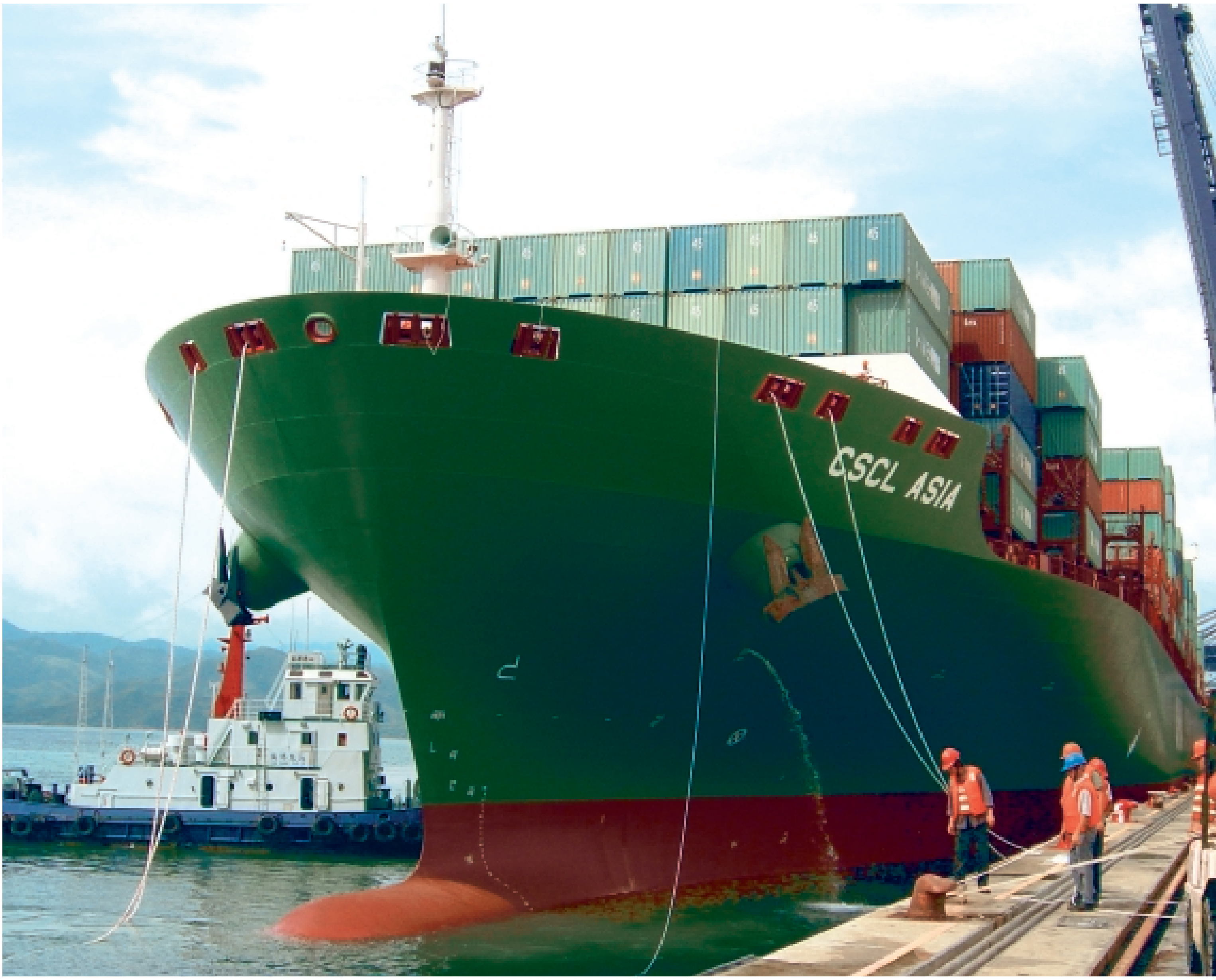
EXPANDING FLEET SCALE
OPTIMIZING FLEET STRUCTURE



By expanding its fleet capacity and optimizing its fleet structure, CSCL has successfully established a modern fleet with large-scale, speedy and young vessels.

