing Connected Transactions, the recommendation from the Independent Board Committee and this letter, is despatched to the Shareholders. In particular, this letter will set out our recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable and whether the Agreement, the Continuing Connected Transactions and the Annual Caps are in the interests of the Company and its shareholders.

LETTER FROM GUOTAI JUNAN

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the affairs of the Company.

PRINCIPAL FACTORS CONSIDERED

In arriving at our recommendation in respect of the Continuing Connected Transactions, we have considered the following principal factors:

(a) Background

The Group is principally engaged in the operation and management of international and domestic container marine transportation. Its parent company, China Shipping, is a large shipping conglomerate that operates across different regions, sectors and countries. China Shipping has set up a container manufacturing factory which commenced commercial production in August 2005. The Group has purchased containers from the China Shipping Group since October 2005. In light of the increasing shipping capacity of the Group in the next few years, the Group requires additional containers. As anticipated by the Group's management, the resulting additional container capacity requirements of the Group for the years 2006, 2007 and 2008 are 165,000TEU, 182,000TEU and 103,000TEU (TEU is defined as twenty-foot equivalent unit and it is a unit measurement equal to the space occupied by a standard twenty-foot container) respectively. Therefore, the Company intends to enter into the Agreement with China Shipping whereby China Shipping agrees to supply and agrees to procure that its subsidiaries and associates supply containers to the Group.

(b) Reasons for the provision of containers

As advised by the Company's management, since the terms of sale provided by the China Shipping Group are generally more favourable to the Group than those provided by independent third party suppliers, the Company intends to enter into the Agreement with China Shipping. We noted that the China Shipping Group has provided containers to the Group since October 2005. During the past three months, the Board considers that the containers provided by the China Shipping Group were satisfactory and met the quality requirement of the Group. Besides, the containers production facilities of the China Shipping Group are relatively new.

LETTER FROM GUOTAI JUNAN

And these facilities are capable of producing containers at a faster speed with prompt delivery comparing with other containers manufacturers. Given the quality standard and the prompt delivery, sourcing containers from the China Shipping Group is justifiable.

(c) Terms of the Agreement

As advised by the Company's management, should the terms quoted by the China Shipping Group be more favourable, the Company and the China Shipping Group will enter into separate agreements for each and every purchase of containers. These agreements will set out information such as the quantity of containers to be purchased, the unit price, the payment terms, the delivery schedule etc. The terms for these agreements will be in line with the terms of the Agreement.

Pricing basis

Pursuant to the terms of the Agreement, the price of the containers will be determined with reference to, depending on the availability and applicability, in sequential order of (1) state-prescribed prices; (2) market prices; or (3) actual cost incurred in providing such product plus a margin of 5% thereof.

According to the information, such as the purchase contracts and the bill of sale, provided by the Company, the January 2006 pricing range for a twenty-foot and forty-foot general purpose container quoted from a number of independent third party suppliers was between US\$1,490 to US\$1,510 and US\$2,384 to US\$2,412 respectively. Whereas the price quoted from the China Shipping Group was US\$1,480 and US\$2,368 respectively. The twenty-foot and forty-foot general purpose containers represented approximately 65% of the total purchase of containers of the Group in the year 2005. The remaining 35% represents containers with other specifications such as forty-five foot container, twenty-foot refrigeration unit etc. Based on our review of the late 2005 and the January 2006 prices as quoted from the China Shipping Group and the independent third party suppliers for these containers, we consider that the pricing of the historical supply of containers to the Group by the China Shipping Group was in line with the market prices. As advised by the Directors, market prices have generally been employed by the China Shipping Group for the provision of containers to the Group.

As advised by the Directors, the Company does not employ an open bidding method for the purchase of containers. Instead, when the need to purchase additional containers arises, the Company will obtain quotes from a number of independent third party suppliers and the China Shipping Group. The Company's management will review and compare the prices and other terms to determine from whom the containers should be purchased.

LETTER FROM GUOTAI JUNAN

We consider that it is not prejudicial to the Company should the containers under the Agreement be provided using the state prescribed prices or market prices. However, if the actual cost plus a margin of 5% basis is being applied, we believe that the interests of the Company's shareholders might be jeopardised if the actual costs incurred for the production of the containers are unreasonably incurred by the China Shipping Group. Nevertheless, the actual cost plus a margin of 5% pricing methodology has never been applied since the provision of containers by the China Shipping Group in October 2005. In this regard, we are unable to examine any documents in relation to the cost elements of the containers. As advised by the Company's management, it is unlikely that the cost plus a margin of 5% basis will be applied in the future. In the case where market prices are not readily available and cost plus a margin of 5% basis is needed to be applied, the Company's management will obtain market prices of raw materials for the production of containers to negotiate with the China Shipping Group to ensure the cost incurred for the production of containers are reasonably incurred.

