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**If you have sold or transferred** all your shares in **COSCO Pacific Limited**, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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## **COSCO Pacific Limited**

*(Incorporated in Bermuda with limited liability)*

**PROPOSALS FOR ADOPTION OF CHINESE NAME,  
ADOPTION OF NEW SHARE OPTION SCHEME,  
TERMINATION OF EXISTING SHARE OPTION SCHEME,  
AND GENERAL MANDATES TO ISSUE SHARES  
AND TO REPURCHASE ITS OWN SHARES**

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A notice convening a special general meeting of COSCO Pacific Limited to be held at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong on Friday, 23rd May 2003 at 2:45 p.m. (or so soon thereafter as the annual general meeting of the Company convened for the same place and date at 2:30 p.m. shall have been concluded or adjourned) is set out on pages 21 to 25 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the meeting should they so wish.

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Friday, 23rd May 2003 at 2:30 p.m.
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by resolution of the Shareholders at general meeting
“associated companies”	those companies and/or enterprises which were defined and/or disclosed as the associates and/or associated companies of the subject company in the latest audited financial statements of the subject company
“Board”	the board of directors of the Company or a duly authorised committee thereof for the time being
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“Company”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Directors”	the directors of the Company for the time being
“Existing Share Option Scheme”	the existing share option scheme of the Company for any executives or employees (including any Directors) of the Company and its subsidiaries adopted by the Company at its general meeting on 30th November 1994

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## DEFINITIONS

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“Grantee”	any Participant who accepts an offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and/or its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in the Ordinary Resolution No. 3 up to 20% of the issued share capital of the Company as at the date of passing the Ordinary Resolution No. 3
“Jointly Controlled Entities”	those companies and/or enterprises which have defined and/or disclosed as joint ventures and/or jointly controlled entities of the Company in the latest audited financial statements of the Company
“Latest Practicable Date”	15th April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme in its present or any amended form proposed to be adopted by the Company at the SGM, a summary of the principal terms of the rules of which is set out in Appendix to this circular
“Option(s)”	a right(s) to subscribe for Shares pursuant to the terms of the New Share Option Scheme
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years after the date of the grant of the Option

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## DEFINITIONS

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“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the SGM Notice
“Participant”	(i) any employee of the Group (including any executive director of the Group), (ii) any management of COSCO (Hong Kong) Group Limited or China Ocean Shipping (Group) Company and (iii) any person seconded or nominated by the Group to represent the Group’s interest in any of the Group’s associated companies or Jointly Controlled Entities, or any other company or organization, as to whether a particular person falls within the definition of Participant it shall be determined by the Board in its absolute discretion
“relevant company”	the Company or the relevant subsidiary, or the relevant associated company of the Company, or the relevant Jointly Controlled Entities, or the relevant company or organization, or COSCO (Hong Kong) Group Limited, or China Ocean Shipping (Group) Company, as the case may be
“Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in the Ordinary Resolution No. 4 up to 10% of the issued share capital of the Company as at the date of passing the Ordinary Resolution No. 4
“SGM”	the special general meeting of the Company to be held at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Friday, 23rd May 2003 at 2:45 p.m. (or so soon thereafter as the AGM to be convened for the same place and date at 2:30 p.m. shall have been concluded or adjourned), the notice of which is enclosed with this circular
“SGM Notice”	the notice dated 23rd April 2003 convening the SGM as set out in pages 21 to 25 of this circular
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of Share(s)
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing of their own securities on the Stock Exchange
“Special Resolution”	the proposed special resolution as referred to in the SGM Notice
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance or the Companies Act or the local companies law, act and/or ordinance where the subject company was incorporated)
“Takeover Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



## COSCO Pacific Limited

*(Incorporated in Bermuda with limited liability)*

***Executive Directors:***

Mr. WEI Jiafu (*Chairman*)  
Mr. LIU Guoyuan (*Vice Chairman*)  
Mr. LI Jianhong  
Ms. SUN Yueying  
Mr. ZHOU Liancheng  
Mr. SUN Jiakang (*Managing Director*)  
Mr. XU Lirong  
Mr. LU Zhiming  
Mr. LIANG Yanfeng  
Mr. WONG Tin Yau, Kelvin  
Mr. MENG Qinghui  
Mr. LU Chenggang  
Mr. QIN Fuyan

