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COSCO Pacific Limited
(Incorporated in Bermuda with limited liability)
(Stock Code : 1199)

DISCLOSEABLE TRANSACTION
DISPOSAL OF MARINE CONTAINERS

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DEFINITIONS

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

- “Affiliate” when used with reference to a specified Person (i) any Person that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the specified Person; (ii) any Person that is an executive officer or director of, partner in, or serves in a similar capacity to, the specified Person or of which the specified Person is an executive officer, director, or partner or with respect to which the specified Person serves in a similar capacity; or (iii) any Person owning or controlling more than 50% of the outstanding voting securities of such other entity. For the purposes of this definition, “control”, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing
- “Board” the board of directors of the Company
- “Casualty Loss” any of the following events: (a) loss, theft or destruction of a container, or (b) if such container is subject to a Lease, a depot contract, a transportation contract (including, but not limited to a bill of lading or a contract of affreightment), or otherwise in the possession or under the control of a party responsible for such container, such container shall have been deemed to have been damaged beyond repair or declared lost by the Lessee, depot, transporter, or other bailee under the terms of the applicable bailment contract
- “Company” COSCO Pacific Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
- “Container Disposal” the normal sale of any container at the end of its useful economic life in its primary market as an intermodal cargo container offered for lease to end-users thereof as generally accepted within the container leasing industry. As at 20 November 2007, in the case of the November and December Disposal, such normal remaining useful life is expected to be between ten and thirteen (10-13) years. As at 29 June 2007, in the case of the June Disposal, such normal remaining useful life was expected to be between ten and thirteen (10-13) years

DEFINITIONS

“Container Sale”	a completed transaction by which any container is sold, whether to a third party or to the Manager, with the prior written consent of the Owner, excluding the sale of any containers by the Owner to a third party at any time as part of a transaction in which the Owner assigns the November CMSA or the June CMSA (as the case may be), to such third party with the Manager’s consent and the Manager continues to manage such containers for the purchaser/assignee under the term of the November CMSA or the June CMSA (as the case may be)
“December Sale Assets”	the marine containers owned and operated by Florens Maritime which are transferred under Purchase Agreement II to SLI Dritte, together with the rights of lessor under the relevant customer leases relating to such containers (to the extent relating to such containers)
“Disposal”	the June Disposal and the November and December Disposal, collectively
“Director(s)”	the director(s) of the Company
“FCHL”	Florens Container Holdings Limited, a company established under the laws of the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Florens Delaware”	Florens Container Inc., a corporation incorporated in Delaware, the United States of America and an indirect wholly-owned subsidiary of the Company
“Florens Macao”	Florens Management Services (Macao Commercial Offshore) Limited, a company incorporated in the Macau Special Administrative Region of the PRC and an indirect wholly-owned subsidiary of the Company
“Florens Maritime”	Florens Maritime Limited, a company incorporated in Bermuda with limited liability and an indirect wholly-owned subsidiary of the Company
“Florens USA”	Florens Container Services (USA), Ltd., a corporation incorporated in Delaware, the United States of America and an indirect wholly-owned subsidiary of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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“June CMSA”	the container management services agreement entered into between SLI Zweite and Florens USA on 29 June 2007 for the provision by Florens USA of administrative services in respect of the June Sale Assets
“June Disposal”	the sale of the June Sale Assets by Florens Delaware to SLI Zweite pursuant to the June Purchase Agreement
“June Purchase Agreement”	the purchase agreement No. 1 entered into by the Florens Delaware, Florens USA and SLI Zweite on 29 June 2007 for the sale and purchase of certain containers
“June Sale Assets”	the marine containers owned and operated by Florens Delaware which are transferred under the June Purchase Agreement to SLI Zweite, together with the rights of lessor under the relevant customer leases relating to such containers (to the extent relating to such containers)
“Latest Practicable Date”	5 December 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Lease”	a lease for one or more containers between Florens Macao, Florens USA or Florens Delaware or other affiliate of Florens Macao from time to time (in any such case, on behalf of Owner), as Lessor, and the user of such container(s), as Lessee, which is administered by Manager as agent of Owner. A Lease may cover one or more containers owned by Owner together with containers owned, leased and/or managed by Florens Macao and its affiliates (including Florens Delaware and its direct subsidiaries)
“Lessee”	the party contractually entitled to use and possession of one or more containers under a Lease
“Lessor”	Florens Macao, Florens USA or Florens Delaware, as lessor under a Lease
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Florens Macao, in the case of the November and December Disposal; Florens USA, in the case of June Disposal
“November and December Disposal”	the sale of the November and December Sale Assets by Florens Maritime to SLI Dritte pursuant to the Purchase Agreements

