
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 H 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**RENEWED NON-EXEMPT CONTINUING
CONNECTED TRANSACTIONS**
NEW CONTINUING CONNECTED TRANSACTIONS
**CHANGE IN THE ARTICLES OF ASSOCIATION AND
CHANGES IN DIRECTORS**

Independent financial adviser to the independent board committee



Guotai Junan Capital Limited

A letter from the Board of the Company is set out on pages 6 to 20 of this circular. A letter from the Independent Board Committee is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser is set out on pages 23 to 40 of this circular. A notice convening the EGM to be held at 2:00 p.m. on 15 December 2009 at Mingxuan Hall, 1st Floor, Supreme Tower Hotel, 600 Lao Shan Road, Pudong New District, Shanghai, the People's Republic of China is set out on pages 46 to 49 of this circular.

If you intend to attend the EGM, 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 25 November 2009.

Whether or not you are able to attend the EGM, 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 Room 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

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

29 October 2009

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	21
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	23
APPENDIX – GENERAL INFORMATION	41
NOTICE OF EXTRAORDINARY GENERAL MEETING	46

DEFINITIONS

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

“Articles of Association”	Articles of Association of the Company.
“associate”	has the meaning ascribed thereto under the Listing Rules.
“Board”	the board of directors of the Company.
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會).
“China Shipping”	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, having an approximately 47.03% shareholding interest.
“China Shipping Group”	China Shipping and its subsidiaries and associates (excluding the Group).
“Company”	China Shipping Container Lines Company Limited (中海集裝箱運輸股份有限公司), a joint stock limited company established in the PRC, of which 3,751,000,000 H shares are listed on the Stock Exchange and 7,932,125,000 A shares are listed on the Shanghai Stock Exchange.
“CS Agency (Bangkok)”	China Shipping (Bangkok) Co., Ltd. (中國海運船務(曼谷)有限公司), which is owned as to 50% by China Shipping.
“CS Agency (Indonesia)”	PT Zhonghai Indo Shipping (中國海運(印尼)船務有限公司), which is owned as to 49% by China Shipping.
“CSDC”	China Shipping Development Company Limited (中海發展股份有限公司), a limited liability company incorporated in the PRC whose H shares and A shares are listed on the Stock Exchange and Shanghai Stock Exchange respectively, and is owned as to about 46.36% by China Shipping.

DEFINITIONS

“CS Finance Company”	China Shipping Finance Company Limited (中海集團財務有限公司), a limited liability company to be established by the Company, China Shipping, Guangzhou Maritime Transport (Group) Co. Ltd. (廣州海運(集團)有限公司), CSDC and China Shipping (Hainan) Haisheng Shipping and Enterprise Co., Ltd. (中海(海南)海盛船務股份有限公司) in the PRC.
“CSS”	China Shipping & Sinopec Suppliers Co., Ltd. (中石化中海船舶燃料供應有限公司), a limited liability company incorporated in the PRC jointly controlled by China Shipping and Sinopec Sales Company Limited (中國石化銷售有限公司) (i.e. owned as to 50% by each of them).
“Dalian Terminal”	Dalian Dagang China Shipping Container Terminal Co., Ltd. (大連大港中海集裝箱碼頭有限公司), which is owned as to 35% by China Shipping.
“Directors”	the directors of the Company.
“EGM”	the Company’s extraordinary general meeting to be convened for the purposes of approving (i) the Renewed Non-exempt Continuing Connected Transactions and their respective proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012; (ii) transactions under the Financial Services Framework Agreement and their proposed annual caps for each of the four years ending 31 December 2009, 2010, 2011 and 2012; (iii) the change in the Articles of Association as described in this circular; and (iv) the changes in Directors as described in this circular.
“Financial Services Framework Agreement”	the financial services framework agreement to be entered in December 2009 between the Company and China Shipping, pursuant to which China Shipping shall procure CS Finance Company to provide the Group with a range of financial services including (i) deposit services; (ii) settlement services; (iii) loan services and (iv) other financial services as approved by CBRC.

DEFINITIONS

“First Master Liner and Cargo Agency Agreement”	the master liner and cargo agency agreement dated 10 May 2004 entered into between the Company, China Shipping, CS Agency (Indonesia), CS Agency (Bangkok) and Shanghai Puhai.
“First Master Loading and Unloading Agreement”	the master loading and unloading agreement dated 10 May 2004 entered into between the Company, China Shipping, Shanghai Terminal, Zhanjiang Terminal and Dalian Terminal.
“Group”	the Company and its subsidiaries
“HKICPA”	the Hong Kong Institute of Certified Public Accountants.
“Hong Kong”	Hong Kong Special Administrative Region of the PRC.
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors, namely, Mr. Hu Hanxiang, Mr. Wang Zongxi, Mr. Shen Kangchen, Mr. Shen Zhongying and Mr. Jim Poon (also known as Zhanyuan Pan).
“Independent Financial Adviser”	Guotai Junan Capital Limited.
“Independent Shareholders”	the shareholders of the Company except the China Shipping Group.
“Latest Practicable Date”	28 October 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular.
“Listing”	listing of the H shares of the Company on the Main Board of the Stock Exchange.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange.
“Master Supply Agreement”	the master supply agreement dated 10 May 2004 entered into between the Company, China Shipping and CSS.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules.

DEFINITIONS

“New Continuing Connected Transactions”	the transactions under the Financial Services Framework Agreement.
“PBC”	People’s Bank of China (中國人民銀行).
“PRC”	the People’s Republic of China.
“Renewed Non-exempt Continuing Connected Transactions”	the transactions: (1) in respect of products and/or services to be provided to the Group under the Master Supply Agreement, the First Master Liner and Cargo Agency Agreement, the First Master Loading and Unloading Agreement and the Second Master Loading and Unloading Agreement; and (2) in respect of containers to be purchased by the Group under the Revised Master Provision of Containers Agreement.
“Rights”	the H share appreciation rights granted under the H Share Appreciation Rights Scheme adopted by the Company on 12 October 2005 and amended on 20 June 2006 ,26 June 2007 and 26 June 2008.
“RMB”	Renminbi, the lawful currency of the PRC.
“Second Master Loading and Unloading Agreement”	the master loading and unloading agreement dated 10 May 2004 entered into between the Company and West Basin.
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time.
“Shanghai Puhai”	Shanghai Puhai Shipping Co., Ltd. (上海浦海航運有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company.
“Shanghai Terminal”	Shanghai China Shipping Container Terminal Co. Ltd. (上海港中海集裝箱碼頭有限公司), which is owned as to 50% by China Shipping.
“Shareholder(s)”	the shareholder(s) of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

DEFINITIONS

“TEU”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet.
“USA”	the United States of America.
“US\$”	United States dollars, the lawful currency of the USA.
“West Basin”	West Basin Container Terminal LLC., which is owned as to 40% by China Shipping.
“Zhanjiang Terminal”	Zhanjiang China Shipping Container Terminal Co. Ltd. (湛江港中海集裝箱碼頭有限公司), which is owned as to 50% by China Shipping.

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: 02866)

Executive Directors:

Mr. Li Shaode
Mr. Zhang Guofa
Mr. Huang Xiaowen
Mr. Zhao Hongzhou

Non-executive Directors:

Mr. Ma Zehua
Mr. Zhang Jianhua
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Yan Zhichong
Mr. Xu Hui

Independent non-executive Directors:

Mr. Hu Hanxiang
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Wang Zongxi
Mr. Shen Kangchen
Mr. Shen Zhongying

Legal address in the PRC:

Room A-538
Yangshan International Trade Center
No.188 Ye Sheng Road
Yangshan Free Trade Port Area
Shanghai
The PRC

*Principal place of business
in the PRC:*

27th Floor
450 Fu Shan Road
Pudong New District
Shanghai
The PRC

*Principal place of business
in Hong Kong:*

59/F
One Island East
18 Westlands Road
Island East
Hong Kong

29 October 2009

To the holders of H shares of the Company

Dear Sir or Madam,

**RENEWED NON-EXEMPT CONTINUING
CONNECTED TRANSACTIONS
NEW CONTINUING CONNECTED TRANSACTIONS
CHANGE IN THE ARTICLES OF ASSOCIATION AND
CHANGES IN DIRECTORS**

I. INTRODUCTION

Reference is made to the Company's announcement dated 8 October 2009. The main purpose of this circular is to provide you with, among other things:

- (a) further information as is necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM relating to:
 - (i) the Renewed Non-exempt Continuing Connected Transactions and their respective proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012;

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

LETTER FROM THE BOARD

- (ii) the transactions in respect of the provision of deposit services and loan services under the Financial Services Framework Agreement and the proposed annual caps in respect of such transactions for each of the four years ending 31 December 2009, 2010, 2011 and 2012;
 - (i) and (ii) collectively, the “Proposed Transactions”)
 - (iii) the change in the Articles of Association as described in this circular; and
 - (iv) the changes in Directors as described in this circular;
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee relating to the Proposed Transactions;
 - (c) the letter of recommendation from the Independent Board Committee relating to the Proposed Transactions; and
 - (d) the notice of EGM relating to (i) the Proposed Transactions; (ii) the change in the Articles of Association as described in this circular; and (iii) the changes in Directors as described in this circular.