***Registered Office:***

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

***Principal Place of Business:***

49th Floor, COSCO Tower  
183 Queen's Road Central  
Hong Kong

***Independent Non-executive Directors:***

Dr. LI Kwok Po, David  
Mr. LIU Lit Man  
Mr. Alexander Reid HAMILTON  
Mr. LEE Yip Wah, Peter

***Non-executive Director:***

Mr. KWONG Che Keung, Gordon

***Company Secretary:***

Ms. HUNG Man

23rd April 2003

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR ADOPTION OF CHINESE NAME,  
ADOPTION OF NEW SHARE OPTION SCHEME,  
TERMINATION OF EXISTING SHARE OPTION SCHEME,  
AND GENERAL MANDATES TO ISSUE SHARES  
AND TO REPURCHASE ITS OWN SHARES**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information regarding the proposed adoption of Chinese name, the proposed adoption of the New Share Option Scheme, the proposed termination of the Existing Share Option Scheme and the proposed renewal of the

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## LETTER FROM THE CHAIRMAN

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general mandates to allot, issue and deal with Shares and to repurchase Shares and to seek your approval of the Special Resolution and the Ordinary Resolutions relating to these matters at the SGM.

### **2. ADOPTION OF CHINESE NAME**

The Company has been using the Chinese name of 中遠太平洋有限公司 for identification purpose since 14th February, 1996. In order to formalize the use of such Chinese name and to reflect the identity of the Company better, the Directors propose to adopt 中遠太平洋有限公司 as the Chinese name of the Company.

The proposed adoption of Chinese name of the Company will be subject to the passing of the Special Resolution No. 1 by the Shareholders at the SGM. Upon the registration of the Chinese name with the Registrar of Companies in Hong Kong, the adoption of the Chinese name will become effective and the Chinese name of 中遠太平洋有限公司 will form part of the Company's name in Hong Kong. The Company will apply for registration of the Chinese name with the Registrar of Companies in Hong Kong under Part XI of the Companies Ordinance once the Special Resolution No. 1 is passed at the SGM.

The proposed adoption of Chinese name of the Company will not affect any of the rights of any Shareholders. Since the existing share certificates of the Company bear both the English and Chinese names of the Company, the Company will not issue any replacement share certificates following adoption of the Chinese name. All existing share certificates in issue bearing the present name of the Company will after the proposed adoption of Chinese name continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of Shares. There will be no change to the existing English and Chinese stock short name of the Company used in the trading system of the Stock Exchange.

A further announcement will be made when the proposed adoption of Chinese name of the Company becomes effective.

### **3. ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

The Existing Share Option Scheme was adopted by the Company on 30th November 1994. To be in line with the current Listing Rules in relation to share option schemes and in order for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time, the Board proposes that the New Share Option Scheme for the Participants be approved and adopted at the SGM and the Existing Share Option Scheme be terminated.



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## LETTER FROM THE CHAIRMAN

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At the SGM, the Ordinary Resolution No. 2 will be proposed that the New Share Option Scheme be approved and adopted and the Existing Share Option Scheme be terminated. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix hereto. The New Share Option Scheme will take effect, subject to the fulfillment of all conditions precedent as referred to in sub-paragraph (a) below, on the date of its adoption at the SGM. The Existing Share Option Scheme will terminate immediately upon all the conditions for the adoption of the New Share Option Scheme having been fully satisfied.

The Board had granted options pursuant to the Existing Share Option Scheme to eligible participants to subscribe for a total of 66,670,000 Shares representing approximately 3.11% of the issued share capital of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, there are 20,724,000 Shares, equivalent to approximately 0.97% of the issued share capital of the Company, representing options which had been exercised, 13,880,000 Shares, equivalent to approximately 0.65% of the issued share capital of the Company, representing options which are outstanding, 32,066,000 Shares, equivalent to approximately 1.49% of the issued share capital of the Company, representing options which have lapsed and no options have been cancelled under the Existing Share Option Scheme. Out of the aforesaid outstanding options, 3,080,000 options, equivalent to approximately 0.14% of the issued share capital of the Company, are exercisable at any time within 10 years from 1st July 1996 and 10,800,000 options, equivalent to approximately 0.5% of the issued share capital of the Company, are exercisable at any time within 10 years from 20th May 1997. Save as aforesaid and up to the Latest Practicable Date, no other options have been granted to any eligible participant under the Existing Share Option Scheme. The Board confirms that prior to the SGM, it will not grant any further option under the Existing Share Option Scheme. Besides the Existing Share Option Scheme, there is no other subsisting share option scheme of the Company as at the Latest Practicable Date.