DEFINITIONS

“November and December Sale Assets”	the November Sale Assets and the December Sale Assets, collectively
“November CMSA”	the container management services agreements entered into among SLI Dritte, Florens Macao, FCHL and certain affiliated companies of Florens Macao on 20 November 2007 for the provision by the Florens Macao of administrative services in respect of the November and December Sale Assets
“November Sale Assets”	the marine containers owned and operated by Florens Maritime which are transferred under Purchase Agreement I to SLI Dritte, together with the rights of lessor under the relevant customer leases relating to such containers (to the extent relating to such containers)
“Owner”	the Purchaser, its successors and assigns, as owners of the marine containers sold and purchased pursuant to the June Disposal or the November and December Disposal, as the case may be
“Person”	an individual, partnership, joint venture, limited liability company, corporation, trust, estate or other entity
“PRC”	the People’s Republic of China
“Purchaser”	(1) SLI Dritte, in case of the November and December Disposal, being a third party independent of the Company, its subsidiaries, their respective directors, chief executive and substantial shareholders or any of their respective associates, or its nominee; and (2) SLI Zweite, in case of the June Disposal, being a third party independent of the Company, its subsidiaries, their respective directors, chief executive and substantial shareholders or any of their respective associates, or its nominee
“Purchase Agreement I”	the purchase agreement No. 1 entered into by Florens Maritime, Florens Macao and SLI Dritte on 20 November 2007 for the sale and purchase of certain containers
“Purchase Agreement II”	the purchase agreement No. 2 entered into by Florens Maritime, Florens Macao and SLI Dritte on 20 November 2007 for the sale and purchase of certain containers
“Purchase Agreements”	Purchase Agreement I and Purchase Agreement II, collectively

DEFINITIONS

“Schroeder Group”	the group of companies based in Hamburg, Germany, headed by Mr. Michael Schroeder. The group is engaged in arranging and managing container investments funds to individual private investors in Germany
“SLI Dritte”	SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, a partnership registered in the Austrian companies register (Firmenbuch) under FN 300909p
“SLI Zweite”	SLI Zweite Verwaltungs GmbH & Co KG, a company registered under the laws of Austria
“Seller”	Florens Maritime, in the case of the November and December Disposal, an indirect wholly-owned subsidiary of the Company; Florens Delaware, in the case of the June Disposal, an indirect wholly-owned subsidiary of the Company
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended and supplemented from time to time
“Shareholders”	holder(s) of the Share(s)
“Shares”	share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminated Container”	a container which: (a) (i) on the date the November CMSA or the June CMSA (as the case may be) is terminated pursuant to the provisions therein is off-hire and in a depot, or (ii) after such date is off-hired and returned to a depot; or (b) is subject to a Casualty Loss or is a Container Disposal; or (c) has been subject to a Container Sale; or (d) has been transferred to the Manager in return for a substitute container
“TEU”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet
“US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

Directors:

Dr. WEI Jiafu² (*Chairman*)
Mr. CHEN Hongsheng¹
Mr. LI Jianhong¹
Mr. XU Lirong²
Ms. SUN Yueying¹
Mr. XU Minjie¹ (*Vice Chairman & Managing Director*)
Dr. SUN Jiakang²
Dr. 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

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

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director

11 December 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF MARINE CONTAINERS

INTRODUCTION

The Company announced on 20 November 2007 that Florens Maritime and Florens Macao entered into the Purchase Agreements with SLI Dritte on 20 November 2007, pursuant to which Florens Maritime has agreed to sell certain marine containers to SLI Dritte, and Florens Macao has agreed to manage the same containers and the related customer leases pursuant to the November CMSA.

LETTER FROM THE BOARD

The terms and conditions of the Purchase Agreements have been negotiated on an arm's length basis. The Board considers that the Purchase Agreements are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SLI Dritte and its ultimate beneficial owners are third parties independent of the Company and any connected persons of the Company. As certain applicable percentage ratio (as defined in the Listing Rules) in respect of the transactions under the Purchase Agreements, when aggregated with the June Disposal pursuant to Rule 14.22 of the Listing Rules, is more than 5% but less than 25%, the aggregated transaction constitutes a discloseable transaction of the Company under the Listing Rules. Such transaction is subject to the notification and publication (both announcement and circular) requirements set out in Rule 14.33 of the Listing Rules.

The purpose of this circular is to provide the Shareholders with further information in respect of the Disposal.