II. RENEWED NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A. Background

Please refer to the Company’s announcements dated 24 January 2007, 10 April 2007 and 2 June 2008 and the circulars to the Company’s shareholders dated 16 February 2007 and 20 June 2008 for background information in relation to the Renewed Non-exempt Continuing Connected Transactions entered into between the Group and the relevant connected persons. Set out below is a summary in respect of each of the Renewed Non-exempt Continuing Connected Transactions. Please refer to Part II, Section C, Table a of this circular for the respective historical annual caps, historical figures and future annual caps of such continuing connected transactions.

1. *Master Supply Agreement*

As disclosed in the announcement dated 24 January 2007, on 10 May 2004, the Company entered into the Master Supply Agreement with China Shipping and CSS for the provision of fresh water, vessel fuel, lubricants, spare parts and other materials, generators for the containers and other related and ancillary services: (i) by China Shipping, CSS and their respective subsidiaries and associates; and (ii) to the Group.

LETTER FROM THE BOARD

The proposed annual caps for the transaction amounts under this agreement for each of the three years ending 31 December 2010, 2011 and 2012 are RMB1,711,200,000, RMB1,895,500,000 and RMB2,088,840,000 respectively. In arriving at such annual caps, the Directors have considered the following factors:

- (i) The historical figures (as set out in Part II, Section C, Table a of this circular) for 2007 to 2009;
- (ii) As the Group anticipates that the international oil prices will increase significantly in 2010 as compared to that for 2009, accordingly, the transaction value under this agreement for 2010 is expected to increase significantly as compared to the actual amount incurred under this agreement in 2009. Furthermore, in view of the expected general increase in the prices of international crude oil and oil for domestic trade for 2011 to 2012, the transaction value under this agreement is expected to increase accordingly for the corresponding period; and
- (iii) Based on the operation of the Group's trade lanes for domestic trade, the Group intends to engage more vessels, each with a capacity of 4,250 TEU, for domestic trade lanes for 2010 to 2012, which will result in an increase in the total amount of fuel purchased by the Group, therefore, the transaction value under this agreement is expected to increase accordingly.

2. *First Master Liner and Cargo Agency Agreement*

As disclosed in the announcement dated 24 January 2007, on 10 May 2004, the Company entered into the First Master Liner and Cargo Agency Agreement with China Shipping, CS Agency (Indonesia), CS Agency (Bangkok) and Shanghai Puhai for the provision of sales and marketing services, port agency services (arrange for berthing of vessels, customs, towage, pilotage, loading and discharging of the cargo and/or containers), container services (stuffing and unstuffing of cargo, prepare documents for custom clearance, undertake leasing of containers, arrange for container repairs and maintenance), accounting and financial services and other related and ancillary services by: (i) China Shipping, CS Agency (Indonesia), CS Agency (Bangkok) and Shanghai Puhai and their respective subsidiaries and associates; to (ii) the Group.

The proposed annual caps for the transaction amounts under these agreements for each of the three years ending 31 December 2010, 2011 and 2012 are RMB704,860,000, RMB774,360,000 and RMB850,970,000 respectively. In arriving at such annual caps, the Directors have considered the following factors:

- (i) The historical figures (as set out in Part II, Section C, Table a of this circular) for 2007 to 2009, as well as the relationship between the increase in shipping capacity and the increase in forwarding agency service fees; and

LETTER FROM THE BOARD

- (ii) As the Group is expected to continue to put large vessels into operation in the coming years, the shipping capacity of the Group is expected to grow. Taking into account the gradual recovery of the shipping market as a result of the gradual recovery of the global economy, the transaction value under this agreement is expected to grow by approximately 10% annually for 2010 to 2012.

3. *First Master Loading and Unloading Agreement and Second Master Loading and Unloading Agreement*

As disclosed in the announcement dated 24 January 2007, on 10 May 2004, the Company entered into the First Master Loading and Unloading Agreement with China Shipping, Shanghai Terminal, Zhanjiang Terminal and Dalian Terminal for the provision of container loading and unloading services and other related and ancillary services: (i) by China Shipping, Shanghai Terminal, Zhanjiang Terminal and Dalian Terminal and their respective subsidiaries and associates; and (ii) to the Group.

On 10 May 2004, the Company also entered into the Second Master Loading and Unloading Agreement with West Basin for the provision of the same services above: (i) by West Basin and its subsidiaries and associates; and (ii) to the Group.

The proposed annual caps for the transaction amounts under these agreements for each of the three years ending 31 December 2010, 2011 and 2012 are RMB702,450,000, RMB772,750,000 and RMB849,930,000 respectively. In arriving at such annual caps, the Directors have considered the following factors:

- (i) The historical figures (as set out in Part II, Section C, Table a of this circular) for 2007 to 2009, as well as the relationship between the growth in shipping capacity and the increase in transaction volume under this agreement;
- (ii) The loading rates have been increased since the second half of 2009 as a result of the increase in the labour costs;
- (iii) As the Group's total shipping capacity is expected to grow annually, the calling ports will be increased for certain trade lanes, which will result in an increase in the transaction volume under this agreement; and
- (iv) Taking into account the gradual recovery of the shipping market as a result of the gradual recovery of the global economy, the transaction value under this agreement is expected to grow annually for 2010 to 2012.

LETTER FROM THE BOARD

4. *Revised Master Provision of Containers Agreement in respect of Containers to be purchased by the Group*

As disclosed in the announcements dated 24 January 2007 and 10 April 2007, pursuant to the Revised Master Provision of Containers Agreement entered into between the Company with China Shipping on 10 April 2007, China Shipping shall supply (including sell and/or lease), and shall procure that its subsidiaries and associates manufacture and supply (including sell and/or lease), containers to the Group.

The proposed annual caps for the transaction amounts under this agreement for each of the three years ending 31 December 2010, 2011 and 2012 are RMB984,860,000, RMB755,220,000 and RMB579,490,000 respectively. In arriving at such annual caps, the Directors have considered the following factors:

- (i) The historical figures (as set out in Part II, Section C, Table a of this circular) for 2007 to 2009;
- (ii) The ratio between the volume of the Group's containers, which are either purchased or leased by the Group, and the Group's shipping capacity is 2:1. As mentioned above, the Group's total shipping capacity is expected to grow annually, the transaction value under this agreement is expected to increase accordingly;
- (iii) Adversely affected by the global financial crisis, the volume of the containers purchased by the Group is insignificant in 2009. However, with the gradual recovery of the global economy, the Group intends to significantly increase the volume of the containers to be purchased by it in 2010. Therefore, the transaction value under this agreement will increase significantly in 2010 as compared to the actual amount incurred under this agreement in 2009; and
- (iv) As a large amount of containers will be purchased by the Group in 2010, the volume of the containers to be purchased by the Group for 2011 and 2012 will decrease, according to the Group's actual needs for the total volume of the containers in the next three years.

LETTER FROM THE BOARD

B. Reasons for and benefits of transactions

The Company was established in 1997 as the container shipping arm of China Shipping. Due to the long established and close business relationship between the members of the Group and the China Shipping Group, a number of transactions have been entered into and are to be entered into between the Group and the relevant connected persons and their respective subsidiaries and associates, which are individually, significant and collectively essential to the core business and operation of container marine transportation of the Group.

In addition, as China Shipping is one of the key state-owned enterprises and is a large shipping conglomerate that operates across different regions, sectors and countries, and the relevant connected persons, most of which are associates of China Shipping, are well-known marine transportation corporations with outstanding competency in shipping industry and have developed good experience and service systems in respect of the products and services under the continuing connected transactions set out above. The cooperation with China Shipping and other connected persons enables the Group to fully leverage on their advantages to achieve better operating performance.

Finally, the terms and conditions provided by the connected persons in relation to the continuing connected transactions set out above are generally more favourable to the Group than those provided by independent third parties to the Group, or those provided by the connected persons to independent third parties.

In light of the above factors, the Directors (including the independent non-executive Directors, whose opinion is formed after taking into account the advice provided by the Independent Financial Adviser) consider that the terms of the above continuing connected transactions are fair and reasonable on normal commercial terms, and that it is in the best interest of the Company and its shareholders as a whole to continue these continuing connected transactions with the relevant connected persons.

LETTER FROM THE BOARD

C. Historical caps, historical figures and proposed annual caps

The following table set out the respective historical caps, historical figures and future caps of the Renewed Non-exempt Continuing Connected Transactions, details of which are set out in Part II, Section A of this circular.

Table a – Renewed Non-exempt Continuing Connected Transactions

(RMB'000)

Transactions under the		Historical Caps for 2007, 2008 and 2009		Historical Figures for 2007, 2008 and 30 June 2009		Proposed future Caps for 2010-2012	
(1)	Master Supply Agreement in respect of products etc. to be provided to the Group	800,000	(2007)	796,050	(2007)	1,711,200	(2010)
		1,750,000	(2008)	1,511,293	(2008)	1,895,500	(2011)
		2,020,000	(2009)	506,280	(as of 30 June 2009)	2,088,840	(2012)
(2)	First Master Liner and Cargo Agency Agreement in respect of services to be provided to the Group	584,000	(2007)	545,732	(2007)	704,860	(2010)
		691,000	(2008)	631,623	(2008)	774,360	(2011)
		819,000	(2009)	305,947	(as of 30 June 2009)	850,970	(2012)
(3)	First Master Loading and Unloading Agreement and Second Master Loading and Unloading Agreement in respect of services to be provided to the Group	1,255,000	(2007)	1,091,429	(2007)	702,450	(2010)
		1,505,000	(2008)	530,716	(2008)	772,750	(2011)
		1,806,000	(2009)	295,651	(as of 30 June 2009)	849,930	(2012)
(4)	Revised Master Provision of Containers Agreement in respect of containers to be purchased by the Group	1,131,000	(2007)	724,904	(2007)	984,860	(2010)
		1,520,000	(2008)	541,956	(2008)	755,220	(2011)
		1,020,000	(2009)	7,510	(as of 30 June 2009)	579,490	(2012)

D. Implications under the listing rules

In respect of the proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012 for the Renewed Non-exempt Continuing Connected Transactions, the applicable percentage ratios are expected to be more than 2.5% on an annual basis. Therefore, such transactions, together with their respective proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012, are subject to Independent Shareholders' approval as required under Rule 14A.48 of the Listing Rules.