Payment terms and delivery schedule

We noted that from the information, such as the purchase contracts, provided by the Company, the payment terms for the purchase of containers from independent third party suppliers are usually from 30 days to 60 days where the payment terms from the China Shipping Group is generally 60 days. As for the delivery time, it is usually from 14 days to 42 days provided by independent third party suppliers and the China Shipping Group. The payment terms and the delivery time provided by the China Shipping Group appear to be in line with the market practice.

As confirmed by the Board, the pricing basis agreed between the Company and China Shipping for the Agreement which was negotiated on an arm's length basis and constitutes a normal commercial term is fair and reasonable. Given that the aforesaid basis for determining the prices of the containers payable by the Group under the Agreement, the payment terms and delivery schedule have been applied consistently and assuming that they will be continuously adopted, we concur with the Board's view that the use of such pricing basis and the other terms are fair and reasonable so far as the Independent Shareholders are concerned.

Going forward, we acknowledge that the Independent Directors' annual review and provision of relevant confirmation will provide a proper safeguard in this area.

LETTER FROM GUOTAI JUNAN

(d) Annual Caps

Historical figure and proposed annual caps

Regarding the proposed Continuing Connected Transactions, the Annual Caps for each of the three years ending 31 December 2008 which are estimated by the Company are as follows:

	For the financial year ended	For the financial year ending		
	2005	2006	2007	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Provision of containers from the China Shipping Group	31,306 *	108,870	125,050	73,320

* This represents the actual amount of purchase from the China Shipping Group since October 2005.

The Annual Caps were determined with reference to the anticipated additional container capacity requirements of the Group to be fulfilled for the years 2006, 2007 and 2008 as set out in section (a) and the forecast average unit price of containers. As advised by the Company's management, the average unit price of containers to be purchased from China Shipping Group in 2006 is forecast to remain at the price level same as that at the end of the year 2005, with an increase of approximately 3.5% and 3.7% for the years 2007 and 2008 respectively notwithstanding the price volatility of containers in previous years.

The anticipated additional capacity requirements of the Group are determined by the planned purchase and leasing of vessels in the year 2006, 2007 and 2008. Deployment of new vessels will increase the container capacity requirements. The ratio of self-owned and rented containers in the year 2005 was approximately 20:80. The Company aims to achieve a self-owned and rented containers ratio of approximately 50:50 by the year 2008. In order to attain the target ratio, in the three years ending 31 December 2008, the Company expects to purchase 70% of the containers needs with the remaining 30% to be rented annually.

Given that if the terms of the relevant sale provided by the China Shipping Group are more favourable to the Group than those provided by independent third party suppliers, within the 70% containers expected to be purchased, the Company is likely to purchase such containers from the China Shipping Group. In particular, the Company expects to purchase not more than 70% of these containers from the China Shipping Group.

LETTER FROM GUOTAI JUNAN

Taking into account the anticipated additional container capacity requirements, the forecast average unit price of containers, the target ratio to be achieved and the expected amount to be purchased from the China Shipping Group as set out above, we consider that the proposed Annual Caps for the containers determined are fair and reasonable. In addition, the respective Annual Caps for the provision of containers by the China Shipping Group for each of the three years ending 31 December 2008 are subject to, inter-alia, proper disclosure by the Company of such connected transactions in its annual report, the review by the Company's auditors of the terms under which the containers are provided and the confirmation by the Independent Directors that the connected transactions have been entered into in accordance with the respective Annual Caps for the containers and the terms set out therein during the year.

(e) **Financing**

The Company expects to use internal resources and/or bank borrowings to satisfy the consideration payable for the purchase of containers under the Agreement. As advised by the Company's management, the Group has sufficient internal resources and abilities to obtain bank borrowings to finance the purchase of containers, if needed. According to the latest published financial information of the Group, the Group had unaudited net current assets of approximately RMB4,840 million as at 30 June 2005. We concur with the Board's view that the Group will have sufficient resources to satisfy the consideration payable for the purchase of containers under the Agreement. Though the purchase of containers may lead to a reduction of working capital of the Group, we acknowledge that its net assets position will remain unchanged and the financial position of the Group will not be materially adversely affected.