THE PURCHASE AGREEMENTS

I. November and December Disposal

1. Date

20 November 2007

2. Parties

Seller: Florens Maritime

Purchaser: SLI Dritte

Manager: Florens Macao

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SLI Dritte and its ultimate beneficial owners are third parties independent of the Company and any connected persons of the Company.

3. Transaction Nature

Florens Maritime, Florens Macao and SLI Dritte entered into the Purchase Agreements on 20 November 2007. Pursuant to the Purchase Agreements, Florens Maritime has agreed to sell certain marine containers to SLI Dritte and Florens Macao has agreed to manage such containers and related customer leases pursuant to the November CMSA.

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4. November and December Sale Assets

The November and December Sale Assets comprise marine containers with an aggregate capacity of approximately 104,663 TEUs, representing approximately 8.37% of the marine containers operated by the Group as at 31 December 2006 and used for its container leasing business.

Prior to the completion of the Purchase Agreements, the November and December Sale Assets have been owned by Florens Maritime, which is principally engaged in the business of container leasing.

The net book value (cost less accumulated depreciation) of the containers comprising the November and December Sale Assets as at 30 June 2007 was approximately US\$177.0 million.

The unaudited net profits (before and after taxation) attributable to the November and December Sale Assets for the two years ended 31 December 2006 (as extracted from the management accounts of Florens Maritime) were as follows:

	For the year ended 31 December 2005 Approximately	For the year ended 31 December 2006 Approximately
Net profit before and after taxation	US\$ Nil	US\$172,000

5. Consideration and Payment Terms

- (a) The purchase price payable under Purchase Agreement I is approximately US\$68.7 million and shall be paid by SLI Dritte on 20 November 2007 in the following manner:
- (i) approximately US\$67.9 million shall be paid to Florens Maritime; and
 - (ii) approximately US\$0.8 million shall be paid to Florens Macao as a deal management fee (in addition to the other fees payable to Florens Macao pursuant to the November CMSA) in consideration of Florens Macao's provision of management services in relation to the transactions contemplated under Purchase Agreement I and the November CMSA.

Such consideration has been determined after arm's length negotiations between Florens Maritime, Florens Macao and SLI Dritte with reference to the estimated net book value of the November Sale Assets as at 31 October 2007 plus a premium of approximately 10.7%.

- (b) The purchase price payable under Purchase Agreement II is approximately US\$126.0 million and shall be paid by SLI Dritte on 14 December 2007 in the following manner:
- (i) approximately US\$124.5 million shall be paid to Florens Maritime; and

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- (ii) approximately US\$1.5 million shall be paid to Florens Macao as a deal management fee (in addition to the other fees payable to Florens Macao pursuant to the November CMSA) in consideration of Florens Macao's provision of management services in relation to the transactions contemplated under Purchase Agreement II and the November CMSA.

Such consideration has been determined after arm's length negotiations between Florens Maritime, Florens Macao and SLI Dritte with reference to the estimated net book value of the December Sale Assets as at 31 December 2007 plus a premium of approximately 14.3%.

Payment under the Purchase Agreements shall be paid by wire transfer of immediately available US dollar funds to an account specified by Florens Maritime and Florens Macao, respectively.

6. **Delivery**

The delivery dates for all containers covered by the Purchase Agreements will be the dates when Florens Maritime receives the above consideration.

II. **June Disposal**

1. **Date**

29 June 2007

2. **Parties**

Seller: Florens Delaware

Purchaser: SLI Zweite

Manager: Florens USA

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SLI Zweite and its ultimate beneficial owners are third parties independent of the Company and any connected persons of the Company.

3. **Transaction Nature**

Florens Delaware, Florens USA and SLI Zweite entered into June Purchase Agreement on 29 June 2007, pursuant to which Florens Delaware has agreed to sell certain marine containers to SLI Zweite, and Florens USA has agreed to manage such containers under the June CMSA.

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4. June Sale Assets

The June Sale Assets comprise marine containers with an aggregate capacity of 31,352 TEUs, representing approximately 2.51% of the marine containers operated by the Group as at 31 December 2006 and used for its container leasing business.

Prior to the completion of the June Purchase Agreement, the June Sale Assets have been owned by Florens Delaware, an indirect wholly-owned subsidiary of the Company, which is principally engaged in the business of container leasing.

The net book value (cost less accumulated depreciation) of the containers comprising the June Sale Assets as at 30 June 2007 was approximately US\$40.5 million.

The unaudited net profits (before and after taxation) attributable to the June Sale Assets for the two years ended 31 December 2006 (as extracted from the management accounts of Florens Delaware) were as follows:

	Before taxation	After taxation
Net profit for the year ended 31 December 2005	US\$ Nil	US\$ Nil
Net profit for the year ended 31 December 2006	Approximately US\$799,000	Approximately US\$510,000

5. Consideration and Payment Terms

The total purchase price under June Purchase Agreement was approximately US\$46.5 million and was paid by SLI Zweite to Florens Delaware on 29 June 2007.