LETTER FROM THE BOARD

III. NEW CONTINUING CONNECTED TRANSACTIONS

A. Background

As disclosed in the announcement dated 13 February 2009, on 13 February 2009, the Company entered into an investment agreement with China Shipping and its subsidiaries, i.e. CSDC, China Shipping (Hainan) Haisheng Shipping and Enterprise Co., Ltd. and Guangzhou Maritime Transport (Group) Co. Ltd., for the establishment of CS Finance Company in Shanghai, the PRC. CS Finance Company is expected to be established by the end of 2009, subject to the approval from relevant PRC authorities.

Subject to the approval to be obtained from the Independent Shareholders in December 2009, the Company intends to enter into the Financial Services Framework Agreement with China Shipping, pursuant to which China Shipping shall procure CS Finance Company to provide the Group with a range of financial services including (i) deposit services; (ii) settlement services; (iii) loan services; and (iv) other financial services as approved by CBRC.

B. General

1. *Connected Person*

China Shipping is the controlling shareholder of the Company and therefore is a connected person of the Company under the Listing Rules.

2. *Term*

Subject to the approval being obtained from the Independent Shareholders, and CS Finance Company obtaining its business license and license for operation of financial business, the Financial Services Framework Agreement will be effective for a term of 3 years commencing from December 2009 to December 2012.

3. *Pricing*

Under the Financial Services Framework Agreement:

- (i) CS Finance Company shall accept deposits from the Group at interest rates not lower, and thus no less favourable, than (a) the lower limit of the relevant rates stipulated by PBC for the same type of deposits; (b) the interest rates offered by any independent third party for the same type of deposits; or (c) the interest rates at which CS Finance Company accepts from any independent third party for the same type of deposits;
- (ii) CS Finance Company shall provide loan to the Group at interest rates not higher, and thus no less favourable, than (a) the relevant rates stipulated by PBC for the same type of loan; (b) the interest rates offered by any

LETTER FROM THE BOARD

independent third party for the same type of loan; or (c) the interest rates at which CS Finance Company provides to any independent third party with the same credit rating for the same type of loan;

- (iii) The fees charged by CS Finance Company for the provision of settlement services to the Group shall not be higher, and thus no less favourable, than (a) the upper limit (if applicable) of the fees stipulated by PBC to be charged for the same type of services; (b) the fees charged by any independent third party for the same type of services; or (c) the fees charged by CS Finance Company for the same type of services on any independent third party with the same credit rating; and
- (iv) The fees charged by CS Finance Company for the provision of other financial services to the Group shall not be higher, and thus no less favourable, than (a) the upper limit (if applicable) of the fees stipulated by PBC to be charged for the same type of services; (b) the fees charged by any independent third party for the same type of services; or (c) the fees charged by CS Finance Company for the same type of services on any independent third party with the same credit rating.

C. Annual Caps and Basis for Annual Caps

Based on an internal estimate, the Directors propose to set the annual caps for the four years ending 31 December 2009, 2010, 2011 and 2012 for the continuing connected transactions under the Financial Services Framework Agreement as follows:

		<i>(RMB'000)</i>			
		Proposed annual caps for			
		each of the four years ending 31 December			
		2009	2010	2011	2012
(1)	Maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group with CS Finance Company	3,000,000	5,000,000	5,500,000	6,000,000
(2)	Maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted by CS Finance Company to the Group	500,000	1,500,000	1,700,000	1,900,000

LETTER FROM THE BOARD

In arriving at such annual caps, the Directors have considered the following factors:

- (i) The historical figures of the maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group with commercial banks from January 2009 and August 2009 and during the preceding three years; and
- (ii) The historical figures of the maximum daily outstanding balance of loans (including accrued interest and handling fee) granted by commercial banks to the Group from January 2009 and August 2009 and during the preceding three years. Furthermore, due to the current downturn of the shipping market, the Group is expected to face financial pressure. Therefore, the proposed annual caps were determined according to the Group's capital needs and CS Finance Company's financial ability.

D. Reasons for and Benefits of Transactions

The terms and conditions provided by CS Finance Company under the Financial Services Framework Agreement are generally more favourable to the Group than those provided by independent third parties, or those provided by CS Finance Company to independent third parties.

Furthermore, the Group is not restricted under the Financial Services Framework Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be made on costs and quality of services. Therefore, the Group may, but is not obliged to, continue to use CS Finance Company's services if the service quality provided is competitive. Having such flexibility afforded under the Financial Services Framework Agreement, the Group is able to better manage its current capital and cashflow position. In addition, it is also expected that CS Finance Company will provide more efficient settlement service to the Group, as compared to independent third-party banks.

In light of the above factors, the Directors (including the independent non-executive Directors, whose opinion is formed after taking into account the advice provided by the Independent Financial Adviser) consider that the terms of the above transactions are fair and reasonable, on normal commercial terms, and that it is in the best interest of the Company and its shareholders as a whole to enter into the Financial Services Framework Agreement with China Shipping.

E. Implications under the Listing Rules

In respect of the provision of deposit services and loan services under the Financial Services Framework Agreement, the applicable percentage ratios are expected to exceed 2.5% on an annual basis. Therefore, such transactions, together with their respective proposed annual caps for each of the four years ending 31 December 2009, 2010, 2011

LETTER FROM THE BOARD

and 2012, are subject to Independent Shareholders' approval as required under Rule 14A.48 of the Listing Rules. Furthermore, such transactions also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and shall be subject to the reporting, announcement and independent shareholders' approval requirements as required under Rule 14.34 to 14.39 of the Listing Rules.

In respect of the provision of settlement services and other financial services under the Financial Services Framework Agreement, any future transaction that may take place between the Group and CS Finance Company in respect of such services is expected to be minimal. Accordingly, pursuant to Rule 14A.31 such transactions are exempt from all reporting, announcement and Independent Shareholders approval requirements. Should such transactions exceed the exemption threshold in future, the Group will be required to re-comply with the applicable connected transaction regulatory requirements under Chapter 14A of the Listing Rules.

IV. 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).

China Shipping is the controlling shareholder of the Company, therefore China Shipping and its associate(s) are connected persons (as defined under the Listing Rules) of the Company. Pursuant to Rule 14A.59(5) of the Listing Rules, where independent shareholders' approval is required with regard to a connected transaction, any connected person with a material interest in such transaction and any shareholder with a material interest in such transaction and its associates, will not vote on such transaction. Accordingly, China Shipping and its associate(s) shall at the EGM abstain from voting on the Proposed Transactions, 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 5,361,837,500 A shares and 132,882,000 H shares in the Company, representing approximately 47.03% 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; and

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 the 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 EGM.

As far as the Directors are aware, other than China Shipping and its associate(s), no other Shareholder has a material interest in the Proposed Transactions and has to abstain from voting at the EGM on the Proposed Transactions.

The Independent Board Committee has been established to advise the Independent Shareholders on the Proposed Transactions. The Independent Financial Adviser has been appointed to advise the Independent Board Committee in respect of the Proposed Transactions. The letter from the Independent Board Committee and its recommendations to the Independent Shareholders is set out on pages 21 to 22 of this circular, and the opinion letter from the Independent Financial Adviser is set out on pages 23 to 40 of this circular.

V. CHANGE IN THE ARTICLES OF ASSOCIATION

Reference is made to the Company's announcement dated 28 September 2009.

The registered address of the Company has been changed to Room A-538, Yangshan International Trade Center, No. 188 Ye Sheng Road, Yangshan Free Trade Port Area, Shanghai.

To bring the Articles of Association in line with the change of the Company's registered address, the Directors proposed to amend the Articles of Association. Details of the proposed amendments to the Articles of Association are as follows:

The original Article 1.4 of the Articles of Association is:

“The Company's registered address:	27 th Floor, 450 Fu Shan Road, Pudong New District, Shanghai
Postal code:	200122
Telephone number:	8621-65966666
Fax number:	8621-65966498”

LETTER FROM THE BOARD

It shall be amended as:

“The Company’s registered address: Room A-538, Yangshan International Trade Center, No. 188 Ye Sheng Road, Yangshan Free Trade Port Area, Shanghai

Postal code: 201306

Telephone number: 8621-65966666

Fax number: 8621-65966498”

The above change in the Articles of Association is subject to Shareholders’ approval at the EGM.

VI. CHANGES IN DIRECTORS

Due to Mr. Wang Zongxi’s personal health reason, Mr. Wang Zongxi has tendered his resignation as an independent non-executive Director effective from the conclusion of the EGM.

