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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 advisor.

**If you have sold or transferred** all your shares in **COSCO Pacific 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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**COSCO Pacific Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 1199)**

**DISCLOSEABLE TRANSACTION**

**ESTABLISHMENT OF A JOINT VENTURE COMPANY  
AND  
ACQUISITION OF LAND USE RIGHTS AND  
CONSTRUCTION OF CONTAINER TERMINAL IN XIAMEN**

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## DEFINITIONS

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

<b>“Agreements”</b>	the JV Agreement, the Articles of Association, the Cooperation Agreement, the Memorandum, the Terminal Construction Engagement Agreement, the Transfer of Land Use Rights Agreements and the Land Integrated Development Agreements
<b>“Articles of Association”</b>	the articles of association of the JV Company dated 8 November 2007 entered into between CP Xiamen and the PRC Partner
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	COSCO Pacific Limited
<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules and references to “connected” and “independent” shall be construed accordingly
<b>“Container Terminal”</b>	the proposed container terminal at berth nos. 14 to 17 at the port of Haicang, Xiamen in the PRC with a quay length of 377 metres each
<b>“Cooperation Agreement”</b>	the cooperation agreement dated 8 November 2007 entered into among Xiamen Haicang Government, CP Xiamen and the PRC Partner
<b>“CP Xiamen”</b>	COSCO Ports (Xiamen Haicang) Limited (中遠碼頭(廈門海滄)有限公司), a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Haicang Land Development Services Centre”</b>	廈門市海滄區土地開發服務中心 (Xiamen City Haicang District Land Development Services Centre*)
<b>“Haicang Land Reserves Bureau”</b>	廈門市國土資源與房產管理局海滄分局 (Land Reserves Administrative Bureau of Haicang District, Xiamen City*)
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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<b>“JV Agreement”</b>	the agreement dated 8 November 2007 entered into between CP Xiamen and the PRC Partner in relation to the establishment of the JV Company
<b>“JV Company”</b>	Xiamen Yuanhai Container Terminal Co., Ltd. (廈門遠海集裝箱碼頭有限公司), a sino-foreign equity joint venture company proposed to be incorporated in the PRC to carry out the construction and operation of the Container Terminal
<b>“JV Parties”</b>	CP Xiamen and the PRC Partner, and “JV Party” means either of them
<b>“Land Integrated Development Agreements”</b>	the agreements to be entered into between the JV Company and Haicang Land Development Services Centre in relation to the clearance, relocation and backfilling of the First Phase and the Second Phase respectively
<b>“Latest Practicable Date”</b>	23 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Memorandum”</b>	the memorandum dated 8 November 2007 entered into between CP Xiamen and the PRC Partner
<b>“PRC”</b>	the People’s Republic of China
<b>“PRC Partner”</b>	廈門海滄投資總公司 (Xiamen Haicang Investment General Co.), a state owned enterprise in the PRC established by 廈門市國有資產授權投資管理機構 / 部門 (Authorised administrative department of state owned enterprise of Xiamen City*)
<b>“Preparation Committee”</b>	the preparation committee to be established by the JV Parties prior to the establishment of the JV Company, to set up the JV Company and manage the project before the establishment of the JV Company
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company

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## DEFINITIONS

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<b>“Terminal Construction Engagement Agreement”</b>	the agreement to be entered into between the JV Company and the PRC Partner in relation to the construction of the First Phase of the Container Terminal after the JV Company is established
<b>“Transfer of Land Use Rights Agreements”</b>	the agreements to be entered into between the JV Company and Haicang Land Reserves Bureau in relation to the transfer of the land use rights of the First Phase and the Second Phase respectively
<b>“Xiamen Haicang Government”</b>	廈門市海滄區人民政府 (Xiamen Haicang District Government)

*\* The unofficial English transliterations or translations are for identification purposes only.*

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## LETTER FROM THE BOARD

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### **COSCO Pacific Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 1199)**

***Directors:***

Dr. WEI Jiafu<sup>2</sup> (*Chairman*)  
Mr. CHEN Hongsheng<sup>1</sup>  
Mr. LI Jianhong<sup>1</sup>  
Mr. XU Lirong<sup>2</sup>  
Ms. SUN Yueying<sup>1</sup>  
Mr. XU Minjie<sup>1</sup> (*Vice Chairman & Managing Director*)  
Dr. SUN Jiakang<sup>2</sup>  
Dr. WONG Tin Yau, Kelvin<sup>1</sup>  
Mr. WANG Zhi<sup>1</sup>  
Mr. QIN Fuyan<sup>1</sup>  
Dr. LI Kwok Po, David<sup>3</sup>  
Mr. LIU Lit Man<sup>3</sup>  
Mr. CHOW Kwong Fai, Edward<sup>3</sup>  
Mr. Timothy George FRESHWATER<sup>3</sup>