Upon termination of the Existing Share Option Scheme, no further option may be offered but in all other respects the provisions of the Existing Share Option Scheme shall remain in force. The above outstanding options under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme and the adoption of the New Share Option Scheme will not in any event affect the terms of the grant of such outstanding options.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 2,147,012,298 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the number of Shares issuable pursuant to the New Share Option Scheme on the date of its adoption will be 214,701,229 Shares.

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## LETTER FROM THE CHAIRMAN

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### **(a) Conditions Precedent of the New Share Option Scheme**

The New Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) passing of the Ordinary Resolution No. 2 to adopt the New Share Option Scheme by the Shareholders in general meeting and to authorise the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme and to terminate the Existing Share Option Scheme by the Shareholders in general meeting; and
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Share Option Scheme.

Upon satisfaction of the above conditions, the Board will have the right to grant to the Participants Options to subscribe for Shares, which when aggregated with Shares to be granted under any other share option schemes of the Company, representing up to 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from its Shareholders to refresh the 10% limit. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders, except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

### **(b) Explanation of the Terms of the New Share Option Scheme**

In the Appendix hereto, you will find a summary of the principal terms of the rules of the New Share Option Scheme. By offering Options to the Participants in such flexible terms under the New Share Option Scheme, in particular, the subscription price of the Options will be determined on a fair basis, such Participants may exercise their Options at anytime within the Option Period to acquire a monetary gain or ownership interest in the Company which may in turn provide a further incentive to the Participants to better serve the Group.

**(c) Value of the Options**

Since the New Share Option Scheme is yet to be approved by the Shareholders, the Board has not yet determined the time frame on the granting of the Options under the New Share Option Scheme and the number of Shares for which any Grantee may subscribe upon exercise of an Option. Accordingly, the Board considers that it is premature and inappropriate to state the value of the Option for the time being in this circular. The Board also considers that it is inappropriate to value all the Options that may be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date. Such value would not be meaningful and could also be misleading to the Shareholders as it would necessarily be based on many speculative assumptions including the exercise price, the exercise period and other variables, all of which would be difficult to speculate on.

#### **4. GENERAL MANDATE TO ISSUE SHARES**

At the annual general meeting of the Company held on 24th May 2002, general mandates were given to the Directors to allot, issue and deal with Shares and to exercise the powers of the Company to repurchase its own Shares in accordance with the Share Repurchase Rules. Such general mandates will lapse at the conclusion of the AGM. It is therefore proposed to seek your approval to renew these general mandates to allot, issue and deal with Shares and to repurchase Shares at the SGM.

Therefore, it will be proposed at the SGM Ordinary Resolutions Nos. 3 and 5 for granting to the Directors a general mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the Ordinary Resolution No. 3 and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing the Ordinary Resolution No. 4. Such general mandate to allot, issue and deal with new Shares shall be exercisable during the period from the passing of the Ordinary Resolutions Nos. 3 and 5 until whichever is the earliest of :

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (iii) the date on which the authority set out in such Ordinary Resolutions are revoked or varied by an ordinary resolution or ordinary resolutions of the Shareholders in general meeting.

**5. GENERAL MANDATE TO REPURCHASE SHARES**

It will also be proposed at an SGM an Ordinary Resolution No. 4 for granting to the Directors to exercise the powers of the Company to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing the Ordinary Resolution No. 4.

This is an explanatory statement as required to be sent to the Shareholders under the Share Repurchase Rules to provide requisite information to you for your consideration of the Ordinary Resolution No. 4 in respect of the Repurchase Mandate.

**(a) Share Capital**

As at the Latest Practicable Date, the issued share capital of the Company comprised of 2,147,012,298 Shares.