The Board and Mr. Wang Zongxi confirm that (i) there has been no dispute between Mr. Wang Zongxi, the Board or the Company; and (ii) there are no matters that need to be brought to the attention of the Shareholders in relation to his resignation. The Board would like to take this opportunity to express its sincere gratitude to Mr. Wang Zongxi for his valuable contribution to the Company during his tenure of service.

The Board further announces that China Shipping proposed to nominate Mr. Wu Daqi in place of Mr. Wang Zongxi for appointment as an independent non-executive Director at the EGM. The official appointment of Mr. Wu Daqi is subject to approval by the Shareholders at the EGM. The appointment of Mr. Wu Daqi will commence at the conclusion of the EGM. He will enter into a service contract with the Company and the length of service will be from the date of his appointment until the conclusion of the annual general meeting of the Company for the year 2009, i.e. in or around June 2010. The Board will be authorized to fix the remuneration of Mr. Wu Daqi by reference to the remuneration of the Company’s other independent non-executive Directors.

Mr. Wu Daqi does not have any interest in the shares of the Company within the meaning of Part XV of the SFO as at the date of this circular. There is no information which is required to be disclosed by Mr. Wu Daqi under Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of holders of securities of the Company pursuant to Rule 13.51(2)(w) of the Listing Rules.

The particulars required to be disclosed under Rule 13.51(2) of the Listing Rules for Mr. Wu Daqi will be announced by the Company as soon as reasonably practicable when the above changes in Directors become effective.

LETTER FROM THE BOARD

VII. EGM

The notice convening the EGM to be held at 2:00 p.m. on 15 December 2009 at Mingxuan Hall, 1st Floor, Supreme Tower Hotel, 600 Lao Shan Road, Pudong New District, Shanghai, the PRC is being dispatched to the Shareholders together with this circular.

There is enclosed in this circular a proxy form for use at the EGM. Whether or not you are able to attend the EGM, you are requested to complete, sign and return the enclosed proxy form for the EGM 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 Room 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

Holders of H shares, who intend to attend the EGM, 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 EGM, i.e. no later than 25 November 2009.

Pursuant to Articles 8.25 to 8.27 of the Articles of Association of the Company, at the EGM, 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; or
- (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.

Pursuant to the Articles of Association of the Company, for the purpose of holding the EGM, the Register of Members for holders of H shares of the Company will be closed from 16 November 2009 to 15 December 2009 (both days inclusive), during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the Register of Members for holders of H shares of the Company at the close of business on 15 December 2009 are entitled to attend and vote at the EGM.

LETTER FROM THE BOARD

In order to attend the EGM, 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 Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 November 2009.

VIII. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee which is set out on pages 21 to 22 of this circular, and the letter from the Independent Financial Adviser which is set out on pages 23 to 40 of this circular.

Having taken into account the advice of the Independent Financial Adviser, the Independent Board Committee considers that (i) the Renewed Non-exempt Continuing Connected Transactions; and (ii) the transactions in respect of the provision of deposit services and loan services under the Financial Services Framework Agreement, shall be conducted on normal commercial terms or on terms no less favourable than those available to or from independent third parties, and shall be entered into on a continuing and regular basis in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. The Independent Board Committee further considers that: (i) the proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012 for the Renewed Non-exempt Continuing Connected Transactions; and (ii) the proposed annual caps for each of the four years ending 31 December 2009, 2010, 2011 and 2012 the transactions in respect of the provision of deposit services and loan services under the Financial Services Framework Agreement, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Proposed Transactions.

The Directors consider that the proposed change in the Articles of Association and the proposed changes in Directors are in the interests of the Company and the Shareholders as a whole, and accordingly, recommend the Shareholders to vote in favour of the relevant resolutions at the forthcoming EGM.

By Order of the Board
China Shipping Container Lines Company Limited
Li Shaode
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: 02866)

29 October 2009

To the Independent Shareholders

Dear Sir or Madam,

**RENEWED NON-EXEMPT CONTINUING
CONNECTED TRANSACTIONS
NEW CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 29 October 2009 (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:

- (i) the Renewed Non-exempt Continuing Connected Transactions and their respective proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012; and
- (ii) the transactions in respect of the provision of deposit services and loan services under the Financial Services Framework Agreement and the proposed annual caps in respect of such transactions for each of the four years ending 31 December 2009, 2010, 2011 and 2012.

((i) and (ii) collectively, the “**Proposed Transactions**”), details of which are set out in the letter from the Board contained in the Circular. None of us has a material interest in the Proposed Transactions.

China Shipping is the controlling shareholder of the Company. Therefore, China Shipping and its associates, are connected persons of the Company under the Listing Rules. The Renewed Non-Exempt Continuing Connected Transactions entered into between the Company and China Shipping and its associates under and the transactions under the Financial Services Framework Agreement constitute continuing connected transactions of the Company.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

In respect of the Proposed Transactions, the applicable percentage ratios are expected to exceed 2.5% on an annual basis, therefore, the Proposed Transactions are subject to Independent Shareholders' approval as required under Rule 14A.48 of the Listing Rules.

Guotai Junan Capital Limited has been appointed as the independent financial adviser to advise us in respect of the Proposed Transactions. We wish to draw your attention to the opinion letter from Guotai Junan Capital Limited set out on pages 23 to 40 of the Circular.

As members of your Independent Board Committee, we have discussed with the management of the Company in relation to the Proposed Transactions, and the basis upon which the terms of such Proposed Transactions have been determined and the said annual caps have been calculated. We have also taken into account the principal factors and reasons considered by Guotai Junan Capital Limited in forming its opinion in relation to the Proposed Transactions, and have discussed with Guotai Junan Capital Limited its opinion letter and its advice.

On the basis of the above, we consider, and agree with the view of Guotai Junan Capital Limited, that the terms of the Renewed Non-exempt Continuing Connected Transactions and the transactions in respect of the provision of deposit services and loan services under the Financial Services Framework Agreement are fair and reasonable on normal commercial terms, and that it is in the best interest of the Company and its shareholders as a whole to continue these continuing connected transactions with the relevant connected persons. We further consider, and agree with the view of Guotai Junan Capital Limited, that: (i) the proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012 for the Renewed Non-exempt Continuing Connected Transactions; and (ii) the proposed annual caps for each of the four years ending 31 December 2009, 2010, 2011 and 2012 for the transactions in respect of the provision of deposit services and loan services under the Financial Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Proposed Transactions.

Yours faithfully,
Mr. Hu Hanxiang,
Mr. Wang Zongxi,
Mr. Shen Kangchen,
Mr. Shen Zhongying and
Mr. Jim Poon (also known as Zhanyuan Pan)
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice dated 29 October 2009 from Guotai Junan Capital Limited to the Independent Board Committee in respect of, the Proposed Transactions prepared for incorporation into this Circular:



Guotai Junan Capital Limited

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

29 October 2009

*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 Master Supply Agreement, the First Master Liner and Cargo Agency Agreement, the First Master Loading and Unloading Agreement, the Second Master Loading and Unloading Agreement, the Revised Master Provision of Containers Agreement for container purchasing and the Financial Services Framework Agreement (collectively, the "Agreements"), the Renewed Non-exempt Continuing Connected Transactions and the New Continuing Connected Transactions (collectively, the "Non-exempt Continuing Connected Transactions") and the annual caps for the Renewed Non-exempt Continuing Connected Transactions and the New Continuing Connected Transactions for the three years and four years ending 31 December 2012 respectively (the "Annual Caps"), particulars of which are set out in a circular to the Shareholders dated 29 October 2009 (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 ("Connected Persons"). As such, the transactions contemplated under the Agreements would constitute continuing connected transactions for the Company. As the applicable percentage ratios in respect of the proposed annual caps of those transactions for the three or four years ending 31 December 2012 are expected to be more than 2.5% on an annual basis, such transactions (or the Non-exempt 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 EGM on 15 December 2009 to approve the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Non-exempt Continuing Connected Transactions and the Annual Caps by the Independent Shareholders. In this connection, the Circular containing, inter-alia, the information relating to the Agreements, the Non-exempt Continuing Connected Transactions, the recommendation from the Independent Board Committee and this letter, is dispatched to the Shareholders. In particular, this letter will set out our recommendations to the Independent Board Committee as to whether the terms of the Agreements and the Non-exempt Continuing Connected Transactions are on normal commercial terms, in the ordinary course of business, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole and whether the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular as well as the representations made or provided by the Directors and senior management of the Company 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 Non-exempt Continuing Connected Transactions, we have considered the following principal factors:

Background

As mentioned in the Board's Letter, the Company was established in 1997 as the container shipping arm of China Shipping. 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. Most of its associates are well-known marine transportation corporations with outstanding competency in shipping industry and have developed good experience and service systems in respect of the products and services under the Non-exempt Continuing Connected Transactions. The China Shipping Group has a long established and close business relationship with the Group. The transactions which have been entered into and are to be entered into between them are significant and essential to the core business and operation of container marine transportation of the Group. The cooperation with China Shipping enables the Group to fully leverage on their advantages to achieve better operating performance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Prospects of container shipping industry

The Directors advised that, the financial crisis in 2008 has adversely affected the shipping industry. The consumption of the world's major economies plummeted rapidly and the world trade shrank. In addition, the newly added shipping capacity intensified competitions in various trade lanes. As a result, the international container transportation markets were adversely affected.

