

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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)

(Stock Code: 1199)

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

A notice convening a special general meeting of COSCO Pacific Limited to be held at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong on Monday, 5 December 2005 at 2:30 p.m. is set out on pages 8 to 9 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 you from attending and voting in person at the meeting if you so wish.

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	COSCO Pacific Limited
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Resolution”	the proposed ordinary resolution as referred to in the SGM Notice
“SGM”	the special general meeting of the Company to be held at 47th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Monday, 5 December 2005 at 2:30 p.m. or any adjournment thereof
“SGM Notice”	the notice dated 17 November 2005 convening the SGM as set out on pages 8 to 9 of this circular
“Share Option Scheme”	the share option scheme adopted by the Company at its special general meeting held on 23 May 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

Directors:

Mr. WEI Jiafu² (*Chairman*)
Mr. CHEN Hongsheng¹
Mr. LI Jianhong¹
Ms. SUN Yueying¹
Mr. SUN Jiakang¹ (*Vice Chairman & Managing Director*)
Mr. XU Lirong²
Mr. WONG Tin Yau, Kelvin¹
Mr. WANG Zhi¹
Mr. QIN Fuyan¹
Dr. LI Kwok Po, David³
Mr. LIU Lit Man³
Mr. CHOW Kwong Fai, Edward³
Mr. Timothy George FRESHWATER³
Mr. KWONG Che Keung, Gordon²

Registered office:

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

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

Company Secretary:

Ms. HUNG Man

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director

17 November 2005

To the Shareholders

Dear Sir or Madam,

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

1. INTRODUCTION

The purpose of this circular is to provide you with the relevant information regarding the proposed amendments to the Share Option Scheme and to seek your approval of the Ordinary Resolution relating to this matter at the SGM.

LETTER FROM THE CHAIRMAN

2. PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company at its special general meeting held on 23 May 2003. The purpose of the Share Option Scheme is to attract, retain and motivate talented participants of the Share Option Scheme to strive for future developments and expansion of the Group.

In view of the change of the intermediate holding company of the Company from COSCO (Hong Kong) Group Limited to China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) arising from a reorganisation undergone by China Ocean Shipping (Group) Company and its subsidiaries in preparation of the listing of the H shares of China COSCO Holdings Company Limited on the Main Board of the Stock Exchange, the Board proposes to delete all references to COSCO (Hong Kong) Group Limited (being the intermediate holding company of the Company before the reorganisation undergone by China Ocean Shipping (Group) Company and its subsidiaries) in the Share Option Scheme by amending the definition of “Participant” and “relevant company” in Paragraph 1 of the Share Option Scheme.

In addition, Paragraph 7.3(a) of the Share Option Scheme provides that a grantee who ceases to be an employee or an executive director of the relevant company (as defined in the Share Option Scheme) for any reason other than on his death or the termination of his employment, directorship, secondment or nomination on one or more grounds specified in Paragraph 8(e) of the Share Option Scheme 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 3 months (or such longer period as the Board may in its absolute discretion determine) following the date of such cessation.

However, the exercise period as mentioned under Paragraph 7.3(a) of the Share Option Scheme currently does not permit a grantee who ceases to be an employee or an executive director of the relevant company (as defined in the Share Option Scheme) by reason of voluntary resignation from his employment, directorship, secondment or nomination to exercise the option. In order to be more fair and reasonable to such grantee to exercise the option and to distinguish such grantee from a grantee whose termination of his employment, directorship, secondment or nomination on the grounds that he has been guilty of misconduct, or appears to be unable to pay debts or have no reasonable prospect to be able 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, the Board proposes to delete the words “*by reason of voluntary resignation from his employment, directorship, secondment or nomination or*” under Paragraph 8(e) of the Share Option Scheme, thereby allowing such grantee to exercise the option under Paragraph 7.3(a) of the Share Option Scheme and limiting the circumstances under which an option may lapse on the date of cessation under Paragraph 8(e) of the Share Option Scheme.

Details of the proposed amendments are set out in the Appendix to this circular. The revised Share Option Scheme, if approved by the shareholders of the Company, shall take effect from the conclusion of the SGM. Save as disclosed above, there are no other proposed amendments to the Share Option Scheme and other existing terms of the Share Option Scheme will remain unchanged.

LETTER FROM THE CHAIRMAN

3. 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.