***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

***General Counsel & Company Secretary:***

Ms. HUNG Man, Michelle

<sup>1</sup> Executive Director

<sup>2</sup> Non-executive Director

<sup>3</sup> Independent Non-executive Director

28 November 2007

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

### **ESTABLISHMENT OF A JOINT VENTURE COMPANY AND ACQUISITION OF LAND USE RIGHTS AND CONSTRUCTION OF CONTAINER TERMINAL IN XIAMEN**

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## LETTER FROM THE BOARD

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### INTRODUCTION

The Company announced on 8 November 2007 that CP Xiamen, a wholly-owned subsidiary of the Company, entered into the JV Agreement and the Articles of Association with the PRC Partner in relation to the establishment of the JV Company to invest in, construct and operate the Container Terminal. On the same day, CP Xiamen also entered into the Cooperation Agreement and the Memorandum with the PRC Partner and/or Xiamen Haicang Government. Pursuant to the Cooperation Agreement, the JV Company and the PRC Partner shall enter into the Terminal Construction Engagement Agreement after the establishment of the JV Company.

The formation of the JV Company and the transactions contemplated under the Agreements constitute a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide the shareholders of the Company with further information on the establishment of the JV Company and the Agreements.

### THE AGREEMENTS

#### 1. JV Agreement and Articles of Association

- Date : 8 November 2007
- Parties : CP Xiamen, a wholly-owned subsidiary of the Company;  
and the PRC Partner.
- Registered capital of the JV Company : RMB1,331,000,000, of which:
- (i) 30% (being RMB399,300,000) will be contributed in cash by the PRC Partner; and
  - (ii) 70% (being RMB931,700,000 or its equivalent in foreign currency) will be contributed in cash by CP Xiamen.

Timing of the contribution will depend on the funding needs of the JV Company, but in any event each JV Party is required to pay 30% of its contribution within three months of the date of issue of the business licence of the JV Company and all contributions are to be made within two years of such date of issue.

The contribution of CP Xiamen will be funded by the Group's internal resources and/or from external financing.

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## LETTER FROM THE BOARD

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- Total investment amount of the JV Company : RMB3,991,000,000.
- The difference between the total investment amount and the registered capital may be met by bank borrowings by the JV Company (with or without pro rata guarantees by the JV Parties or security on the assets of the JV Company), shareholders' loans granted to the JV Company (with or without interest) or issuance of debentures or other financial securities.
- Term of the joint venture : 50 years from the date of issue of the business licence of the JV Company, and may be extended by agreement between the JV Parties.
- Purpose of the JV Company : To invest in, construct and operate the Container Terminal. However, if not all of berth nos. 14 to 17 are approved by regulatory authorities to be used as container terminal berths, the scope of the joint venture and (subject to regulatory approval) the total investment amount and registered capital of the JV Company will be reduced accordingly.
- Board of directors of the JV Company : The board of directors of the JV Company will comprise seven directors, two of whom will be appointed by the PRC Partner and five of whom will be appointed by CP Xiamen. The chairman and vice chairman of the board will be appointed by CP Xiamen and the PRC Partner respectively.
- Pre-emptive right : The transfer of interest in registered capital of the JV Company by a JV Party is subject to the other JV Party's pre-emptive right and the other JV Party not having any reasonable objection.
- First right of cooperation : Where permitted by law and within the PRC Partner's power and authority, if the PRC Partner needs cooperation in relation to other new container terminals (other than the first berth to the west of berth no. 19 of the port of Xiamen Haicang), it shall first offer such right of cooperation to CP Xiamen.
- Restrictive covenant : Before the annual throughput of the Container Terminal reaches 1,700,000 TEUs (twenty-foot equivalent units), no JV Party may, without the consent of the other JV Party, invest in the construction or operation of any other similar new container terminal at the port of Xiamen (other than berth nos. 20 to 22 at the port of Haicang, Xiamen) with any other person, except for investment in non-controlling stakes in existing port and shipping companies.



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## LETTER FROM THE BOARD

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- Conditions precedent : The JV Agreement is conditional upon:
- (i) the Cooperation Agreement having been entered into among Xiamen Haicang Government , CP Xiamen and the PRC Partner;
  - (ii) the project regarding the Container Terminal having been approved by 中華人民共和國國家發展和改革委員會 (National Development and Reform Commission\*); and
  - (iii) the approval of the JV Agreement by the relevant authorities having been obtained.
- Preparation Committee : The JV Parties agree to contribute pro rata a sum of RMB1,000,000 (or such other amount as agreed between the JV Parties from time to time) as imprest funds for the operation of the Preparation Committee, which will be refunded to the JV Parties after the establishment of the JV Company.

