
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 to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中 海 集 裝 箱 運 輸 股 份 有 限 公 司

China Shipping Container Lines Company Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2866)

DISCLOSEABLE TRANSACTION ACQUISITION OF VESSELS

* 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".

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DEFINITIONS

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

“Acquisition”	the acquisition of the Vessels by CSCL (HK) from the Vendors pursuant to the Agreements
“Agreement(s)”	eight ship building contracts entered on 10 June 2008 between CSCL (HK) and the Vendors, pursuant to which the Vendors have agreed to design, build, launch, equip, complete and sell, and CSCL (HK) has agreed to purchase, the Vessels
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“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
“CSCL (HK)”	China Shipping Container Lines Company (Hong Kong) Co., Ltd. (中海集裝箱運輸(香港)有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Defect(s)”	all damage and breakdown to the hull structure, materials, mechanical equipments and electronic devices caused by design error, shipbuilding quality issue and deficiency of material and equipment of the Vendors and/or their subcontractors
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKICPA”	the Hong Kong Institute of Certified Public Accountants

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 June 2008, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“percentage ratios”	has the meaning ascribed to such term under the Listing Rules
“PRC”	the People’s Republic of China
“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 and 26 June 2007
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
“Shareholder(s)”	the holder(s) of H shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEU”	twenty-foot equivalent units, 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
“US\$”	United States Dollars, the lawful currency of the United States of America

DEFINITIONS

“Vendors”	(i) China Shipbuilding Trading Co., Ltd. (中國船舶工業貿易公司), a limited liability company incorporated in the PRC; and
	(ii) Shanghai Jiangnan Changxing Heavy Industry Co., Ltd. (上海江南長興重工有限責任公司), a limited liability company incorporated in the PRC
“Vessel(s)”	eight ocean going single screw diesel engine driven fully cellular container vessels, each with a capacity of 4,250 TEU, to be acquired by CSCL (HK) from the Vendors under the Agreements

The exchange rate adopted in this Circular for illustration purpose only is US\$1.00 = HK\$7.80.

LETTER FROM THE BOARD



中海集裝箱運輸股份有限公司

China Shipping Container Lines Company Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2866)

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. Yao Zuozhi
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 and principle place
of 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:*

Level 69
The Center
99 Queen's Road Central
Hong Kong

24 June 2008

To the holders of H shares of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF VESSELS

1. INTRODUCTION

On 10 June 2008, the Board announced that CSCL (HK), a wholly owned subsidiary of the Company, entered into the Agreements with the Vendors to purchase eight Vessels. The aggregate consideration payable for the Acquisition under the Agreements is US\$559,840,000 (equivalent to approximately HK\$4,366,752,000).

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The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Further to the announcement of the Company dated 10 June 2008, the purpose of this Circular is to provide you with further details of the Acquisition of the Vessels under the Agreements.

2. ACQUISITION OF THE VESSELS UNDER THE AGREEMENTS

(a) Date: 10 June 2008

(b) Parties

Purchaser: CSCL (HK)

Vendors: (i) China Shipbuilding Trading Co., Ltd.; and

(ii) Shanghai Jiangnan Changxing Heavy Industry Co., Ltd.

(c) General Nature of the Agreements

Pursuant to the Agreements, the Vendors have agreed to design, build, launch, equip, complete and sell, and CSCL (HK) has agreed to purchase, the Vessels.

(d) Consideration and Payment Terms

The aggregate consideration payable for the Acquisition under the Agreements is US\$559,840,000 (equivalent to approximately HK\$4,366,752,000), subject to adjustment, if any (as described below). The said consideration was agreed after arm's length negotiations between the parties by reference to recent transacted prices for similar container vessels in the PRC, which CSCL (HK) is aware of. The said consideration will be funded from bank financing and internal resources of the Group.

The consideration for each Vessel is payable in US\$ by CSCL (HK) to the Vendors in five equal instalments of US\$13,996,000 (equivalent to approximately HK\$109,168,800) in accordance with the following milestones as stated in each Agreement:

- i. First instalment: To be remitted within seven working days after signing of the Agreement. This instalment was remitted on 20 June 2008;
- ii. Second instalment: After commencement of the construction work of the Vessel, to be remitted by telegraphic transfer within five working days after CSCL (HK)'s receipt from the Vendors of the original payment request approved by CSCL (HK);

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- iii. Third instalment: After keel laying of the Vessel, to be remitted by telegraphic transfer within five working days after CSCL (HK)'s receipt from the Vendors of the original payment request approved by CSCL (HK);
- iv. Fourth instalment: After launching of the Vessel, to be remitted by telegraphic transfer within five working days after CSCL (HK)'s receipt from the Vendors of the original payment request approved by CSCL (HK); and
- v. Fifth instalment: After delivery of the Vessel to CSCL (HK), to be remitted within five working days after CSCL (HK)'s receipt of the full set of the original delivery documents of the Vessel.