CHAIRMAN'S STATEMENT

Year 2004 undoubtedly marked a significant milestone in the development history of the Company (together with its subsidies, the "Group"). With the successful implementation of business strategy and the flexible allocation of resources, CSCL firmly captured business opportunities in the shipping industry. Capitalizing on the new, larger, high speed vessels which are at low cost, high efficiency and low operating cost, the Group was ranked one of the top 10 container liner shipping companies in the world and managed to further consolidate its leading position in the China container shipping market, heading rapidly towards its target of being one of the top three liner companies in the world.

Faced with tremendous opportunities in the shipping market in 2004 together with stable growth in the China economy, the Group was able to break previous records in terms of operating efficiency and economic benefits through measures including optimization of the fleet structure, strengthening of its core competitiveness, flexible deployment of resources and stringent operational cost control. I am pleased to report that in 2004 the Group achieved the most remarkable results since the establishment of the Company.

For the year ended 31 December, 2004, the Group recorded an operating income of RMB 22,363,851,000, profit after taxation of RMB 4,029,178,000 and profit attributable to shareholders of RMB 4,022,409,000, which increased by 46.4%, 188.3% and 190.9% respectively when compared with the same period of the previous year. The profit recorded exceeded the profit forecast made at the time of the listing.

The board of directors (the "Board") of the Company recommends the payment of a final dividend of RMB 0.2 per share.

OPERATION REVIEW

The global economy showed significant growth with an accelerating pace of recovery in 2004. Global trading

volume for the year increased by approximately 8.8%, which is much higher than the growth rate of around 4.5% in 2003. The national economy of China continued its healthy and stable development under the influence of macroeconomic control policies. Growth for the year was around 9.5%. Total amount of imports and exports amounted to US$ 1,154.7 billion, achieving an increase of approximately 35.7% as compared to 2003. The China economy remained as an important driving force of the world economy and for trade development.

The shipping industry entered into a new cycle of growth. Global container trading volume reached 94.4 million TEU, representing a growth rate of approximately 8.4% as compared to 2003. Container shipping volume of the world's trade lanes increased approximately 13.5%, which was much higher than the approximately 9.7% increase

in fleet capacity. Imbalances between supply and demand were apparent. Consequently, the global container market in 2004 was very active even during the low season with the peak season being much more active than before and the demand for shipping capacity being tight. Meanwhile, container transport feeder services also developed rapidly.

The Group continued to improve its core competitiveness during the year under review by expanding fleet capacity and optimizing fleet structure. A modern fleet with large-scale, speedy and young vessels was thus established.

After adjusting and improving the overall trade lanes arrangement according to market situation and inaugurating new trade lanes, shipping schedules of the trade lanes became more frequent and the Group was able to increase its market share and enhance the competitiveness of the trade lanes. In the domestic container market, the Group's competitiveness was further enhanced, thereby consolidating the Group's leading position in the container market in China.

Regarding the operation of its trade lanes, the Group benefited considerably from its flexible allocation of resources, which allowed it to capture all of the business opportunities in the ever-changing shipping industry.

The Group further reduced operating cost and increased profit margin through transferring the operation of its major international trade lanes to Hong Kong.

Emphasis continues to be placed on cost control, achieving significant results in fuel, container management, port charges and other aspects.

With stable freight rates, a flexible service system, guaranteed slots and a stable shipping schedule, the Group is continually able to improve its customer service quality and attract volume cargo owners and long-term customers. This effectively ensures the stable development of the Group, builds up the brand image of CSCL and enhances ability to withstand risks.

Withholding the tenet of offering services which are scientifically based and technology driven, the Group completed the development and construction of its internal and external networks, accelerated informatization, put the electronic freight rate system, order checking system and container repairing system into operation, improved AS400 system for agencies abroad and popularized CARGO 2000 system for coastal port companies. As a result, working efficiency and quality of our customer service were enhanced.

FUTURE PROSPECTS

The Group was transformed into a joint stock limited company on 3 March, 2004 and successfully listed on the Main Board of the Stock Exchange on 16 June, 2004. These significant milestones laid down a solid foundation for the consistent development of the Group.