As stated in the Company's interim report in 2009, in the first half of 2009, China's total import and export value in foreign trade decreased by approximately 23.4% compared with the same period in last year. During the period from January to June in 2009, the total container throughput handled by ports with over 2 million TEUs handling capacity was 55.97 million TEUs, representing a decrease of approximately 11% compare to the same period in 2008.

To avoid the effect brought from the further decline of the industry, the Company decided to strengthen its business through three options: (i) enlarging the cooperation with China Shipping and optimising trade lanes; (ii) adopting more competitive pricing strategy to get more cargos from the market through its lower cost strategy, and (iii) using more efficient large vessels to substitute small vessels.

As stated in the Company's interim report in 2009, for the period from July to August 2009, the cargo volume and freight rates of each trade lane enjoyed a different degree of rebound, the Company believes that along the global economic recovery, the liner industry will gradually get out of the trough.

Set out below is the historical figures between 2005 and 2008 and forecast figures between 2009 and 2012 of the Company's shipping capacity and shipping volume:

	Year							
	2005	2006	2007	2008	2009	2010	2011	2012
	<i>(Actual)</i>	<i>(Actual)</i>	<i>(Actual)</i>	<i>(Actual)</i>	<i>(Forecast)</i>	<i>(Forecast)</i>	<i>(Forecast)</i>	<i>(Forecast)</i>
Total shipping								
capacity (TEU)*	347,851	398,974	446,037	493,016	477,521	480,332	526,596	562,095
Annual growth rate		14.7%	11.8%	10.5%	-3.1%	0.6%	9.6%	6.7%
Total annual shipping								
volume (TEU)*	4,597,395	5,657,955	7,298,827	6,942,148	8,500,000	8,470,000	8,890,000	9,600,000
Annual growth rate		23.1%	29.0%	-4.9%	22.4%	-0.4%	5.0%	8.0%

Source: Company

**Note:*

- Total shipping capacity refers to the sum of designed boatload of each vessel in the vessel fleet.
- Total shipping volume refers to the sum of boatload handled by each vessel in the vessel fleet annually.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown above, the Company's annual shipping capacity increased by approximately 14.7%, 11.8% and 10.5% respectively for the three years ended 31 December 2008. For the three years ended 31 December 2008, the total shipping volume increased by approximately 23.1%, 29.0%, and -4.9% respectively. For the year ending 31 December 2009, the shipping capacity and volume are expected to increase by approximately -3.1% and 22.4% respectively.

For the three years ending 31 December 2012, the shipping capacity is forecasted to increase by approximately 0.6%, 9.6% and 6.7% respectively, whereas the shipping volume is forecasted to increase by approximately -0.4%, 5.0%, and 8.0% respectively.

As advised by the Company's management, with the expected continuous recovery in global economy in 2010, the Company intends to enlarge its vessel fleets through purchasing new vessels. Together with the expected strengthening of its cooperation with the China Shipping Group from 2010, the total amount of Non-exempted Continuing Connected Transactions is anticipated to increase.

General price and quality terms

As mentioned in the Board's Letter, the terms and conditions provided by the Connected Persons in relation to the Non-exempt Continuing Connected Transactions are generally more favourable to the Group than those provided by independent third parties to the Group, or those provided by the Connected Persons to independent third parties. The Directors consider that the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable and on normal commercial terms, and that it is in the best interest of the Company and its shareholders as a whole to continue these transactions with China Shipping pursuant to the Agreements.

Detailed analysis on each of the Agreements

I. Master Supply Agreement

On 10 May 2004, the Company entered into the Master Supply Agreement with China Shipping and CSS for the provision of vessel fuel, fresh water, lubricants, spare parts and other materials, generators for the containers and other related and ancillary services (the "Material Supplies") by (i) China Shipping, CSS and their respective subsidiaries and associates; to (ii) the Group. CSS, a 50% owned associated company of China Shipping, is a professional vessel fuel supplier.

1. Reasons for sourcing of supplies

As disclosed in the circular to the Shareholders dated 16 February 2007 and 20 June 2008, China Shipping was already a long-term supplier for Material Supplies to the Company prior to its listing on the Stock Exchange. Amongst all the Material supplies, the vessel fuel was the major item of purchases by the Company and accounted for over 90% of the total Master Supplies in recent years. As CSS is a professional vessel fuel supplier, the Company can secure a sufficient and stable supply of vessel fuel by entering into agreement with CSS.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save for vessel fuel, fresh water, lubricants and the other supplies (such as spare parts and other materials and services) are also supplied by China Shipping under this agreement. As China Shipping is a professional shipping material provider with sufficient resources and long experiences to provide such maintenance services, the Company could secure its supply of these shipping materials from CSS.

Based on the above, the Directors believe that by entering into the Master Supply Agreement, the Company can ensure the Material Supplies meet the Company's logistic supply chain at a timely manner.

2. Terms of the Master Supply Agreement

The Company confirmed that the terms and conditions of the Master Supply Agreement remained unchanged, and the transactions were entered into on normal commercial terms, in the ordinary course of business and are fair and reasonable to the Company on the basis that the terms of the relevant agreements are no less favorable to the Company than those offered by independent third parties, and therefore are in the interests of the Shareholders and the Company as a whole.

Type FO180 vessel fuel (the "FO180") is a major fuel used by the Company, which accounted for approximately 90% of total vessel fuels consumed. Set out below is the comparison of average price for FO180 offered by independent third parties and average price for FO180 under Master Supply Agreement for the year 2008 and for eight months ended 31 August 2009:

	For the financial year ended 31 December 2008 RMB/tonne	For eight months ended 31 August 2009 RMB/tonne
Average price offered by independent third parties	4,574	3,484
Average price under Master Supply Agreement	4,546	3,441

We have reviewed some sample copies of certain transactions prepared by (i) China Shipping, CSS and their respective subsidiaries and associates; and (ii) other independent suppliers, and the outcomes justify the above table.

Based on the above, we concur with the Company's view that the transactions were entered into on normal commercial terms, in the ordinary course of business and are fair and reasonable on the basis that (i) the entering into the Master Supply Agreement is to facilitate its logistic supply chain and (ii) the terms of the relevant agreements are no less favorable to the Company than those offered by independent third parties, and therefore are in the interests of the Shareholders and the Company as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. *Proposed Annual Caps*

The Company confirms that it intends to operate equal to 16, 17 and 18 large container vessels (with capacity of 4,250TEUs each) into domestic trade lane for each of the three years ending 31 December 2012. The Company advised that the total annual vessel fuel consumption is estimated to be approximately 370,000 tonnes, 400,000 tonnes and 420,000 tonnes for each of the three years ending 31 December 2012, taking into consideration of the vessels are in fully operation.

Accordingly, the proposed annual purchase of the vessel fuel for each of the three years ending 31 December 2012 will be RMB1,554,000,000, RMB1,720,000,000 and RMB1,890,000,000 respectively (the average vessel fuel price under the Master Supply Agreement in September 2009 was RMB3,885/tonne, and assuming the vessel fuel price is stable at RMB4,200/tonne, RMB4,300/tonne and RMB4,500/tonne for each of three years ending 31 December 2012).

The Directors advised that the expected vessel fuel price for the three years ending 31 December 2012 is arrived at after taking into account of the historical trend of fuel price (being approximately the mid point of the highest and lowest price in 2008-2009) and the historical inflation rate (ranged from around 2% to 6% from 2006-2008) in the PRC.

Based on the above, we consider that the basis of using the mid-point of the highest and lowest range of fuel price and the historical inflation rate is reasonable for determining the fuel price.

Together with the proposed annual purchase of other Material Supplies, the proposed Annual Caps under the Master Supply Agreement for the three years ending 31 December 2012 will be approximately RMB1,711,200,000, RMB1,895,500,000 and RMB2,088,840,000 respectively.

To derive the proposed Annual Caps, the Company's management considered several factors:

- (i) the potential increase in world crude oil price in future years;
- (ii) with the dramatic decrease in international container shipping market, the Company will enlarge the development of the domestic container shipping market in the PRC; and
- (iii) the consumption of fresh water, lubricants and other suppliers (such as spare parts) remains stable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Hence, the proposed Annual Caps under the Master Supply Agreement for the three years ending 31 December 2012 are set out below:

	For the financial year ending		
	31 December		
	2010	2011	2012
	(Proposed)	(Proposed)	(Proposed)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual Caps	1,711,200	1,895,500	2,088,840
Year-over-year change		10.8%	10.2%

Taking into account the anticipated shipping capacity, the expected increase in vessel fuel price and the consumption of other Material Supplies, we consider that the proposed Annual Caps for the Material Supplies for the three years ending 31 December 2012 are fair and reasonable.

II. First Master Liner and Cargo Agency Agreement

On 10 May 2004, the Company has entered into the First Master Liner and Cargo Agency Agreement with China Shipping, CS Agency (Indonesia), CS Agency (Bangkok) and Shanghai Puhai for the provision of sales and marketing services, port agency services, container services, accounting and financial services and other related and ancillary services (collectively, the “Liner and Cargo Agency Services”) by (i) China Shipping, CS Agency (Indonesia), CS Agency (Bangkok) and Shanghai Puhai and their representative and associates; to (ii) the Group.

1. Reasons for the sourcing of liner and cargo agency services

The Company engaged the Liner and Cargo Agency Services from the China Shipping Group since its establishment in 1997. China Shipping provides a full range of shipping services from marketing, port agency to land delivery services in overseas countries. It has also been acting as settlement agencies for the Group's operations in overseas countries.