RECOMMENDATION

Taking into consideration the above factors, in particular, the background, the reasons for the provision of the containers, the pricing basis, the Annual Caps and the financing method, we consider that the Agreement is in the interest of the Group and the terms of which (together with the Continuing Connected Transactions and the Annual Caps) is fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions for approving the Agreement, the Continuing Connected Transactions and the Annual Caps at the SGM.

Yours faithfully,

For and on behalf of

Guotai Junan Capital Limited

David Lui

Managing Director

Henry Yeung

Director

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

9 Directors were granted Rights under the Rights scheme adopted by the Company's shareholders on 12 October 2005. Details of the Rights scheme are set out in the Company's circular to shareholders dated 26 August 2005. The interests of such Directors in the underlying H shares of the Company as at the Latest Practicable Date were as follows:

Name of Director	Number of underlying H shares involved	Capacity in which underlying H shares were held	Percentage figure in the H shares
Li Kelin	1,180,000	Beneficial owner	0.05% (Long position)
Jia Hongxiang	880,000	Beneficial owner	0.04% (Long position)
Huang Xiaowen	820,000	Beneficial owner	0.03% (Long position)
Zhao Hongzhou	720,000	Beneficial owner	0.03% (Long position)
Li Shaode	680,000	Beneficial owner	0.03% (Long position)
Wang Daxiong	300,000	Beneficial owner	0.01% (Long position)
Zhang Guofa	300,000	Beneficial owner	0.01% (Long position)
Zhang Jianhua	300,000	Beneficial owner	0.01% (Long position)
Xu Hui	200,000	Beneficial owner	0.01% (Long position)

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code (which shall be deemed to apply to the Company's supervisors to the same extent as it applies to the Directors).

Each of Li Kelin, Li Shaode, Zhang Jianhua, Wang Daxiong and Zhang Guofa was as at the Latest Practicable Date the President, a Vice-President, a Vice-President, a Vice-President and a Vice-President respectively of China Shipping, which was a company having, as at the Latest Practicable Date, an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without any payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates has any interests in a business, which competes or may compete with the business of the Group.

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors, supervisors, proposed Directors or proposed supervisors of the Company had any interest in any assets which have been, since 31 December 2004 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement, subsisting at the date of this Circular, which is significant in relation to the business of the Group.

6. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2004 (being the date to which the latest published audited accounts of the Company have been made up).

7. SHAREHOLDINGS OF OTHER SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors, supervisors or chief executive(s) of the Company, the following persons (other than a Director, supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital
China Shipping (Group) Company	Domestic shares	3,610,000,000 (Long position)	Beneficial owner	100%	59.87%
Li Ka-Shing	H shares	365,637,000 (Long position)	Interest of controlled corporation and founder of a discretionary trust	15.11%	6.06%
Li Ka-Shing Unity Trustee Company Limited	H shares	365,637,000 (Long position)	Trustee	15.11%	6.06%
Li Ka-Shing Unity Trustcorp Limited	H shares	362,637,000 (Long position)	Trustee and beneficiary of a trust	14.99%	6.01%
Li Ka-Shing Unity Trustee Corporation Limited	H shares	362,637,000 (Long position)	Trustee and beneficiary of a trust	14.99%	6.01%
Cheung Kong (Holdings) Limited	H shares	362,637,000 (Long position)	Interest of controlled corporation	14.99%	6.01%
Hutchison Whampoa Limited	H shares	241,758,000 (Long position)	Interest of controlled corporation	9.99%	4.01%
Hutchison International Limited	H shares	241,758,000 (Long position)	Beneficial owner	9.99%	4.01%

Save as disclosed above and so far as the Directors, supervisors or chief executive(s) of the Company are aware, as at the Latest Practicable Date, no other person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