Subject to the passing of the Ordinary Resolution No. 4 and on the basis that no further Shares are issued or repurchased prior to the SGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 214,701,229 Shares during the period from the passing of the Ordinary Resolution No. 4 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (iii) the date on which the authority set out in such Ordinary Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

**(b) Reasons for the Repurchase**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and its Shareholders.

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## LETTER FROM THE CHAIRMAN

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### (c) Funding of Repurchase

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Bye-laws and the applicable laws and regulations of Bermuda. Bermuda laws provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium of the Company.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December 2002 in the event that the power to repurchase Shares pursuant to the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

### (d) Share Price

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
April 2002	6.25	5.25
May 2002	6.75	6.05
June 2002	6.50	5.45
July 2002	6.60	5.60
August 2002	6.40	5.05
September 2002	5.95	5.05
October 2002	6.25	5.25
November 2002	6.40	5.95
December 2002	7.05	6.20
January 2003	7.65	6.45
February 2003	7.40	6.65
March 2003	7.40	6.35

**(e) Undertaking**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws and regulations of Bermuda and the Memorandum of Association and the Bye-laws of the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company or its subsidiaries, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

**(f) Takeover Code**

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, COSCO (Hong Kong) Group Limited together with its associates are beneficially interested in 1,176,366,411 Shares representing approximately 54.79% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, then (if the present shareholdings remain the same), the shareholdings of COSCO (Hong Kong) Group Limited together with its associates will be increased to approximately 60.88% of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Mandate and have no present intention to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such an extent as to result in takeover obligations. In the event that the Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25%.

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## LETTER FROM THE CHAIRMAN

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### **(g) Share Repurchase made by the Company**

The Company and its subsidiaries had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

### **6. RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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.

### **7. SPECIAL GENERAL MEETING**

Set out on pages 21 to 25 of this circular is the SGM Notice at which the Special Resolution and the Ordinary Resolutions will be proposed to approve the adoption of Chinese name, the adoption of the New Share Option Scheme, the termination of the Existing Share Option Scheme, the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate.

### **8. ACTION TO BE TAKEN**

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete the proxy form and return it to the principal place of business of the Company in Hong Kong at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the SGM if they so wish.

### **9. DOCUMENT AVAILABLE FOR INSPECTION**

Copy of the New Share Option Scheme will be available for inspection at the principal place of business of the Company during normal business hours for a period of 14 days before and at the SGM.

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## LETTER FROM THE CHAIRMAN

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### 10. RECOMMENDATION

The Board believes that the adoption of Chinese name, the adoption of the New Share Option Scheme in replacement of the Existing Share Option Scheme, the Issue Mandate, the Repurchase Mandate and the extension of the Issue Mandate as set out in the SGM Notice are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of all the Special Resolution and the Ordinary Resolutions as set out in the SGM Notice.

Yours faithfully,

**WEI Jiafu**

*Chairman*



The following is a summary of the principal terms of the rules of the New Share Option Scheme. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme. The Directors reserve the right at any time prior to the SGM to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix:

- (A) The purpose of the New Share Option Scheme is for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.
- (B) The New Share Option Scheme is conditional upon (i) the passing of the Ordinary Resolution No. 2 to adopt the New Share Option Scheme by the Shareholders in general meeting and to authorise the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme and to terminate the Existing Share Option Scheme by the Shareholders in general meeting; and (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Share Option Scheme.
- (C) The Board may, at its discretion, invite any Participant to take up Options. In determining the basis of eligibility of each Participant, the Board would mainly take into account of the experience of the Participant on the Group's business, the length of service of the Participant with the Group or the length of business relationship the Participant has established with the Group and such other factors as the Board may at its discretion consider appropriate.
- (D) Offer of an Option shall be deemed to have been accepted by the Grantee and the Option to which the offer relates shall be deemed to have been granted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the granting thereof is received by the Company within 28 days from the date of the offer. The subscription price for Shares is calculated in accordance with paragraph (E) below.
- (E) The subscription price for Shares under the New Share Option Scheme will be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted, which date must be a Business Day; (ii) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date on which an Option is granted; and (iii) the nominal value of a Share.