When established, the JV Company will be a 70% owned subsidiary of the Company.

### 2. Cooperation Agreement

- Date : 8 November 2007
- Parties : Xiamen Haicang Government;  
CP Xiamen; and  
the PRC Partner.
- Procurement of JV Company to enter into agreements : CP Xiamen and the PRC Partner have agreed to procure the JV Company to enter into the Terminal Construction Engagement Agreement, the Transfer of Land Use Rights Agreements and the Land Integrated Development Agreements (the forms of which are annexed to the Cooperation Agreement) in accordance with the terms of the Cooperation Agreement.
- Transfer of land pursuant to the Transfer of Land Use Rights Agreements : The land on which the Container Terminal is situated from the waterfront up to a width of 810 metres, with the first phase (the “First Phase”) being up to a width of 572 metres (i.e. 862,576 square metres for the First Phase) and the rest being the second phase (the “Second Phase”) (i.e. 358,904 square metres for the Second Phase). The Container Terminal is located at berth nos. 14 to 17 at the western port area of Haicang, Xiamen, PRC.

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## LETTER FROM THE BOARD

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Consideration : *The First Phase*

For the First Phase, the land use rights fee for a term of 50 years payable by the JV Company to Haicang Land Reserves Bureau (being RMB414,036,480), the land integrated development fee payable by the JV Company to Haicang Land Development Services Centre (tentatively being RMB371,960,000, calculated as described below) and the construction price payable by the JV Company to the PRC Partner under the Terminal Construction Engagement Agreement (being RMB2,058,000,000, subject to adjustment) total RMB2,844,000,000 for the four berths (i.e. RMB711,000,000 per berth), which will be settled in the following manner:

- (i) as to 20%, being the land use rights fee and part of the land integrated development fee, is payable within one month after the formation of the JV Company;
- (ii) as to 60%, being the progress payment for the construction of the Container Terminal, is payable in accordance with the Terminal Construction Engagement Agreement; and
- (iii) as to 20%, being the remaining balance, is payable within one month after the completion, delivery and verification of the construction works,

as further detailed in the Terminal Construction Engagement Agreement and the Land Integrated Development Agreement and the Transfer of Land Use Rights Agreement for the First Phase, which will all be entered into after the establishment of the JV Company.

The land integrated development fee for the First Phase will be RMB2,844,000,000 less the land use rights fee and construction price for the First Phase.

The parties agreed that the ratio of the area of laden container yard to the area of empty container yard shall not exceed the ratio of 75%:25%.

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## LETTER FROM THE BOARD

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### *The Second Phase*

For the Second Phase, the land use rights fee for a term of 50 years payable by the JV Company to Haicang Land Reserves Bureau (being RMB172,273,920), the land integrated development fee payable by the JV Company to Haicang Land Development Services Centre and the construction price payable by the JV Company to the PRC Partner total RMB488,000,000.

The land for the Second Phase will be delivered in stages to the JV Company for its use and the JV Company will make payment accordingly.

The land integrated development fee for the Second Phase will be RMB488,000,000 less the land use rights fee and construction price for the Second Phase.

The terms for the construction of the Second Phase and the payment terms of the land use rights fee and the land integrated development fee for the Second Phase are to be agreed between the parties. In the event of agreement(s) being reached on such terms for construction or payment terms, the Company will comply with the applicable requirements of the Listing Rules.

### *General*

If, upon approval by the National Development and Reform Commission of the PRC, the JV Company is not able to obtain the right to invest in and operate all of the four berths or not all four berths are approved to be used as container terminal berths, the area of the land, the land use rights fees, the land integrated development fees and the construction prices will be adjusted accordingly.

The payment of the land use rights fees, the land integrated development fees and the construction prices will be funded by the JV Company's capital and/or shareholders' loans granted by the JV Parties and/or external financing.

First right of cooperation : Xiamen Haicang Government agreed that, if there is a need of cooperation in relation to other new terminals in Haicang, Xiamen (except berth nos. 14 to 19), the right of cooperation will be first offered to CP Xiamen.

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## LETTER FROM THE BOARD

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### 3. Terminal Construction Engagement Agreement

- Parties : The JV Company; and  
the PRC Partner.
- Engagement : The JV Company engages the PRC Partner to construct the First Phase of the Container Terminal to bare terminal condition, which is proposed to be put into trial run in part by the end of 2008 and into full operation in the first half of 2009.
- Construction price : RMB2,058,000,000 (subject to adjustment as described below), payable in the following manner:
- (i) as to RMB1,234,800,000, being 60% of the construction price, is payable within 30 days of completion of the construction of the principal part of the underwater construction works of the bare terminal up to a depth of +5.4 metre and backfill of yard area up to a depth of +7 metre (save and except the area affected by flood drainage of berth nos. 14 and 16);
  - (ii) as to RMB411,600,000, being 20% of the construction price, is payable within 30 days of completion of the construction of the principal part of the underwater construction works of the bare terminal up to a depth of +7.5 metre;
  - (iii) as to RMB411,600,000, being the balance of the construction price, is payable within one month after completion, delivery and verification of the construction works.