As the Company would like to devote the majority of its resources to strengthen its container vessel fleet for domestic and overseas operations, it does not intend to develop its own port agency services in foreign countries. By entering into the First Master Liner and Cargo Agency Agreement, the Company can secure the Liner and Cargo Agency Services in ports located in foreign countries.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. *Terms of the First Master Liner and Cargo Agency Agreement*

Price terms

The Directors advised that the price terms under the First Master Liner and Cargo Agency Agreement are agreed between the Company and the China Shipping based on arm's length negotiations and market prices. The service fees charged by the China Shipping Group to the Company is similar to the service fees charged by independent third parties.

Set out below is the comparison of the range of average fees for the Liner and Cargo Agency Services charged by different parties:

	For the financial year ended 31 December 2008	For eight months ended 31 August 2009
Husbandry fees		
Average price offered by independent third parties	US\$1,000- US\$1,500/time	US\$1,000- US\$1,500/time
Price under the First Master Liner and Cargo Agency Agreements	US\$800- US\$1,200/time	US\$800- US\$1,200/time
Commission		
Average price offered by independent third parties	2.5%-3.5%	2.5%-3.5%
Price under the First Master Liner and Cargo Agency Agreements	2.5%-3.0%	US\$5-10/ TEU (0.7%-1.5%)*
Inward and outward services		
Average price offered by independent third parties	1.5%-2.5%	1.5%-2.5%
Price under the First Master Liner and Cargo Agency Agreements	1.5%-2.0%	US\$5-15/ TEU (0.7%-2.2%)*

**Note:*

- The Company advised that the average shipping fees charged by the Company in its major trade lanes was approximately US\$681/TEU. The (i) commission and (ii) inward and outward services charged by China Shipping is therefore accounted for 0.7%-1.5% and 0.7%-2.2% respectively of the total shipping fees.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed some sample copies of certain transactions in respect of the above services provided by (i) China Shipping, CS Agency (Indonesia), CS Agency (Bangkok) and Shanghai Puhai and their respective subsidiaries and associates; and (ii) other independent suppliers, and the outcomes justify the above table.

Based on the above, we concur with the Company's view that the transactions were entered into on normal commercial terms, in the ordinary course of business and are fair and reasonable on the basis that the terms of the relevant agreements are no less favorable to the Company than those offered by independent third parties, and therefore are in the interests of the Shareholders and the Company as a whole.

3. *Proposed Annual Caps*

Based on the information provided by the Company, the proposed Annual Caps for the three years ending 31 December 2012 have been taken into consideration of the following factors:

- (i) Based on the expected amount paid for the transactions contemplated under the First Master Liner and Cargo Agency Agreement by the Company to China Shipping in 2009;
- (ii) As the Group is expected to continue to put large vessels into operation in the coming years, the shipping capacity of the Group is expected to grow; and
- (iii) Taking into account the gradual recovery of the shipping market as a result of the recovery of the global economy, the transaction value under this agreement is expected to grow by approximately 9.9% annually for 2010 to 2012.

After considering the above factors, the proposed Annual Caps under the Master Liner and Cargo Agency Agreements are set out below:

	For the financial year ending		
	31 December		
	2010	2011	2012
	(Proposed)	(Proposed)	(Proposed)
	RMB'000	RMB'000	RMB'000
Annual Caps	704,860	774,360	850,970
Year-over-year change		9.9%	9.9%

Taking into account the anticipated increase in demand for container shipping services mentioned above, we consider that the proposed annual caps for the Liner and Cargo Services for the three years ending 31 December 2012 determined are fair and reasonable.

III. First Master Loading and Unloading Agreement & Second Master Loading and Unloading Agreement (collectively, the “Master Loading and Unloading Agreements”)

As disclosed in the announcement and circular dated 24 January and 6 February 2007, on 10 May 2004, the Company entered into the First Master Loading and Unloading Agreement with China Shipping, Shanghai Terminal, Zhanjiang Terminal and Dalian Terminal for the provision of container loading and unloading services and other related and ancillary services by: (i) China Shipping, Shanghai Terminal, Zhanjiang Terminal and Dalian Terminal and their respective subsidiaries and associates; to (ii) the Group.

On 10 May 2004, the Company also entered into the Second Master Loading and Unloading Agreement with West Basin for the provision of the same services above in North America (collectively, the “Container Loading and Unloading Services”) by (i) West Basin and its subsidiaries and associates; to (ii) the Group.

1. Reasons for using the container loading and unloading services

As advised by the Directors, since the Company is a domestic and international container shipping operator, an efficient operation for loading and unloading of containers at container terminals is one of the important factors to affect the Company’s overall operation efficiency. The Company considers that the privilege to use the loading and unloading services at some ports when its container vessels embank at the container terminals especially during the rush hours is extremely important for the Group to achieve high operation efficiency. Given that such privilege will be granted by China Shipping, the Company considers that the entering into the Master Container Loading and Unloading Agreements is beneficial to the Group.

2. Terms of the Master Loading and Unloading Agreements

Price terms

As advised by the Directors, the price terms under the Master Loading and Unloading Agreements are agreed between the Company and the China Shipping Group based on arm’s length negotiations and market prices.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the range of average fees for loading and unloading services charged by different parties for the year 2008 and eight months ended 31 August 2009:

	For the financial year ended 31 December 2008		For eight months ended 31 August 2009	
	20’	40’	20’	40’
	RMB/container		RMB/container	
North America				
Average price offered by independent third parties	275-295	275-295	290-310	290-310
Price under Master Loading and Unloading Agreements	275-295	275-295	290-310	290-310
Domestic				
Average price offered by independent third parties	420	630	420	630
Price under Master Loading and Unloading Agreements	280-385	420-580	290-400	430-600

We have randomly reviewed some sample copies of certain transactions undertaken by (i) China Shipping; and (ii) independent suppliers, and the outcomes of all these cases fall in the range of average fees as shown in the above table.

Based on the above, we concur with the Company's view that the transactions were entered into on normal commercial terms, in the ordinary course of business and are fair and reasonable on the basis that the terms of the relevant agreements are no less favorable to the Company than those offered by independent third parties, and therefore are in the interests of the Shareholders and the Company as a whole.

3. *Proposed Annual Caps*

As advised by the Company's management, the proposed Annual Caps for the three years ending 31 December 2012 have been taken into consideration of the following factors:

- (i) The expecting growth in shipping capacity and the increase in transaction volume under this agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) The loading rates have been increased as a result of the increase in the labour costs;
- (iii) As the Group's total shipping capacity is expected to grow annually, the calling ports will be increased for certain trade lanes, which will result in an increase in the transaction volume under this agreement; and
- (iv) Taking into account the gradual recovery of the shipping market as a result of the recovery of the global economy, the transaction volume under this agreement is expected to grow annually for 2010 to 2012.

Set out below are the Annual Caps under the Master Loading and Unloading Agreements for the three years ending 31 December 2012:

	For the financial year ending 31 December		
	2010 (Proposed) RMB'000	2011 (Proposed) RMB'000	2012 (Proposed) RMB'000
Annual Caps	702,450	772,750	849,930
Year-over-year change		10.0%	10.0%

Taking into account the anticipated increase in shipping volume and the fees charged for container loading and unloading, we consider that the proposed Annual Caps for the Container Loading and Unloading Services to be provided to the Group for the three years ending 31 December 2012 are fair and reasonable.

IV. Revised Master Provision of Containers Agreement for containers purchasing by the Group

As disclosed in the announcements dated 24 January and 10 April 2007 and the circular to the Shareholders dated 16 February 2007 and 20 August 2008, pursuant to the Revised Master Provision of Containers Agreement, China Shipping shall supply (including sell and/or lease), and shall procure that its subsidiaries and associates manufacture and supply (including sell and/or lease), containers to the Group.

1. Reasons for sourcing containers from the China Shipping Group

As advised by the Company's management, the purchase terms provided by China Shipping are generally more favorable to the Group than those provided by independent third parties. The Company has taken into consideration of the following factors when entering into agreements with China Shipping:

- 1 The containers provided by the independent third parties are less flexible than China Shipping and are very difficult to negotiate for any amendments; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- 2 China Shipping provides flexible container after sales services whereas the independent third parties are not comparable. During the previous years, the Board considers that the containers purchased from China Shipping were satisfactory, and met the quality requirement and prompt delivery requirement of the Company.

As advised by the Company's management, the sale terms of containers provided by China Shipping are generally more favorable to the Group than those provided by independent third parties. We noted that the China Shipping Group has been providing containers to the Group since October 2005. During the past few years, the Board considers that those containers provided by the China Shipping Group were satisfactory and met the quality and delivery requirements of the Group. In addition, those containers production facilities of China Shipping Group are relatively new, and are capable of producing containers at a faster speed with prompt delivery compared with other containers manufacturers.

2. *Terms of the Revised Master Provision of Containers Agreement in respect of containers to be purchased By the Group*

As advised by the Company Management, the average selling price of 20 feet general purpose container ("20'ST") and 40 feet general purpose container ("40'ST") in the first eight months in 2009 are approximately US\$2,200 and US\$3,520 respectively, which are comparable to the price in 2008. Up to 31 August 2009, the Company did not purchase any container in 2009. Therefore, no comparison could be made between the price offered by independent third parties and the price offered by China Shipping in 2009. Set out below is the average container purchasing prices charged by different parties in the year 2008 provided by the Company:

	Purchasing of Container	
	("20'ST")	("40'ST")
Average price offered by independent third parties	US\$2,351	US\$3,762
Price under the Revised Master Provision of Containers Agreement	US\$2,011	US\$3,218

We have reviewed sample copies of certain transactions undertaken by (i) China Shipping; and (ii) other independent suppliers and the outcomes justify the above table.