The consideration for each Vessel is subject to adjustment if: (i) there is any delay in the delivery of such Vessel; (ii) the actual deadweight of such Vessel is less than the guaranteed deadweight of such Vessel by a certain figure; (iii) the actual speed of such Vessel is less than the guaranteed speed of such Vessel by a certain figure; (iv) the actual fuel consumption of such Vessel exceeds the guaranteed fuel consumption of such Vessel by a certain percentage; and/or (v) the actual container capacity of such Vessel is less than the guaranteed container capacity of such Vessel by a certain figure.

Under each Agreement, CSCL (HK) and the Vendors further agreed to adjust the consideration in light of the fluctuation of the exchange rate of US\$ against RMB announced by the People's Bank of China. The reference exchange rate under each Agreement is US\$1.00 to RMB7.1763. If RMB appreciates, the consideration for each Vessel will be upwardly adjusted and vice versa.

There is no cap on the aforesaid adjustment to the consideration under each Agreement.

(e) Delivery Time

The respective delivery date for each Vessel is on or before 31 October 2011, 30 November 2011, 31 December 2011, 31 January 2012, 28 February 2012, 31 March 2012, 31 May 2012 and 30 June 2012.

(f) Guarantee in Relation to the Acquisition

Under each Agreement, the Vendors guarantee the principal dimensions and performance (including speed, fuel consumption, deadweight and container capacity) of the relevant Vessel.

Under each Agreement, the Vendors guarantee that the relevant Vessel is free from Defect(s), provided that: (i) such Defect(s) arise within 12 months from the date the relevant Vessel is delivered to CSCL (HK); and (ii) such Defect(s) are not the result of any misuse by CSCL (HK).

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3. REASONS FOR AND BENEFITS OF THE ACQUISITION

The purchase of the Vessels will expand fleet size for foreign trade businesses, strengthen shipping capacity in the Europe, Mediterranean and North America market, satisfy the development plan and operational needs of the Group, improve the Group's economic benefits and strengthen the Group's market competitiveness.

The Board (including the independent non-executive Directors) believes that the terms of the Agreements are fair and reasonable, on normal commercial terms and in the interest of the Shareholders and the Company as a whole.

4. GENERAL INFORMATION

(a) Principal Business Activities

(i) *The Group*

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

(ii) *China Shipbuilding Trading Co., Ltd.*

China Shipbuilding Trading Co., Ltd. is principally engaged in the import and export business and trading of vessels.

(iii) *Shanghai Jiangnan Changxing Heavy Industry Co., Ltd.*

Shanghai Jiangnan Changxing Heavy Industry Co., Ltd. is principally engaged in designing, building, launching and equipping vessels.

The Board confirms that, to the best of its knowledge, information and belief after having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

(b) Implications under the Listing Rules

As the relevant percentage ratios applicable to the Acquisition for the purpose of Chapter 14 of the Listing Rules exceed 5% but are less than 25%, it constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

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5. EFFECT OF THE ACQUISITION ON EARNINGS AND ASSETS AND LIABILITIES

It is expected that approximately 80% of the consideration for the Acquisition will be funded by bank financing and the remaining 20% by internal resources of the Group. Thus, the Group's fixed assets will increase by the amount of the total consideration for the Acquisition. The Group's current assets will decrease by the amount of the consideration to be funded by internal resources and the Group's liabilities will increase by the amount of the consideration to be funded by bank financing. The Directors do not envisage that the Acquisition will have any material impact on the earnings of the Group.

6. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendix to this Circular.