The construction price payable will be adjusted in accordance with the actual amount of work done.

If, upon approval by the National Development and Reform Commission of the PRC, the JV Company is not able to obtain the right to invest in and operate all of the four berths or not all four berths are approved to be used as container terminal berths, the scope of the works and the construction price will also be adjusted accordingly.

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## LETTER FROM THE BOARD

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### 4. Memorandum

Date : 8 November 2007

Parties : CP Xiamen; and  
the PRC Partner.

Acquisition and use of land : The JV Parties will procure the JV Company to obtain the relevant land use rights in accordance with the Cooperation Agreement, and will contribute additional registered capital to the JV Company on a pro rata basis for such purpose.

Any excess land (the “Excess Land”) which is surplus to the JV Company’s needs may be transferred or leased to either JV Party or their affiliated entities at cost (including the costs of acquisition and development of the Excess Land). If both JV Parties or their affiliated entities wish to use the Excess Land, it will be granted to the JV Party or its affiliated entity which offers the higher price (and if both JV Parties or their affiliated entities offer the same price, it will be granted to CP Xiamen’s affiliated entity). In the event of such transfer or lease of the Excess Land, the Company will comply with the applicable requirements of the Listing Rules.

After the land use rights acquired by the JV Company have fully fulfilled the development needs of the JV Company, all or any of the land proposed to be acquired by the JV Company will be acquired by the PRC Partner or will be used for cooperation between the JV Company and the PRC Partner if CP Xiamen so requests (i.e. the JV Company can use such land as consideration to cooperate with the PRC Partner to do new business). In the event of such cooperation with the PRC Partner, the Company will comply with the applicable requirements of the Listing Rules.

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## LETTER FROM THE BOARD

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### REASONS FOR THE FORMATION OF THE JOINT VENTURE COMPANY AND ENTERING INTO THE AGREEMENTS

Haicang terminal is located in Xiamen of Fujian Province which is a major deep-water port along the southeastern coastal region in China. In 2006, Xiamen port handled approximately 4 million TEUs representing a year-on-year increase of 20% over 2005, which ranked seventh busiest port in China. Xiamen port is aimed by Xiamen Government to become an international hub port mainly handling international container cargos. In 2010, the container throughput is forecasted by Xiamen Government to reach approximately 8 million TEUs.

Following the Bohai Rim, Yangtze River Delta and Pearl River Delta port regions, the Central People's Government of the PRC has classified the Western Coast of the Taiwan Straits as a significant economic zone along the southeastern coast of China. The senior management of the Company believes that the investment in Container Terminal will further strengthen the Group's controlling rights in its portfolio of investment in ports along the southeastern coast of China.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the PRC Partner, Xiamen Haicang Government, Haicang Land Reserves Bureau and Haicang Land Development Services Centre are third parties independent of the Company and its connected persons.

The amounts of consideration under the Agreements were determined after arm's length negotiations among the parties thereto by reference to the price of similar terminals. The Board believes that the terms of the Agreements are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

### FINANCIAL EFFECTS OF THE AGREEMENTS

The Board considers that the entering into the Agreements shall not bring about any immediate and significant effect on the earnings and assets and liabilities of the Group for the following reasons:

- (a) financing of the Group's capital contribution is currently intended to be funded by the Group's internal resources and/or from external financing;
- (b) the difference between the total investment amount and the registered capital may be met by bank borrowings by the JV Company, shareholders' loans granted to the JV Company or issuance of debentures or other financial securities by the JV Company;
- (c) the JV Company is yet to be established and will be engaged in the construction of the Container Terminal. The JV Company will not commence operation immediately;
- (d) under the JV Agreement, the Company is to invest a 70% interest in the JV Company, the accounts of the JV Company shall therefore consolidated in the accounts of the Company.

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## LETTER FROM THE BOARD

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The Company will contribute RMB931,700,000 in cash to the JV Company, as a result, the cash and cash equivalents will decrease while non-current assets will increase by the corresponding amount equal to the amount of contribution.

However, upon the completion of the construction for the First Phase of the Container Terminal and acquisition of the land use rights for the First Phase, the total assets of the Group will be increased by RMB1,912,300,000 (being the increase in fixed assets of RMB2,844,000,000 less capital contribution by the Company RMB931,700,000), whereas the net assets of the Group will be increased by RMB399,300,000 (being the capital contribution by PRC Partner as to the minority interest of the Group).