- (F) (i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from the Shareholders pursuant to (ii) below.
- (ii) Subject to (iv) below, the Company may seek approval of its Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme or any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit.
- (iii) Subject to (iv) below, the Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought.
- (iv) Notwithstanding any other provisions of the New Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company (including the Existing Share Option Scheme) shall not exceed 30% of the total number of Shares in issue from time to time (or such higher percentage as may be allowed under the Listing Rules).
- (G) Subject to the provisions of the New Share Option Scheme and the Listing Rules, the Board may when making an offer of grant of an Option impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit, which may include, without limitations, any such minimum period for which an Option must be held by the Grantee before the Option can be exercised and/or any such performance targets that need to be achieved by the Grantee before an Option can be exercised.
- (H) (i) The maximum entitlement for any one Participant is that the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Any further grant of Options to a Participant in excess of the 1% limit shall be subject to Shareholders' approval in general meeting with such Participant and his associates (with the meaning as ascribed under the Listing Rules) abstaining from voting. The number of Shares subject to the Options to be granted and the

terms of the Options to be granted to such Participants shall be fixed before Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

- (I) (i) Any grant of Options to a Participant who is a Director, chief executive or substantial Shareholder (all with the meaning as ascribed under the Listing Rules) of the Company or their respective associates (with the meaning as ascribed under the Listing Rules) must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Grantee).
- (ii) Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder (with the meaning as ascribed under the Listing Rules) or an independent non-executive Director, or any of their respective associates (with the meaning as ascribed under the Listing Rules), would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to him in the 12-month period up to and including the date of such grant:
- (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and
  - (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000.00,

such proposed grant of Options must be approved by the Shareholders in general meeting with all other connected persons (with the meaning as ascribed under the Listing Rules) of the Company abstaining from voting (except where any connected person may vote against the relevant resolution). In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

- (J) An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period after the Option has been granted by the Board. An Option Period is a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years after the date of the grant of the Option. Subject to paragraphs (S) and (U) below, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the Option Period.
- (K) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in

favour of any third party over or in relation to any Option. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which a Grantee commits a breach of the foregoing.

- (L) If the Grantee ceases to be a Participant for any reason other than on his death or the termination of his employment, directorship, secondment or nomination on one or more of the grounds specified in paragraph (N) below, the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent he is entitled to exercise at the date of cessation but not already exercised) within the period of three months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of employment or directorship in the relevant company, as the case may be. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.
- (M) If the Grantee dies before exercising the Option in full and none of the events which would be a ground for termination of his employment, directorship, secondment or nomination under paragraph (N) below arises, the legal personal representative(s) of the Grantee shall be entitled to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent not already exercised) within a period of six months or such longer period as the Board may determine from the date of death. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.
- (N) An Option shall lapse automatically (to the extent not already exercised) on the date on which the Grantee ceases to be an employee or executive director of the relevant company by reason of the voluntary resignation from his employment, directorship, secondment or nomination or by reason of the termination of his employment, directorship, secondment or nomination on the grounds that he has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty.
- (O) In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to convene the Shareholders' meeting, give notice thereof to all Grantees and thereupon, each Grantee (or his legal personal representatives(s)) shall be entitled to exercise all or any of his Option at any time not later than two Business Days prior to the proposed general meeting of the

Company by giving notice in writing to the Company, accompanied by a payment for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

- (P) In the event a general offer by way of take-over is made to all the holders of Shares and the terms and conditions of such offer have, within four months after the making of the offer on that behalf by the offeror, been approved by the holders of not less than nine-tenths in value of the Shares whose transfer is involved (other than Shares already held at the date of the offer by, or by a nominee for, the offeror or its subsidiary), and the offeror has, pursuant to the Companies Act, at any time within two months beginning with the date on which such approval is obtained, given notice to any dissenting shareholder that it desires to acquire the Shares, the Grantee (or his legal personal representative(s)) may by notice in writing to the Company within 21 days of such notice exercise the Option to its full extent or to the extent specified in such notice. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.
- (Q) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum of Association and the Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue.
- (R) In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalization issue, rights issue, sub-division or consolidation of Shares or reduction of capital, such corresponding alterations (if any) shall be made to the number of Shares in respect of which outstanding Options may be granted and/or the subscription price, provided that such adjustments shall give a Grantee the same proportion of the issued share capital of the Company as that to which he is previously entitled, but so that no such adjustment shall be made the effect of which would enable a Share to be issued at less than its nominal value.
- (S) The New Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date (i.e. within 10 years from 23rd May 2003 to 22nd May 2013), after which period no further Options will be granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect to the

extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme, and Options which are granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

