



CHINA NAVIGATION

Dear Stakeholders,

We would like to advise you that our head office functions will be relocating from Hong Kong to Singapore, starting business as The China Navigation Co. Pte. Ltd. by 1st January 2010. The new office will also accommodate head office functions for our wholly owned subsidiary, Swire Shipping Limited, currently located in Sydney. The move is in response to changed market conditions and the need to consolidate overall management into a single location.

In common with many other shipping companies, CNCo and Swire Shipping are facing serious challenges due to the current severe downturn in the industry. Currently, ships from many of our liner services call at Singapore where a large proportion of our business is also conducted. It therefore makes commercial sense to consolidate there a number of functions that have previously been divided between Sydney and Hong Kong.

The new company in Singapore (on the 27th Floor of The Concourse building in Beach Road) will employ approximately 120 people in total, including those currently working in the Swire Shipping Regional Representative and Agency office in that country. Regrettably, this move will result in approximately 60 staff in Sydney being made redundant, together with 25 staff in Hong Kong. Staff in offices other than Sydney and Hong Kong will generally be unaffected by this change.

While the head office and some trade functions will transfer to Singapore, key operational and commercial responsibility will remain in Australia and New Zealand for services operating out of those regions. We will therefore retain close direct contact with our customers and other stakeholders throughout the Asia Pacific region.

With the shipping industry still in crisis, and with no clear prospects for sustained improvement, it has become imperative for CNCo to drive efficiencies wherever possible in order to remain competitive. The move to be co-located with our subsidiary company Swire Shipping will enable us both to build on the efficiencies gained through the restructuring of our trades earlier in the year.

Throughout this period of change we are determined to ensure that we remain close to all our business partners and in a position to continue to deliver the highest levels of service. Thank you for your past and ongoing support.

Yours sincerely

Richard Kendall

Managing Director

15th October 2009