Further, when the Container Terminal is put into operation, the revenue and earnings generated will be consolidated in the accounts of the Company.

### IMPLICATIONS UNDER THE LISTING RULES

The formation of the JV Company and the transactions contemplated under the Agreements constitute a discloseable transaction of the Company under the Listing Rules.

### GENERAL

The Group is principally engaged in the businesses of managing and operating container terminals, container leasing, container management, the logistics, container manufacturing and related businesses and other investments.

The PRC Partner is principally engaged in property development, project construction, property management, logistics and trading businesses.

Haicang Land Reserves Bureau is principally engaged in land resources planning, protection, utilization and management in Haicang district.

Haicang Land Development Services Centre is principally engaged in land development in Haicang district.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of  
**COSCO Pacific Limited**  
**XU Minjie**  
*Vice Chairman & Managing Director*

**1. 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.

**2. DISCLOSURE OF INTERESTS**

- (a) As at the Latest Practicable Date, the interest of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

**(i) Long position in the Shares**

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of Shares held</b>	<b>Percentage of total issued share capital as at the Latest Practicable Date</b>
Dr. LI Kwok Po, David	Beneficial Owner	Personal	258,000	0.011%
Mr. Timothy George FRESHWATER	Beneficial Owner	Personal	30,000	0.001%



## (ii) Long positions in underlying shares of equity derivatives of the Company

*Options granted under the 2003 Share Option Scheme*

Name of Director	Exercise price (HK\$)	Number of	Percentage of	Exercisable period	Note
		share options outstanding as at the Latest Practicable Date	total issued share capital as at the Latest Practicable Date		
Dr. WEI Jiafu	13.75	1,000,000	0.045%	3.12.2004 — 2.12.2014	(2), (4)
Mr. CHEN Hongsheng	13.75	1,000,000	0.045%	3.12.2004 — 2.12.2014	(2), (4)
Mr. LI Jianhong	13.75	1,000,000	0.045%	2.12.2004 — 1.12.2014	(2), (4)
Ms. SUN Yueying	13.75	1,000,000	0.045%	3.12.2004 — 2.12.2014	(2), (4)
Mr. XU Minjie	19.30	800,000	0.036%	19.4.2007 — 18.4.2017	(3), (4)
Dr. SUN Jiakang	13.75	700,000	0.031%	1.12.2004 — 30.11.2014	(2), (4)
Dr. WONG Tin Yau, Kelvin	9.54	800,000	0.036%	28.10.2003 — 27.10.2013	(1), (4)
	13.75	1,000,000	0.045%	2.12.2004 — 1.12.2014	(2), (4)
	19.30	500,000	0.022%	18.4.2007 — 17.4.2017	(3), (4)
Mr. WANG Zhi	13.75	550,000	0.025%	29.11.2004 — 28.11.2014	(2), (4)
	19.30	500,000	0.022%	18.4.2007 — 17.4.2017	(3), (4)
Mr. QIN Fuyan	13.75	200,000	0.009%	29.11.2004 — 28.11.2014	(2), (4)
	19.30	500,000	0.022%	19.4.2007 — 18.4.2017	(3), (4)

*Notes:*

- (1) The share options were granted to the Director on 28 October 2003 under the share option scheme adopted by the shareholders of the Company on 23 May 2003 (the “2003 Share Option Scheme”) at an exercise price of HK\$9.54 per Share. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the “Commencement Date”). The Commencement Date of the options of the Director was on 28 October 2003.
- (2) The share options were granted during the period from 29 November 2004 to 3 December 2004 under the 2003 Share Option Scheme at an exercise price of HK\$13.75 per share. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the Directors was from 29 November 2004 to 3 December 2004.

(3) The share options were granted during the period from 18 April 2007 to 19 April 2007 under the 2003 Share Option Scheme at an exercise price of HK\$19.30 per Share. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the Directors was from 18 April 2007 to 19 April 2007.

(4) These share options represent personal interest held by the relevant Director as beneficial owner.

(iii) **Long positions in the shares of associated corporations**

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of H shares held as at the Latest Practicable Date	Percentage of total issued H share capital of the associated corporation as at the Latest Practicable Date
China COSCO Holdings Company Limited	Dr. WONG Tin Yau, Kelvin	Beneficial Owner	Personal	573,875	0.022%

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of shares held as at the Latest Practicable Date	Percentage of total issued share capital of the associated corporation as at the Latest Practicable Date
COSCO Corporation (Singapore) Limited	Dr. WEI Jiafu	Beneficial Owner	Personal	1,900,000	0.085%
	Mr. LI Jianhong	Beneficial Owner	Personal	1,300,000	0.058%
	Ms. SUN Yueying	Beneficial Owner	Personal	1,400,000	0.063%

*Note:*

Adjustment was made as a result of the approval of the sub-division of every 1 ordinary share of S\$0.20 each divided into 2 ordinary shares of S\$0.10 each by shareholders of COSCO Corporation (Singapore) Limited at the extraordinary general meeting held on 17 January 2006.