Based on the above, we concur with the Company's view that the transactions were entered into on normal commercial terms, in the ordinary course of business and are fair and reasonable on the basis that the terms of the relevant agreements are no less favorable to the Company than those offered by independent third parties, and therefore are in the interests of the Shareholders and the Company as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. *Proposed Annual Caps*

	For the year ending 31 December		
	2010	2011	2012
	(Proposed)	(Proposed)	(Proposed)
	RMB'000	RMB'000	RMB'000
Annual Caps	984,860	755,220	579,490
Year-over-year change		-23.3%	-23.3%

From the table above, the estimated total payment for containers under the Revised Provision Master of Containers Agreement in respect of containers to be purchased by the Group for the three years ending 31 December 2012 are approximately RMB984,860,000, RMB755,220,000 and RMB597,490,000 respectively.

As advised by the Company, the total shipping capacity is expected to be 477,521TEUs for the year ending 31 December 2009, and the total planned container volume shall be 955,042TEUs (in general 1 TEU spare space needs 2 TEU containers). However, based on the figures up to 31 August 2009, the total container volume for the year ending 31 December 2009 shall be revised to 840,000TEUs only, which makes up 115,042TEUs shortfall of container volume in 2009 compared to the initial estimation. This is mainly due to the recession in global shipping market caused by financial crisis from last year, the Company cancelled some containers lease or purchase contract to keep the total number of containers at a low level.

With the Company's expected business development and the expected increase in shipping capacity in 2010, the Directors expected that such shortfall shall be filled up in 2010. Out of the 115,042TEUs container volume shortfall in 2009, the Directors advised that 60,972 TEUs will be satisfied by purchase of containers from China Shipping in 2010. Together with the expected purchase of containers of 2980TEUs due to additional shipping capacity, the total container volume to be purchased will be approximately 63,952TEUs in 2010. In addition, according to the changes in shipping capacity, the Company forecast that the total container volume to be purchased will be approximately 49,040TEUs and 37,629TEUs for the two years ending 31 December 2012 respectively. The Company advised that the volume of the containers to be purchased for 2011 and 2012 is lower than that in 2010. This is mainly due to a large amount of containers will be purchased by the Group in 2010 to cope with the recovery of global economy.

As advised by the Company, the average selling price of containers from independent third parties was maintained at the level of approximately USD2,200/TEU (equivalent to RMB15,400/TEU) from 2008 to 2009.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the total container volume to be purchased for each of the three years ending 31 December 2012 is expected to be approximately 63,952TEUs, 49,040TEUs and 37,629TEUs respectively, the total purchase amount of containers under the Revised Master Provision of Containers Agreement in respect of containers to be purchased by the Group for each of the three years ending 31 December 2012 is expected to be approximately RMB984,860,000, RMB755,220,000 and RMB579,490,000 respectively.

Taking into account of the anticipated shipping capacity, the container capacity requirements, we consider that the proposed Annual Caps for the purchase of containers for the three years ending 31 December 2012 are fair and reasonable.

V. Financial Services Framework Agreement

1. Background and reasons for sourcing the financial services from the China Shipping Group

As disclosed in the announcement dated 13 February 2009, the Company entered into an investment agreement with China Shipping and its subsidiaries, i.e. China Shipping Development Company Limited, China Shipping (Hainan) Haisheng Shipping and Enterprise Co., Ltd. and Guangzhou Maritime Transport (Group) Co. Ltd., for the establishment of CS Finance Company in Shanghai, the PRC. CS Finance Company is supervised by the People's Bank of China and is expected to be established by the end of 2009, subject to the approval from relevant PRC authorities.

Subject to the approval to be obtained from the Independent Shareholders in December 2009, the Company intends to enter into the Financial Services Framework Agreement with China Shipping, pursuant to which China Shipping shall procure CS Finance Company to provide the Group with a range of financial services including (i) deposit services; (ii) settlement services; (iii) loan services and (iv) other financial services as approved by CBRC.

As advised by the Company's management, entering into the Financial Services Framework Agreement provides the Group with an additional choice to obtain financial facility. In addition, the terms under the Financial Services Framework Agreement provided by China Shipping Group are generally more favorable to the Group than those provided by independent third parties. Those financial services and facilities provided by the China Shipping Group are relatively accurate and prompt compared with other commercial banks. Moreover, the Group is not restricted under the Financial Services Framework Agreement to approach, and in fact may choose, any other bank or financial institute to satisfy its financial services needs.

Based on the above, the Directors consider that the entering into this agreement is beneficial to the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. *Terms of the Financial Services Framework Agreement*

Under the Financial Services Framework Agreement:

- (i) CS Finance Company shall accept deposits from the Group at interest rates not lower, and thus no less favourable, than (a) the lower limit of the relevant rates stipulated by PBC for the same type of deposits; (b) the interest rates offered by any independent third party for the same type of deposits; or (c) the interest rates at which CS Finance Company accepts from any independent third party for the same type of deposits;
- (ii) CS Finance Company shall provide loan to the Group at interest rates not higher, and thus no less favourable, than (a) the relevant rates stipulated by PBC for the same type of loan; (b) the interest rates offered by any independent third party for the same type of loan; or (c) the interest rates at which CS Finance Company provides to any independent third party with the same credit rating for the same type of loan;
- (iii) The fees charged by CS Finance Company for the provision of settlement services to the Group shall not be higher, and thus no less favourable, than (a) the upper limit (if applicable) of the fees stipulated by PBC to be charged for the same type of services; (b) the fees charged by any independent third party for the same type of services; or (c) the fees charged by CS Finance Company for the same type of services on any independent third party with the same credit rating; and
- (iv) The fees charged by CS Finance Company for the provision of other financial services to the Group shall not be higher, and thus no less favourable, than (a) the upper limit (if applicable) of the fees stipulated by PBC to be charged for the same type of services; (b) the fees charged by any independent third party for the same type of services; or (c) the fees charged by CS Finance Company for the same type of services on any independent third party with the same credit rating.

Taking into consideration of the above factors, we concur with the Directors' view that the transactions were entered into on normal commercial terms, in the ordinary course of business and are fair and reasonable on the basis that (i) it provides an extra option for the Company to satisfy its financial needs, (ii) the services provided are comparatively accurate and prompt; and (iii) the terms of the relevant agreements are no less favorable to the Company than those offered by independent third parties, and therefore are in the interests of the Shareholders and the Company as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. *Proposed Annual Caps*

Set out below is the proposed Annual Caps under Financial Services Framework Agreement for the four years ending 31 December 2012, subject to the approval to be obtained from the Independent Shareholders in December 2009:

		For the year ending 31 December			
		2009	2010	2011	2012
		(Proposed)	(Proposed)	(Proposed)	(Proposed)
		RMB'000	RMB'000	RMB'000	RMB'000
(1)	Maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group with CS Finance Company	3,000,000	5,000,000	5,500,000	6,000,000
(2)	Maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted by CS Finance Company to the Group	500,000	1,500,000	1,700,000	1,900,000

In arriving at such Annual Caps, the Directors have considered the following factors:

- (i) The historical figures of the maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group with commercial banks from January to August 2009 and during the preceding three years (i.e. RMB3,868,730,000, RMB1,116,840,000, RMB2,235,050,000, and RMB4,482,580,000); and
- (ii) The historical figures of the maximum daily outstanding balance of loans (including accrued interest and handling fee) granted by commercial banks to the Group from January 2009 and August 2009 and during the preceding three years (i.e. RMB952,310,000, nil, RMB240,000,000 and RMB1,624,000,000). Furthermore, due to the current downturn of the shipping market, the Group is expected to face financial pressure. Therefore, the proposed Annual Caps were determined according to the Group's capital needs and CS Finance Company's financial ability.

As advised by the Director of the Company, with the expected recovery of global economy and container shipping industry, the Company's business will revive gradually, which cause the increase in daily settlement amount, deposits and loans and other financial facilities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account of the above factors, we consider that the proposed Annual Caps for the maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group with CS Finance Company and Maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted by CS Finance Company to the Group for the four years ending 31 December 2012 are fair and reasonable.

RECOMMENDATION

Taking into consideration of the above factors, in particular, the background, the general price and quality terms and the detailed analysis on each of the Agreements (including the respective reasons for these transactions, the pricing basis and the determination of the Annual Caps), we concur with the Directors' view that the terms of the transactions under the Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole, and the transactions are entered into in the ordinary course of business. And we consider that the Annual Caps are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions for approving New Continuing Connected Transaction and the Annual Caps of the Agreements at the EGM.