Such purchase price was determined after arm's length negotiations between Florens Delaware and SLI Zweite with reference to the net book value of the June Sale Assets as at 30 June 2007 plus a premium of approximately 14.9%.

6. Delivery

The delivery date was 29 June 2007.

CONTAINER MANAGEMENT SERVICES AGREEMENTS

I. The November CMSA

On 20 November 2007, SLI Dritte, Florens Macao, FCHL (as the guarantor of the payment and performance by Florens Macao of all of its obligations under such agreement) and certain affiliated companies of Florens Macao entered into the November CMSA, pursuant to which Florens Macao has

LETTER FROM THE BOARD

agreed to act as agent for and on behalf of SLI Dritte, to manage and administer the November and December Sale Assets, to use commercially reasonable efforts to arrange the leasing and re-leasing of the same as the case may be and enter into the Lease for such containers, and administer such Lease. Florens Macao has also agreed to act as agent in managing and disposing of containers for SLI Dritte and handling all rentals and other payments in respect of such containers which belong to SLI Dritte.

The November CMSA took effect as of 20 November 2007 and, subject to the termination provisions thereof, shall remain in effect with respect to each container until the earlier of (a) a Casualty Loss event, (b) the sale or other disposition of containers due to a Container Disposal or Container Sale, (c) the date a container is sold as described and permitted, or (d) the date such container becomes a Terminated Container.

The transaction under the November CMSA is of a revenue nature in the ordinary and usual course of business of Florens Macao, which is an indirect wholly-owned subsidiary of the Company primarily engaged in the business of the provision of container management service.

II. The June CMSA

On 29 June 2007, SLI Zweite and Florens USA entered into June CMSA pursuant to which the Florens USA has agreed to act as agent for and on behalf of SLI Zweite, to manage and administer the June Sale Assets, to use commercially reasonable efforts to arrange the leasing and re-leasing of the same as the case may be and enter into Lease for such containers, and administer such Lease. Florens USA has also agreed to act as agent in managing and disposing of containers for SLI Zweite and handling all rentals and other payments in respect of such containers which belong to SLI Zweite.

The June CMSA took effect on 29 June 2007 and, subject to the termination provisions thereof, shall remain in effect with respect to each container until the earlier of (a) a Casualty Loss event, (b) the sale or other disposition of such container due to a Container Disposal or Container Sale, (c) the date a container is sold as described and permitted, or (d) the date such container becomes a Terminated Container.

The transaction under the June CMSA is of a revenue nature in the ordinary and usual course of business of Florens USA, which is an indirect wholly-owned subsidiary of the Company, primarily engaged in the business of the provision of container management service.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Most of the marine containers comprising the November and December Sale Assets and the June Sale Assets are subject to long term leases. After the Disposal, the Manager will still retain a managerial role in respect of the containers under the November CMSA and the June CMSA. The Disposal will further strengthen the Group's management of container leasing business.

LETTER FROM THE BOARD

The Company considers that the Disposal will help the Group to improve the business model and capital structure of its container leasing business, to increase its sources of income and to lower the operational risks. At the same time, it will enable the Group to maintain a good and steady business relationship with its customers in the process of managing the related containers, and to provide more comprehensive and sound container leasing services to its customers.

The Manager and certain of its affiliated companies will remain principally engaged in the business of acquiring and leasing containers and managing container lease portfolios, including the November and December Sale Assets to be sold to the SLI Dritte pursuant to the Purchase Agreements, and the Manager and/or its affiliated companies expect to acquire additional containers and lease them to customers in the future consistent with its current practices.

By reference to the estimated net book value of the containers comprising the November and December Sale Assets as at 20 November 2007 and 14 December 2007, respectively, the Group is expected to realize an estimated gain of approximately US\$21.5 million (after taking into account taxes and direct expenses) from the November and December Disposal which is expected to be accounted for in the consolidated financial statements of the Company for the year ending 31 December 2007.

The Directors are of the view that the terms of the Purchase Agreements and the June Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

I. Earnings

By reference to the financial statements of the Seller, the unaudited net profit after taxation attributable to the November and December Sale Assets and the June Sale Assets for the year ended 31 December 2006 amounted to approximately US\$682,000 (2005: US\$ Nil), representing approximately 0.23% (2005: Nil) of the Group's profit after taxation for the year ended 31 December 2006. After the Disposal, the Group can no longer derive any rental income from such assets and it can only receive administrative fees from the Purchaser, calculated in accordance with the terms as set out in the November CMSA and the June CMSA, for the administrative and management services to be provided in connection with the November and December Sale Assets and the June Sale Assets.