## (iv) Long positions in underlying shares of equity derivatives of associated corporations

## (A) COSCO International Holdings Limited

Name of associated corporation	Name of Director	Exercise price (HK\$)	Number of share options outstanding as at the Latest Practicable Date	Percentage of total issued share capital of the associated corporation as at the Latest Practicable Date	Note
COSCO International Holdings Limited	Dr. WEI Jiafu	0.57	1,800,000	0.122%	(1), (3)
		1.37	1,200,000	0.081%	(2), (3)
	Mr. LI Jianhong	0.57	1,800,000	0.122%	(1), (3)
		1.37	1,200,000	0.081%	(2), (3)
	Dr. SUN Jiakang	0.57	600,000	0.041%	(1), (3)
		1.37	800,000	0.054%	(2), (3)
	Dr. WONG Tin Yau, Kelvin	0.57	800,000	0.054%	(1), (3)
		1.37	500,000	0.034%	(2), (3)

*Notes:*

- (1) The share options were granted by COSCO International Holdings Limited (“COSCO International”), an associated corporation of the Company and a company listed on the Stock Exchange, on 26 November 2003 pursuant to the share option scheme approved by the shareholders of COSCO International on 17 May 2002 (the “Share Option Scheme of COSCO International”). The share options are exercisable at an exercise price of HK\$0.57 per share at any time between 23 December 2003 and 22 December 2008.
- (2) The share options were granted by COSCO International on 2 December 2004 pursuant to the Share Option Scheme of COSCO International. The share options are exercisable at an exercise price of HK\$1.37 per share at any time between 29 December 2004 and 28 December 2014.
- (3) These options represent personal interest held by the relevant Director as beneficial owner.

## (B) COSCO Corporation (Singapore) Limited

Name of associated corporation	Name of Director	Exercise price (S\$)	Number of share options outstanding as at the Latest Practicable Date	Percentage of total issued share capital of the associated corporation as at the Latest Practicable Date
COSCO Corporation (Singapore) Limited	Dr. WEI Jiafu	1.23	1,100,000	0.049%
	Mr. LI Jianhong	1.23	700,000	0.031%
	Ms. SUN Yueying	1.23	700,000	0.031%

*Notes:*

- (1) The share options were granted by COSCO Corporation (Singapore) Limited, an associated corporation of the Company and a company listed on the Singapore Exchange Securities Trading Limited, on 21 February 2006 and are exercisable at any time between 21 February 2007 and 20 February 2011.
- (2) These options represent personal interest held by the relevant Director as beneficial owner.

(C) *China COSCO Holdings Company Limited*

Name of associated corporation	Name of Director	Exercise price (HK\$)	Number of units of share appreciation rights outstanding as at the Latest Practicable Date	Percentage of total issued share capital of the associated corporation as at the Latest Practicable Date	Note
China COSCO Holdings Company Limited	Dr. WEI Jiafu	3.195	900,000	0.035%	(1), (4)
		3.588	900,000	0.035%	(2), (4)
		9.540	880,000	0.034%	(3), (4)
	Mr. CHEN Hongsheng	3.195	700,000	0.027%	(1), (4)
		3.588	700,000	0.027%	(2), (4)
		9.540	680,000	0.026%	(3), (4)
	Mr. LI Jianhong	3.195	600,000	0.023%	(1), (4)
		3.588	600,000	0.023%	(2), (4)
		9.540	580,000	0.022%	(3), (4)
	Mr. XU Lirong	3.195	500,000	0.019%	(1), (4)
		3.588	500,000	0.019%	(2), (4)
		9.540	580,000	0.022%	(3), (4)
	Ms. SUN Yueying	3.195	600,000	0.023%	(1), (4)
		3.588	600,000	0.023%	(2), (4)
		9.540	580,000	0.022%	(3), (4)
	Mr. XU Minjie	3.195	100,000	0.004%	(1), (4)
		3.588	90,000	0.003%	(2), (4)
	Dr. SUN Jiakang	3.195	500,000	0.019%	(1), (4)
		3.588	500,000	0.019%	(2), (4)
		9.540	480,000	0.019%	(3), (4)

*Notes:*

- (1) The share appreciation rights were granted by China COSCO Holdings Company Limited (“China COSCO”) (incorporated on 3 March 2005), an associated corporation of the Company and a company listed on the Stock Exchange and the Shanghai Stock Exchange in units with each unit representing one H share of China COSCO, on 16 December 2005 pursuant to the share appreciation rights plan adopted by China COSCO (the “Plan”). Under the Plan, no shares will be issued. The share appreciation rights can be exercised at HK\$3.195 per unit according to its terms at any time between 16 December 2007 and 15 December 2015.
- (2) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 5 October 2006 pursuant to the Plan. Under the Plan, no shares will be issued. The share appreciation rights can be exercised at HK\$3.588 per unit according to its terms at any time between 5 October 2008 and 4 October 2016.