Yours faithfully,
For and on behalf of
Guotai Junan Capital Limited
Deirdre Yau
Executive 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

10 Directors and 4 supervisors were granted Rights under the Rights scheme adopted on 12 October 2005 and amended on 20 June 2006, 26 June 2007 and 26 June 2008. Details of the Rights scheme were set out in the Company's circular to Shareholders dated 26 August 2005 and the amended scheme was produced to the annual general meetings of the Company held on 20 June 2006, 26 June 2007 and 26 June 2008. The interests of such Directors and supervisors in the underlying H shares of the Company as at the Latest Practicable Date were as follows:

Name	Number of underlying H shares involved	Capacity in which underlying H shares were held	Percentage figure in the H shares
Directors			
Li Shaode	3,382,100	Beneficial owner	0.090% (Long position)
Zhang Guofa	2,218,050	Beneficial owner	0.059% (Long position)
Huang Xiaowen	3,334,050	Beneficial owner	0.089% (Long position)
Zhao Hongzhou	2,604,000	Beneficial owner	0.069% (Long position)
Ma Zehua	1,520,550	Beneficial owner	0.041% (Long position)
Zhang Jianhua	1,240,000	Beneficial owner	0.033% (Long position)
Lin Jianqing	525,450	Beneficial owner	0.014% (Long position)
Wang Daxiong	1,240,000	Beneficial owner	0.033% (Long position)
Xu Hui	1,085,000	Beneficial owner	0.029% (Long position)
Yan Zhichong	348,750	Beneficial owner	0.009% (Long position)

Name	Number of underlying H shares involved	Capacity in which underlying H shares were held	Percentage figure in the H shares
Supervisors			
Chen Decheng	948,600	Beneficial owner	0.025% (Long position)
Yao Guojian	2,480,000	Beneficial owner	0.066% (Long position)
Wang Xiuping	1,395,000	Beneficial owner	0.037% (Long position)
Kou Laiqi	156,550	Beneficial owner	0.004% (Long position)

Each of Li Shaode, Zhang Jianhua, Lin Jianqing, 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 and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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).

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 expiring or determinable by the Company within one year without any payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, 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 direct or indirect interest in any assets which have been, since 31 December 2008 (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 2008 (being the date to which the latest published audited accounts of the Company were made up).

7. SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at the Latest Practicable Date, so far as the Directors, supervisors or chief executive(s) of the Company are aware, 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	A shares	5,361,837,500 (Long position)	Beneficial owner	67.60%	45.89%
JPMorgan Chase & Co.	H shares	63,046,750 (Long position)	Beneficial owner	1.68%	0.54%
		35,622,000 (Short position)	Beneficial owner	0.95%	0.30%
		176,790,000 (Long position)	Investment manager	4.71%	1.51%
		164,405,925 (Long position)	Custodian	4.38%	1.41%

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
Hutchison International Limited	H shares	241,758,000 (Long position)	Beneficial owner	9.99%	2.07%
Morgan Stanley	H shares	196,235,419 (Long position)	Interest of controlled corporation	5.23%	1.68%
		191,913,689 (Short position)	Interest of controlled corporation	5.12%	1.64%

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% 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, no person, not being: (i) a Director, supervisor or chief executive of the Company; or (ii) 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.

8. 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.

9. 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 legal address in the PRC of the Company is Room A-538, Yangshan International Trade Center, No.188 Ye Sheng Road, Yangshan Free Trade Port Area, Shanghai, PRC and principal place of business in the PRC of the Company is 27th Floor, 450 Fu Shan Lu, Pudong New District, Shanghai, the PRC. 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.
- (c) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

10. CONSENT OF EXPERT

- (a) The Independent Financial Adviser, which is a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.
- (b) As at the Latest Practicable Date, the Independent Financial Adviser was not interested in any Right or share in any member of the Group nor did it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Right or share in any member of the Group.
- (c) As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any assets which have been, since 31 December 2008 (being the date to which the latest published audited financial statements 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.

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 59/F, One Island East, 18 Westlands Road, Island East, Hong Kong for a period of 14 days (excluding Saturdays) from the date of this circular:

- (i) the Master Supply Agreement, the First Master Liner and Cargo Agency Agreement, the First Master Loading and Unloading Agreement, the Second Master Loading and Unloading Agreement, the Revised Master Provision of Containers Agreement and the Financial Services Framework Agreement;
- (ii) the letter dated 29 October 2009 from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 21 to 22 of this circular;
- (iii) the opinion letter dated 29 October 2009 from the Independent Financial Adviser, the text of which is set out on pages 23 to 40 of this circular; and
- (iv) the written consent issued by the Independent Financial Adviser as referred to in the paragraph headed "Consent of Expert" in this Appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Shipping Container Lines Company Limited (the “**Company**”) will be held at 2:00 p.m. on 15 December 2009 at Mingxuan Hall, 1st Floor, Supreme Tower Hotel, 600 Lao Shan Road, Pudong New District, Shanghai, the People's Republic of China (the “**PRC**”) to consider and, if thought fit, pass the following resolutions as ordinary resolutions, and unless otherwise defined herein, the terms herein shall have the same meanings as defined in the circular to the shareholders of the Company dated 29 October 2009 (the “**Circular**”):

1. “**THAT** the Renewed Non-exempt Continuing Connected Transactions entered into under the Master Supply Agreement, the First Master Liner and Cargo Agency Agreement, the First Master Loading and Unloading Agreement and the Second Master Loading and Unloading Agreement, and the Revised Master Provision of Containers Agreement, together with their respective proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012, details of which are set out in the Circular, be and are hereby approved”;
2. “**THAT** the Financial Services Framework Agreement to be entered into between the Company and China Shipping (Group) Company, the transactions in respect of the provision of deposit services and loan services contemplated thereunder and its proposed annual caps for each of the four years ending 31 December 2009, 2010, 2011 and 2012, details of which are set out in the Circular, be and are hereby approved and any one director of the Company be and is hereby authorized to sign the Financial Services Framework Agreement for and on behalf of the Company”;
3. “**THAT** the change in the Articles of Association, details of which are set out in the Circular, be and is hereby approved”;
4. “**THAT** the appointment of Mr. Wu Daqi as an independent non-executive Director for a term commencing at the conclusion of the EGM and ending at the conclusion of the annual general meeting of the Company for the year 2009, i.e. in or around June 2010, be and is hereby approved and the Board be authorized to fix the remuneration of Mr. Wu Daqi”; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. “**THAT** the resignation of Mr. Wang Zongxi as an independent non-executive Director, be and is hereby approved”.

By order of the Board
China Shipping Container Lines Company Limited
Ye Yumang
Company Secretary

Shanghai, the People's Republic of China
29 October 2009

Notes:

- (a) The resume of Mr. Wu Daqi has been set out below:

Mr. Wu Daqi, aged 55, graduated from Shanghai College of Finance and Economics with a major in accounting, and is qualified as a Chinese Certified Public Accountant. From July 1983 to December 1985, he was an assistant lecturer of the department of accounting and law in the school of liberal arts of Shanghai University. From December 1985 to May 1991, he was an assistant lecturer and a lecturer of the department of management in Shanghai University of Electric Power. From May 1991 to October 1993, he was the deputy head of the department of management in Shanghai University of Electric Power. From October 1993 to December 1995, he was the deputy head of the department of electric power in Shanghai University of Electric Power. From December 1995 to January 1997, he was the head of the department of electric power in Shanghai University of Electric Power. From January 1997 to February 1997, he was the head of the department of management in Shanghai University of Electric Power. From March 1997 to May 2004, he was the vice president of Shanghai University of Electric Power. From May 2004, he is the vice president of Shanghai Finance University. Mr. Wu Daqi is currently a member of the Financial Expert Committee of Accounting Society of China, the vice president of Shanghai Financial Legal Seminar, a special auditor of Shanghai, a director of Shanghai Accounting Society, the vice chairman of Shanghai Universities Accounting Teaching Committee and a director of China Electrical Enterprise Management Association. In addition, he is also a delegate of the 13th Shanghai National People's Congress, a director of Shanghai Districts and Counties Working Committee and Pudong New District Committee of China Democratic League.

Mr. Wu is not connected with the Company, the controlling shareholder of the Company and the defacto controller of the Company. Mr. Wu does not have any interest in the shares of the Company. Mr. Wu was not punished by China Securities Regulatory Commission and other relevant authorities and disciplined by any stock exchange.

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

Room 1806-1807
18th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

- (c) Holders of H shares, who intend to attend the EGM, 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 EGM, i.e. no later than 25 November 2009.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) Each holder of H shares who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf at the EGM. A proxy of a Shareholder who has appointed more than one proxy may only vote on a poll.
- (e) 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 notorially certified.
- (f) 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 notorially 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 EGM or any adjournment thereof in order for such documents to be valid.
- (g) If a proxy attends the EGM 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 EGM, 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 8.25 to 8.27 of the Articles of Association of the Company, at the EGM, 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 EGM, the Register of Members for holders of H shares of the Company will be closed from 16 November 2009 to 15 December 2009 (both days inclusive), during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the Register of Members for holders of H shares of the Company at the close of business on 15 December 2009 are entitled to attend and vote at the EGM.

In order to attend the EGM, 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 Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 November 2009.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Board as at the date of this notice comprises of Mr. Li Shaode, Mr. Zhang Guofa, Mr. Huang Xiaowen and Mr. Zhao Hongzhou, being executive Directors, Mr. Ma Zehua, Mr. Zhang Jianhua, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Yan Zhichong and Mr. Xu Hui, being non-executive Directors, and Mr. Hu Hanxiang, Mr. Jim Poon (also known as Pan Zhanyuan), Mr. Wang Zongxi, Mr. Shen Kangchen and Mr. Shen Zhongying, being independent non-executive Directors.

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