4. SPECIAL GENERAL MEETING

Set out on pages 8 to 9 of this circular is the SGM Notice at which the Ordinary Resolution will be proposed to the shareholders of the Company to approve the proposed amendments to the Share Option Scheme with effect from the conclusion of the SGM.

5. ACTION TO BE TAKEN

A proxy form for use at the SGM is enclosed. 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 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 you from attending and voting in person at the SGM if you so wish.

6. PROCEDURE FOR DEMANDING A POLL

Pursuant to the Bye-law 66, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members of the Company present in person or in the case of a member of the Company being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members of the Company present in person or in the case of a member of the Company being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members of the Company having the right to vote at the meeting; or
- (d) by any member or members of the Company present in person or in the case of a member of the Company being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A demand by a person as proxy for a member of the Company or in the case of a member of the Company being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member of the Company.

LETTER FROM THE CHAIRMAN

7. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the proposed revised 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 up to and including the date of the SGM and at the SGM.

8. RECOMMENDATION

The Board believes that the proposed amendments to the Share Option Scheme are in the best interests of the Company and its shareholders. Accordingly, the Board recommends that all shareholders of the Company should vote in favour of the Ordinary Resolution as set out in the SGM Notice.

Yours faithfully,
For and on behalf of
COSCO Pacific Limited
WEI Jiafu
Chairman

APPENDIX — PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The proposed amendments to the Share Option Scheme are set out below. For ease of reference, the texts of the existing rules of the Share Option Scheme which are recommended for amendments have also been reproduced and the amendments highlighted.

Paragraph 1 — Definitions

Existing Paragraph 1

“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;

Proposed amendments to existing Paragraph 1

The existing Paragraph 1 is proposed to be amended by deleting the existing definitions of “Participant” and “relevant company” in their entirety and replacing them with the following new definitions:

“Participant”	(i) any employee of the Group (including any executive director of the Group), (ii) any management of China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) 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 China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) or China Ocean Shipping (Group) Company, as the case may be;

Paragraph 8 — Lapse of Option

Existing Paragraph 8(e)

- (e) the date on which the Grantee ceases to be a employee or an 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 be able 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, in the event of which a resolution of the board of directors or governing body of the relevant company or substantial shareholder of the Company (as the case may be) to the effect that the employment, directorship, secondment or nomination of a Grantee has or has not been terminated on one or more of the grounds specified in this Paragraph 8(e) shall be final, conclusive and binding on all parties;

Proposed amendments to existing Paragraph 8(e)

The existing Paragraph 8(e) is proposed to be amended by deleting Paragraph 8(e) in its entirety and replacing it with the following new Paragraph 8(e):

- (e) the date on which the Grantee ceases to be **an** employee or an executive director of the relevant company 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 be able 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, in the event of which a resolution of the board of directors or governing body of the relevant company or substantial shareholder of the Company (as the case may be) to the effect that the employment, directorship, secondment or nomination of a Grantee has or has not been terminated on one or more of the grounds specified in this Paragraph 8(e) shall be final, conclusive and binding on all parties;

NOTICE OF SPECIAL GENERAL MEETING



COSCO Pacific Limited

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NOTICE IS HEREBY GIVEN that a special general meeting of COSCO Pacific Limited (the “Company”) will be held at 47th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Monday, 5 December 2005 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the proposed amendments to the terms of the share option scheme adopted by the Company at its special general meeting held on 23 May 2003 (referred to as “Revised Share Option Scheme” after proposed amendments have been approved) as set out in the Appendix to the circular to the shareholders of the Company dated 17 November 2005, a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification, be and are hereby approved 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 and arrangements as may be necessary or expedient in order to give effect to the Revised Share Option Scheme.”

By Order of the Board
HUNG Man
Company Secretary

Hong Kong, 17 November 2005

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:
49th Floor, COSCO Tower
183 Queen’s Road Central
Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

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.
4. As at the date of this notice, the board of directors of the Company comprises Mr. WEI Jiafu² (*Chairman*), Mr. CHEN Hongsheng¹, Mr. LI Jianhong¹, Ms. SUN Yueying¹, Mr. SUN Jiakang¹ (*Vice Chairman & Managing Director*), Mr. XU Lirong², Mr. WONG Tin Yau, Kelvin¹, Mr. WANG Zhi¹, Mr. QIN Fuyan¹, Dr. LI Kwok Po, David³, Mr. LIU Lit Man³, Mr. CHOW Kwong Fai, Edward³, Mr. Timothy George FRESHWATER³ and Mr. KWONG Che Keung, Gordon².

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director