- (3) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 4 June 2007 pursuant to the Plan. Under the Plan, no shares will be issued. The share appreciation rights can be exercised at HK\$9.540 per unit according to its terms at any time between 4 June 2009 and 3 June 2017.
- (4) These share appreciation rights represent personal interest held by the relevant Director as beneficial owner.
- (b) As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than the Directors) having interests in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Nature of interests	Number of Shares/Percentage of total issued share capital as at the Latest Practicable Date			
			Long positions	%	Short positions	%
COSCO Investments Limited	Beneficial owner	Beneficial interest	200,120,000	8.91	—	—
COSCO Pacific Investment Holdings Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,144,166,411	50.97	—	—
China COSCO Holdings Company Limited	Interest of controlled corporation	Corporate interest	1,144,166,411	50.97	—	—
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,144,166,411	50.97	—	—

*Notes:*

- (1) The 1,144,166,411 Shares relate to the same batch of shares in the Company. COSCO Investments Limited (“COSCO Investments”) is a wholly-owned subsidiary of COSCO Pacific Investment Holdings Limited (“COSCO Pacific Investment”). Accordingly, the 200,120,000 Shares of the Company held by COSCO Investments are also included as part of the COSCO Pacific Investment’s interests in the Company. COSCO Pacific Investment is a wholly-owned subsidiary of China COSCO Holdings Company Limited (“China COSCO”) and it itself holds 944,046,411 Shares beneficially. Accordingly, COSCO Pacific Investment’s interests in relation to the 1,144,166,411 Shares are also recorded as China COSCO’s interests in the Company. China Ocean Shipping (Group) Company (“COSCO”) holds 51.07% interest of the issued share capital of China COSCO as at the Latest Practicable Date, and accordingly, COSCO is deemed to have the interests of 1,144,166,411 Shares held by COSCO Pacific Investment.

- (2) The table below shows the posts held by Directors in COSCO, China COSCO, COSCO Pacific Investment and COSCO Investments respectively as at the Latest Practicable Date:-

***COSCO***

<b>Name of Director</b>	<b>Posts held in COSCO</b>
Dr. WEI Jiafu	President and CEO
Mr. CHEN Hongsheng	Executive Vice President
Mr. LI Jianhong	Executive Vice President
Mr. XU Lirong	Executive Vice President
Ms. SUN Yueying	Chief Financial Officer

***China COSCO***

<b>Name of Director</b>	<b>Posts held in China COSCO</b>
Dr. WEI Jiafu	Chairman and CEO
Mr. CHEN Hongsheng	Director and President
Mr. LI Jianhong	Director
Mr. XU Lirong	Director
Ms. SUN Yueying	Director
Dr. SUN Jiakang	Executive Vice President
Mr. XU Minjie	Executive Vice President

***COSCO Pacific Investment***

<b>Name of Director</b>	<b>Posts held in COSCO Pacific Investment</b>
Dr. WEI Jiafu	Director
Mr. CHEN Hongsheng	Director
Mr. LI Jianhong	Director
Ms. SUN Yueying	Director
Mr. XU Minjie	Director

***COSCO Investments***

<b>Name of Director</b>	<b>Posts held in COSCO Investments</b>
Mr. CHEN Hongsheng	Director
Mr. XU Minjie	Director

- (c) So far as was known to the Directors, as at the Latest Practicable Date, the following persons (other than members of the Group) were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the following members of the Group (other than the Company) and the amount of each of such person's interest in such securities was as follows:

Name of member of the Group	Name of substantial shareholder	Interest in share capital/ equity interest of the company concerned	Percentage of shareholding as at the Latest Practicable Date
Cheer Hero Development Limited ( <i>a company incorporated in Hong Kong</i> )	China Railway (Hong Kong) Holdings Limited	2,300 ordinary shares	23%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ( <i>a Sino-foreign equity joint venture established in the PRC</i> )	張家港港務集團有限公司 (Zhangjiagang Port Group Co. Ltd.)	Registered capital in the amount of US\$18,032,000	49%
Guangzhou South China Oceangate Container Terminal Company Limited ( <i>a Sino-foreign equity joint venture established in the PRC</i> )	廣州港集裝箱綜合發展有限公司 (Guangzhou Port Container Comprehensive Development Co., Ltd.)	Registered capital in the amount of RMB575,300,110	41%
COSCO Ports (Nansha) Limited ( <i>a company incorporated in the British Virgin Islands</i> )	APM Terminals Invest Company Limited	3,390 ordinary shares	33.9%
Quanzhou Pacific Container Terminal Co., Ltd. ( <i>a Sino-foreign equity joint venture established in the PRC</i> )	泉州港務集裝箱股份有限公司 (Quanzhou Port Container Co., Ltd.)	Registered capital in the amount of US\$14,256,430	28.57%
Yangzhou Yuanyang International Ports Co., Ltd. ( <i>a Sino-foreign equity joint venture established in the PRC</i> )	揚州港務集團有限公司 (Yangzhou Ports (Group) Limited)	Registered capital in the amount of US\$17,920,000	40%

- (d) Save as disclosed above, as at the Latest Practicable Date:

- (i) so far as was known to the Directors, none of the Directors or chief executives of the Company had any interest or short positions in any Shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of



Part XV of the SFO) which were 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 or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange; and

- (ii) so far as was known to the Directors, there was no person who had an interest or short positions in the shares and 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.

### 3. DIRECTORS' INTERESTS IN CONTRACTS

- (a) Mr. XU Minjie has entered into a service agreement with COSCO Pacific Management Company Limited, a wholly-owned subsidiary of the Company, on 24 January 2007 for a term of three years commencing from 24 January 2007. The agreement is renewable automatically for successive terms of three years subject to termination by either party giving not less than three months' notice in writing to the other party pursuant to the terms of the service agreement. Mr. XU is, currently, entitled to an annual salary amounting to HK\$5,000,000 which was fixed according to the terms of the service agreement and by reference to his senior management position in the Company, his level of responsibilities and the remuneration policy of the Group plus an annual bonus determined by the Board.
- (b) Dr. WONG Tin Yau, Kelvin has a service agreement with the Company commencing from 22 July 1996. The agreement is terminable by either party giving to the other party not less than one month's prior notice in writing. Pursuant to the provision in respect of his annual salary (which is subject to adjustment from time to time) under his service agreement, Dr. WONG is currently entitled to an annual salary of HK\$2,040,000. In addition, he is also entitled to a discretionary bonus. His emoluments are based on his senior position in the Company, his level of responsibilities and the remuneration policy of the Group.
- (c) Mr. WANG Zhi has an employment contract with COSCO Pacific Management Company Limited, a wholly-owned subsidiary of the Company, commencing from 1 April 2001. Such contract is terminable by either party giving to the other party not less than one month's prior notice in writing. He is currently entitled to an annual salary of HK\$1,800,000 which has been fixed by reference to his position, his level of responsibilities and the remuneration policy of the Group. In addition, he is also entitled to a discretionary bonus.
- (d) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### 4. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

#### 5. DIRECTORS' INTEREST IN COMPETING BUSINESS

COSCO and its subsidiaries (excluding the Group and the COSCO Logistics Group (as defined below)) (collectively the "COSCO Group") carry on, among others, the businesses of shipping agency, freight forwarding and/or third party logistics and supporting services relating to the aforesaid services ("Logistics Businesses"), details of which are disclosed in the connected transactions circular issued by the Company dated 13 October 2003. The core of such businesses is unlikely to be in competition with the businesses carried on by COSCO Logistics Co., Ltd. ("COSCO Logistics"), its subsidiaries, jointly controlled entities and associates (collectively the "COSCO Logistics Group"). As at the Latest Practicable Date, China COSCO, a subsidiary of COSCO, and the Group has 51% and 49% equity interests in COSCO Logistics respectively.

As at the Latest Practicable Date, Dr. WEI Jiafu, Mr. CHEN Hongsheng, Mr. LI Jianhong, Mr. XU Lirong, Ms. SUN Yueying, Mr. XU Minjie and Dr. SUN Jiakang, all being Directors, held directorships and/or senior management posts in the COSCO Group and/or other companies which have interests in container terminals ("Container Terminal Interests").

The Board is of the view that the Group is capable of carrying on its businesses independently of the Logistics Businesses and/or the Container Terminal Interests. When making decisions on the logistics businesses and/or the container terminal business of the Group, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interest of the Group.

#### 6. GENERAL

- (a) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) The General Counsel and Company Secretary of the Company is Ms. HUNG Man, Michelle, a practising solicitor in Hong Kong. She is also qualified in England and Wales.
- (d) The qualified accountant of the Company is Ms. SIU Kim Shan, Margaret who is a fellow member of the Association of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.