- (T) The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted but not exercised. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option is cancelled by the Board as provided above.
- (U) The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect.
- (V) The provisions of the New Share Option Scheme may be altered in any respect by resolution of the Board except that the definitions of “Grantee”, “Option Period” and “Participant” in sub-paragraph 1.1 of the New Share Option Scheme, the provisions of paragraphs and sub-paragraphs 4.1, 5.1, 5.2, 5.3, 6, 7, 8, 9, 10, 11 and 14 of the New Share Option Scheme and all such other matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants without the prior approval of the Shareholders in general meeting.
- (W) The Company confirms that none of the Directors will be trustees of the New Share Option Scheme and accordingly, none of the Directors will have any direct or indirect interest in such trustees.

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# NOTICE OF SPECIAL GENERAL MEETING

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## COSCO Pacific Limited

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of COSCO Pacific Limited (the “Company”) will be held at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Friday, 23rd May 2003 at 2:45 p.m. (or so soon thereafter as the Annual General Meeting of the Company to be convened for the same day and place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications as special resolution and ordinary resolutions of the Company (as the case may be):

### **SPECIAL RESOLUTION**

1. **“THAT** “中遠太平洋有限公司” be adopted as the Chinese name of the Company and **THAT** such Chinese name be filed and/or registered with the Registrar of Companies in Hong Kong under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the directors of the Company be and are hereby authorised to do all such acts, deeds and things as they may, in their absolute discretion, deem fit, to effect and implement such adoption of Chinese name of the Company.”

### **ORDINARY RESOLUTIONS**

2. **“THAT:**
  - (A) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the share option scheme of the Company (the “New Share Option Scheme”), the rules of the New Share Option Scheme are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the Chairman thereof, and the granting of any options thereunder and the listing of, and permission to deal in, the shares of HK\$0.10 each in the share capital of the Company (“Shares”) to be issued pursuant to the exercise of any such options, the New Share Option Scheme be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation:

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## NOTICE OF SPECIAL GENERAL MEETING

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- (i) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
  - (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
  - (iii) to allot, issue and deal with from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
  - (iv) to make application at the appropriate time or times to the Stock Exchange; and any other stock exchanges upon which the issued Shares of the Company may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme; and
  - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
- (B) the existing share option scheme of the Company for any executives or employees (including any directors) of the Company and its subsidiaries which was adopted by the Company at its general meeting on 30th November 1994 be and is hereby terminated upon the New Share Option Scheme becoming effective.”

### 3. “**THAT:**

- (A) subject to paragraph (C) of this Resolution, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company (“Shares”) and to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
- (B) the approval in paragraph (A) above shall authorize the Directors during the Relevant Period (as hereinafter defined) to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which



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## NOTICE OF SPECIAL GENERAL MEETING

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carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted after the end of the Relevant Period;

- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (A) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of Shares upon the exercise of subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantee as specified in such scheme or similar arrangement of Shares or rights to acquire the Shares; or (iii) an issue of Shares pursuant to any scrip dividends or similar arrangement providing for allotment of Shares in lieu of the whole or part of the dividend on Shares in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued Share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (D) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company and the applicable laws of Bermuda to be held; or
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of Shares or issue of option, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to the holders of Shares, or any class of Shares, whose name appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

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## NOTICE OF SPECIAL GENERAL MEETING

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4. **“THAT:**

- (A) subject to paragraph (B) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company (“Shares”) on the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (B) the aggregate nominal amount of the Shares to be repurchased by the Company pursuant to the approval in paragraph (A) of this Resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (C) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company and the applicable laws of Bermuda to be held; or
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF SPECIAL GENERAL MEETING

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5. “**THAT** subject to the passing of Ordinary Resolutions Nos. 3 and 4 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the Company (“Shares”) pursuant to the Ordinary Resolution No. 3 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the Ordinary Resolution No. 4 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Ordinary Resolution No. 4.”

By Order of the Board  
**HUNG Man**  
*Company Secretary*

Hong Kong, 23rd April 2003

*Principal Place of Business:*

49th Floor, COSCO Tower  
183 Queen’s Road Central  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.
2. To be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority must be deposited at the principal place of business of the Company at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where there are joint holders of any shares in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.