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

1. RESPONSIBILITY STATEMENT

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

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

9 Directors and 4 supervisors were granted Rights under the Rights scheme adopted on 12 October 2005 and amended on 20 June 2006 and 26 June 2007. 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 and 26 June 2007. 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	2,182,000	Beneficial owner	0.09% (Long position)
Zhang Guofa	1,431,000	Beneficial owner	0.06% (Long position)
Huang Xiaowen	2,151,000	Beneficial owner	0.09% (Long position)
Zhao Hongzhou	1,680,000	Beneficial owner	0.07% (Long position)
Ma Zehua	981,000	Beneficial owner	0.04% (Long position)
Zhang Jianhua	800,000	Beneficial owner	0.03% (Long position)
Wang Daxiong	800,000	Beneficial owner	0.03% (Long position)
Xu Hui	700,000	Beneficial owner	0.03% (Long position)
Yao Zuozhi	700,000	Beneficial owner	0.03% (Long position)
Lin Jianqing	339,000	Beneficial owner	0.01% (Long position)
Supervisors			
Chen Decheng	612,000	Beneficial owner	0.03% (Long position)
Yao Guojian	1,600,000	Beneficial owner	0.07% (Long position)
Wang Xiuping	900,000	Beneficial owner	0.04% (Long position)
Tu Shiming	260,000	Beneficial owner	0.01% (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. 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 (Group) Company	A shares	5,595,500,000 (Long position)	Beneficial owner	70.54%	47.89%
JPMorgan Chase & Co.	H shares	110,490,378 (Long position)	Beneficial owner	2.95% (Long position)	0.95% (Long position)
		238,843,000 (Long position)	Investment manager	6.37% (Long position)	2.04% (Long position)
		291,892,905 (Long position)	Custodian	7.78% (Long position)	2.50% (Long position)
		79,401,346 (Short position)	Beneficial owner	2.12% (Short position)	0.68% (Short position)
		291,892,905 (Lending pool)	Custodian	7.78% (Lending pool)	2.50% (Lending pool)
Hutchison International Limited	H shares	374,724,900 (Long position)	Beneficial owner	9.99%	2.07%
UBS AG	H shares	92,742,066 (Long position)	Beneficial owner	2.47% (Long position)	0.79% (Long position)
		67,349,162 (Long position)	Person having a security interest	1.80% (Long position)	0.58% (Long position)
		33,774,000 (Long position)	Interest of controlled corporation	0.90% (Long position)	0.29% (Long position)
		6,101,150 (Short position)	Beneficial owner	0.16% (Short position)	0.05% (Short position)
		32,440,000 (Short position)	Interest of controlled corporation	0.86% (Short position)	0.28% (Short position)

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

As at the Latest Practicable Date, so far as the Directors, supervisors or chief executive(s) are aware, each of the following persons, not being: (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:

Name of subsidiary (Note)	Name of shareholder (Note)	Percentage of shareholding
Shanghai HaiXin YuanCang International Logistics Co., Ltd. (上海海興遠倉國際物流有限公司)	(i) Bermuda YuanCang International Co., Ltd. (百慕達遠倉國際股份有限公司)	40%
	(ii) Shanghai YiHua Enterprises Company (上海逸驊實業總公司)	20%

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

Save as disclosed above and so far as the Directors, supervisors or chief executive(s) are aware, as at the Latest Practicable Date, no other person, not being: (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.

6. 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.

7. MISCELLANEOUS

- (a) The secretary of the Company is Mr. Ye Yu Mang. Mr. Ye graduated from Shanghai Maritime University in 1989 with a Masters degree in mechanical engineering and was the company secretary of China Shipping Development Company Limited from April 2001 to March 2003.
- (b) The qualified accountant of the Company pursuant to Rule 3.24 of the Listing Rules is Mr. Zhao Xiaoming, who is able to meet all the requirements set out in Rule 3.24 of the Listing Rules (except that he is not a fellow or an associate member of the HKICPA or a similar body of accountants recognized by the HKICPA for the purpose of granting exemptions from the examination requirement for membership of the HKICPA). Pursuant to the conditions of the waiver from the Stock Exchange from strict compliance with Rule 3.24 of the Listing Rules, the Company has engaged Mr.

Mak Po Lung, a fellow member of the HKICPA, to assist Mr. Zhao Xiaoming during the period of the waiver, commencing from 1 October 2006 and expiring on (i) 30 September 2009, being the expiry date of three years commencing from 1 October 2006; or (ii) when the Company fails to fulfill any of the conditions for the said waiver, whichever is earlier.

- (c) The legal address 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.
- (d) The English text of this Circular shall prevail over the Chinese text in case of any inconsistency.