Furthermore, the Group is expected to realise an estimated gain from the Disposal of approximately US\$25.3 million (after taking into account taxes and direct expenses).

II. Assets and Liabilities

Upon the completion of the Disposal, the Group's property, plant and equipment will be decreased by approximately US\$212.8 million (being the aggregate net book value of the containers comprising the November and December Sale Assets and the June Sale Assets), which accounted for

LETTER FROM THE BOARD

approximately 7.1% of the Group's consolidated total assets as at 31 December 2006. Upon the completion of the June Disposal, the Group has received in cash the purchase price of approximately US\$46.5 million. Furthermore, upon the completion of the November and December Disposal, the Group will receive in cash the purchase price of approximately US\$194.7 million. The total purchase price for the Disposal will be used for purposes as further described in the section headed "Use of Proceeds" below.

Taking into account all of the above, the total assets and liabilities of the Group will be increased by approximately US\$28.4 million and US\$3.1 million, respectively.

USE OF PROCEEDS

The aggregate amount of proceeds received by Florens Delaware under the June Purchase Agreement was US\$46.5 million, and the aggregate amount of proceeds receivable by Florens Maritime and Florens Macao under the Purchase Agreements shall be approximately US\$194.7 million. The aggregate amount of proceeds received and receivable under the June Purchase Agreement and the Purchase Agreements is therefore US\$241.2 million. Such amounts will be used as working capital and for taking up investment opportunities of the Group as and when they arise.

DISCLOSEABLE TRANSACTION

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SLI Dritte, SLI Zweite and their respective ultimate beneficial owners are third parties independent of the Company and any connected persons of the Company.

As certain applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction under the Purchase Agreements, when aggregated with the June Disposal pursuant to Rule 14.22 of the Listing Rules, is more than 5% but less than 25%, it constitutes a discloseable transaction of the Company under the Listing Rules. Such transaction is subject to the notification and publication (both announcement and circular) requirements set out in Rule 14.33 of 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.

Florens Maritime is an indirect wholly-owned subsidiary of the Company that is principally engaged in the business of container leasing.

Florens Macao is an indirect wholly-owned subsidiary of the Company primarily engaged in the business of the provision of container management service.

Florens Delaware is an indirect wholly-owned subsidiary of the Company that is primarily engaged in the business of container management and container leasing.

LETTER FROM THE BOARD

Florens USA is an indirect wholly-owned subsidiary of the Company that is principally engaged in the business of the provision of container management services.

SLI Dritte is a special purpose entity established for the purpose of (i) acquiring the November and December Sale Assets; and (ii) arranging the leasing out of the November and December Sale Assets. SLI Dritte is part of the Schroeder Group based in Hamburg, Germany.

SLI Zweite is a special purpose entity established for the purpose of (i) acquiring the June Sale Assets; and (ii) arranging the leasing out of the June Sale Assets. SLI Zweite is part of the Schroeder Group based in Hamburg, Germany.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
COSCO Pacific Limited
XU Minjie
Vice Chairman and 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 or chief executives of the Company 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 (a) 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 (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, were as follows:

(i) Long position in the Shares

Name of Director	Capacity	Nature of interests	Number of Shares held	Percentage of total issued share capital as at the Latest Practicable Date
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 share options outstanding as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date	Exercisable period	Note
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 Directors 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 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 Jaifu	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 (\$)	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	
				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\$9.54 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 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 the Directors in COSCO, China COSCO, COSCO Pacific Investment and COSCO Investments respectively as at the Latest Practicable Date:

COSCO

Name of Director	Posts held in COSCO
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

Name of Director	Posts held in China COSCO
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

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

COSCO Investments

Name of Director	Posts held in COSCO Investments
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 (a company incorporated in Hong Kong)	China Railway (Hong Kong) Holdings Limited	2,300 ordinary shares	23%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd. (a Sino-foreign equity joint venture established in the PRC)	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 (a Sino-foreign equity joint venture established in the PRC)	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 (a company incorporated in the British Virgin Islands)	APM Terminals Invest Company Limited	3,390 ordinary shares	33.9%
Quanzhou Pacific Container Terminal Co., Ltd. (a Sino-foreign equity joint venture established in the PRC)	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%

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
Yangzhou Yuanyang International Ports Co. Ltd. (a Sino-foreign equity joint venture established in the PRC)	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 (a) 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 (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules; 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 terminable 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 INTEREST

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 had 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.