The Group has recorded encouraging performance across all trade lanes in early months of 2005. Though January and February of every year form the traditional low season of the container shipping industry, capacity on northern US, Europe/Mediterranean and Australia trade lanes were all filled up. This was likely the result of the abolition of the textile quota system, which brought about a significant increase in the export of Chinese textile products and the further liberalization of global trade.

CHAIRMAN'S STATEMENT

In 2005, the US and the Asia Pacific region will remain as the "engine" of growth for the global economy. It is expected that growth in the US economy will reach 3.4% while the Asian region will continue to take the lead in terms of global economic growth. In addition, growth in both Eastern Europe and Latin America will exceed the world average.

Moreover, for the China shipping market, the level of containerization has yet to increase, providing the container transportation market with sufficient room for development.

It is estimated that during 2005, there will be a better balance between supply and demand in the container shipping market. Demand is expected to increase by around 12.1%, whereas, supply of capacity is expected to grow by around 12.4%. Although increase in capacity is expected to be slightly higher than demand, the port congestion problems, as stated earlier, at varying degrees in major international ports will have consumed a proportion of the newly increased capacity. Besides, the imbalanced shipping volume between eastbound and westbound trade lanes will also reduce the shipping capacity of each liner company.

It is expected by the market that freight rates in 2005 will continue to rise slightly. Taking into account the expected shipping market situation in 2005, all the major freight conferences around the world have planned for raising freight rates in the near future. The Group also intends to raise the freight rates of some trade lanes.

The Group in 2005 will have 21 vessels with a total capacity of about 95,098 TEU delivered and put into operation. Together with the current fleet of vessels, they will be serving the US west coast, Europe/Mediterranean, Black Sea, Australia and domestic trade lanes. Hence, the capacity of the major trade lanes will be enhanced. The Group will maintain its advantage in having low operating costs. Along with the delivery of new and large-scale vessels and the modernization of its fleet, the operation cost per TEU will be further reduced.

Moreover, the Group plans to gradually inaugurate 8 new international trade lanes, including the route from northwest Pacific to US west coast route, two routes from Far East to South America, the route from South East Asia to Europe, the route from Far East to the west coast of Mediterranean through the east coast of Mediterranean, the route from Far East to Adriatic Sea and Israel, the route from Far East to the Black Sea through the east coast of Mediterranean and the route form South East Asia to Australia. This will further improve the overall arrangement of the Group's trade lanes, expand the coverage of its services and enhance the advantage of the Group's network in the global arena.

Stringent control over the operating cost remains as the key objective of the Group's future development. Cost control will be implemented in 2005 in the following aspects: fuel cost control, cost control on container management and reducing shipment of empty containers. Port charges, stevedore charges and taxes per tonne will be controlled and transshipment cost will be reduced. The implementation of the information system of the Group will be accelerated to enhance the efficiency of management and achieve the highest efficiency with the lowest cost.

With the stringent control of operating costs, the marketing department will simultaneously strive to explore the market, to enhance its ability in soliciting cargo from each port company and agency, to focus on soliciting high value cargo and import cargo and to encourage agents to actively approach volume customers and sign-on long-term cooperation contracts, in order to enhance the proportion of long-term customers and further expand the Group's network of soliciting cargo. In addition, the extension of the service network to Mainland China will strengthen the logistics service of the Group both in China and in the world.

By relying on the favourable market situation which stems from the healthy and stable growth of the China economy, the Group aims to enhance its strength, to expand its market share, to upgrade its reputation and the market position of the Group amongst the global liner companies and reach the Group's next destination.

Year 2004 has been an exceptional year with outstanding achievements for the Group. I must pay tribute to the staff who have been devoted to the realization of the strategic targets and the accomplishment of each operation benchmark of the Group. Meanwhile, I must express my sincere gratitude to all of the shareholders and members of the public for their support. Under our joint effort, we are confident that CSCL will accomplish its mission to become one of the world's top three container liner companies in the near future.

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

Shanghai, the People's Republic of China
8 March, 2005