As at the Latest Practicable Date, so far as the Directors, supervisors or chief executive(s) are aware, each of the following persons, not being a Director, supervisor or chief executive of the Company or a member of the Group, were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary (Note)	Name of shareholder (Note)	Percentage of shareholding
China Shipping Container Lines Dailian Co., Ltd. (中海集裝箱運輸大連有限公司)	China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%
China Shipping Container Lines Guangzhou Co., Ltd. (中海集裝箱運輸廣州有限公司)	China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%
China Shipping Container Lines Hainan Company Limited (中海集裝箱運輸海南有限公司)	(i) China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%
	(ii) China Shipping Agency Co., Ltd. (中海船務代理有限公司)	20%
	(iii) China Shipping Hainan Logistics Co., Ltd. (中海海南物流有限公司)	30%
China Shipping Container Lines Qingdao Company Limited (中海集裝箱運輸青島有限公司)	China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%
China Shipping Container Lines Shanghai Co., Ltd. (中海集裝箱運輸上海有限公司)	China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%
China Shipping Container Lines Shenzhen Co., Ltd (中海集裝箱運輸深圳有限公司)	China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%
China Shipping Container Lines Tianjin Company Limited (中海集裝箱運輸天津有限公司)	China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%

Name of subsidiary (Note)	Name of shareholder (Note)	Percentage of shareholding
China Shipping Container Lines Xiamen Co., Ltd (中海集裝箱運輸廈門有限公司)	China Shipping Group Investment Co. Ltd. (中海集團投資有限公司)	10%
China Shipping (Yangpu) Refrigeration Storage & Transportation Co., Ltd. (中海(洋浦)冷藏儲運有限公司)	(i) China Shipping Logistics Co., Ltd. (中海集團物流有限公司) (ii) Suzhou China Shipping Containers Lines Storage and Transportation Co., Ltd. (蘇州中海集裝箱儲運有限公司)	30% 30%
China Shipping Container Lines (Haikou) Co., Ltd. (海口中海集裝箱運輸有限公司)	China Shipping Agency Co., Ltd. (中海船務代理有限公司)	10%
Shanghai Puhai Shipping Co., Ltd. (上海浦海航運有限公司)	China Shipping Container Lines Shanghai Co., Ltd (中海集裝箱運輸上海有限公司)	10%
Shanghai HaiXin YuanCang International Logistics Co., Ltd. (上海海興遠倉國際物流有限公司)	(i) Bermuda YuanCang International Co., Ltd. (百慕達遠倉國際股份有限公司) (ii) Shanghai YiHua Enterprises Company (上海逸驊實業總公司)	40% 20%

Note: The English names of certain companies referred herein represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

Save as disclosed above and so far as the Directors, supervisors or chief executive(s) are aware, as at the Latest Practicable Date, no other person, not being a Director, supervisor or chief executive of the Company, were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

8. EXPERT STATEMENT

This Circular includes statement made by the following expert:

Name	Qualification
Guotai Junan	Licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

Guotai Junan has given and has not withdrawn its written consent to the issue of this Circular with its statement(s) included in the form and context in which it is/they are included.

As at the Latest Practicable Date, Guotai Junan did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Guotai Junan did not have any interest in any assets which have been, since 31 December, 2004 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

10. MISCELLANEOUS

- (a) The secretary of the Company is Mr. Ye Yu Mang. Mr. Ye graduated from Shanghai Maritime University in 1989 with a Masters degree in mechanical engineering and was the company secretary of China Shipping Development Company Limited from April 2001 to March 2003.
- (b) The qualified accountant of the Company pursuant to Rule 3.24 of the Listing Rules is Mr. Lau Wai Yip, who is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) The Hong Kong H Share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this Circular shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Level 69, 99 Queen's Road Central, the Center, Hong Kong for a period of 14 days (excluding Saturdays) from the date of this Circular:

- (i) a draft of the Agreement;
- (ii) the letter dated 10 February 2006 from the Independent Board Committee to the Independent Shareholders, the text of which is out on pages 11 to 12 of this Circular;

- (iii) the opinion letter dated 13 February 2006 from Guotai Junan, the text of which is out on pages 13 to 18 of this Circular; and
- (iv) the written consent issued by Guotai Junan as referred to in the paragraph headed “Expert statement” in this Appendix.

NOTICE OF SGM



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: 2866)

Notice of Special General Meeting

NOTICE IS HEREBY GIVEN that a special general meeting (the "SGM") of China Shipping Container Lines Company Limited (the "Company") will be held at 2:00 p.m. on 31 March 2006 at Conference Room 1, 3rd Floor, 450 Fu Shan Road, Pudong New District, Shanghai, the People's Republic of China (the "PRC") for the following purposes:

1. to consider and, if though fit, passing the following resolution, with or without amendments, as an ordinary resolution:

"**THAT** the master provision of containers agreement (the "Agreement") to be entered into between the Company and China Shipping (Group) Company (a copy of the draft Agreement has been produced to this Meeting marked A and initialed by the Chairman for the purpose of identification), all transactions (including all continuing connected transactions) contemplated thereunder and the annual caps in respect of such transactions, details of which are set out in the circular to shareholders of the Company dated 13 February 2006, be and are hereby approved and confirmed and any one director of the Company be and is hereby authorized to:

- (a) sign the Agreement for and on behalf of the Company; and
 - (b) do all such further acts and things and execute all such further documents and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of and the matters contemplated under the Agreement."
2. to consider and, if thought fit, approve the following proposed amendment to the Articles of Association of the Company by way of **special resolution**, details of which are as follows:

Article 10.1 to be deleted in its entirety and replaced by the following:

Article 10.1 The Company has a board of directors which is responsible for and reports to the general meetings. The board of directors is composed of 13 directors,

* *The Company is registered as an oversea 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".*

NOTICE OF SGM

among which at least two of them are executive directors who are responsible for the daily duties designated by the Company whilst the remaining are non-executive directors who do not deal with daily affairs. The board of directors has one chairman and two vice-chairmen.

By order of the board of Directors of
China Shipping Container Lines Company Limited
Li Kelin
Chairman

Shanghai, the People's Republic of China
13 February 2006

Notes:

- (a) The address of Computershare Hong Kong Investor Services Limited is as follows:

46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

- (b) Holders of domestic shares or H shares, who intend to attend the SGM, must complete the reply slips and return them to the Directorate Secretary Office of the Company not later than 20 days before the date of the SGM.

Details of the Directorate Secretary Office of the Company are as follows:

3rd Floor
450 Fu Shan Road
Pudong New District
Shanghai
The People's Republic of China
200122
Tel: 86-21-6596-6666
Fax: 86-21-6596-6813

- (c) Each holder of H shares who has the right to attend and vote at the SGM is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the SGM. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
- (d) The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing. If that instrument is signed by an attorney of the appointer, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarially certified.
- (e) To be valid, for holders of H shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, the address of which is set out in Note (a) above, not less than 24 hours before the time for holding the SGM or any adjournment thereof in order for such documents to be valid.

NOTICE OF SGM

- (f) The holder of domestic shares is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on its behalf at the SGM. Notes (c) to (d) also apply to the holder of domestic shares, except that the proxy form or other documents of authority must be delivered to the Directorate Secretary Office of the Company, the address is set out in Note (b) above, not less than 24 hours before the time for holding the SGM or any adjournment thereof in order for such documents to be valid.
- (g) If a proxy attends the SGM on behalf of a shareholder, he should produce his identity card and the instrument signed by the proxy or his legal representative, and specifying the date of its issuance. If a legal person shareholder appoints its corporate representative to attend the SGM, such representative should produce his/her identity card and the notarized copy of the resolution passed by the board of directors or other authorities or other notarized copy of the license issued by such legal person shareholder.
- (h) Pursuant to Articles 8.18 to 8.20 of the Articles of Association of the Company, at the SGM, a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:
 - (1) by the chairman of the meeting;
 - (2) by at least two Shareholders entitled to vote present in person or by proxy;
 - (3) by one or more Shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand. A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. On a poll taken at the meeting, a Shareholder (including proxy) entitled to two or more votes need not cast all his or her votes in the same way.

- (i) Notice is hereby given that pursuant to the Articles of Association of the Company, for the purpose of holding the SGM, the Register of Members will be closed from 1 March 2006 to 31 March 2006 (both days inclusive), during which period no transfer of shares of the Company will be registered. Shareholders of the Company whose names appear on the Register of Members at the close of business on 1 March 2006 are entitled to attend and vote at the SGM.

In order to attend the SGM, holders of the Company's H shares shall lodge all transfers together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H shares registrar, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 28 February 2006.

- (j) The SGM is expected to last for half a day. Shareholders attending the SGM are responsible for their own transportation and accommodation expenses.

The Board as at the date of this Circular comprises of Mr. Li Kelin, Mr. Jia Hongxiang, Mr. Huang Xiaowen and Mr. Zhao Hongzhou, being executive directors, Mr. Li Shaode, Mr. Zhang Jianhua, Mr. Wang Daxiong, Mr. Zhang Guofa and Mr. Xu Hui, being non-executive directors, and Mr. Hu Hanxiang, Mr. Gu Nianzu, Mr. Wang Zongxi and Mr. Lam Siu Wai, Steven, being independent non-executive directors.