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**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**

**ACQUISITION OF ADDITIONAL SHARES IN  
CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.**

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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>Acquisition</b> ”	the acquisition of a total of 113,067,401 B shares of CIMC by COSCO Container on the Shenzhen Stock Exchange in the PRC during the period from 10 December 2007 to 6 March 2008
“ <b>Board</b> ”	the board of Directors
“ <b>CIMC</b> ”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司)
“ <b>Company</b> ”	COSCO Pacific Limited
“ <b>COSCO Container</b> ”	COSCO Container Industries Limited, a company limited by shares and incorporated 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>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
“ <b>Latest Practicable Date</b> ”	20 March 2008, 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
“ <b>PRC</b> ”	the People’s Republic of China
“ <b>RMB</b> ”	Renminbi, the lawful currency of the PRC
“ <b>SFO</b> ”	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
“ <b>Stock Exchange</b> ”	The Stock Exchange of Hong Kong Limited

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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. YIN Weiyu <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

27 March 2008

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION ACQUISITION OF ADDITIONAL SHARES IN CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.**

#### **INTRODUCTION**

The Company announced on 6 March 2008 that during the period from 10 December 2007 to 6 March 2008, COSCO Container, a wholly-owned subsidiary of the Company, acquired a total of 113,067,401 B shares of CIMC (representing approximately 4.25% of the issued share capital of

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## LETTER FROM THE BOARD

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CIMC) on the Shenzhen Stock Exchange in the PRC at an aggregate cash consideration of approximately HK\$1,665,012,000. Together with the 432,171,843 A shares (representing approximately 16.23% of the issued share capital of CIMC) held by the Group, the Group's interest in CIMC has increased to approximately 20.48%.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide the shareholders of the Company with further information on the Acquisition.

### THE ACQUISITION

During the period from 10 December 2007 to 6 March 2008, COSCO Container, a wholly-owned subsidiary of the Company, acquired a total of 113,067,401 B shares of CIMC (representing approximately 4.25% of the issued share capital of CIMC) on the Shenzhen Stock Exchange in the PRC at an aggregate cash consideration of approximately HK\$1,665,012,000. Together with the 432,171,843 A shares (representing approximately 16.23% of the issued share capital of CIMC) held by the Group, the Group's interest in CIMC has increased to approximately 20.48%. The approximate 16.23% interest in CIMC held by the Group prior to the Acquisition had been held since 2004.

In respect of the Acquisition, the Company is not aware of the vendors or their ultimate beneficial owners not being third parties independent of the Company and connected persons of the Company. As one or more of the applicable percentage ratios in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### INFORMATION ON CIMC

CIMC is a joint stock limited company established in the PRC and its A shares and B shares are listed and traded on the Shenzhen Stock Exchange in the PRC. It is primarily engaged in the manufacturing and sale of modern traffic and transport equipment such as containers, modern road transport vehicles and airport ground equipment. A subsidiary of China Ocean Shipping (Group) Company (which is the ultimate controlling shareholder of the Company) holds B shares of CIMC representing approximately 0.95% of the issued share capital of CIMC.

According to the published audited consolidated accounts of CIMC prepared in accordance with the International Financial Reporting Standards:

- (a) the consolidated profit before and after taxation of CIMC for the year ended 31 December 2005 were approximately RMB3,172,223,000 and RMB2,947,599,000 respectively, and the consolidated net asset value of CIMC as at 31 December 2005 was approximately RMB10,510,972,000; and
- (b) the consolidated profit before and after taxation of CIMC for the year ended 31 December 2006 were approximately RMB3,248,943,000 and RMB3,016,868,000 respectively, and the consolidated net asset value of CIMC as at 31 December 2006 was approximately RMB13,170,615,000.

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## LETTER FROM THE BOARD

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The interest of the Company in CIMC has been equity accounted for in the consolidated accounts of the Company, and will continue to be so accounted for after the Acquisition.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the businesses of managing and operating container terminals, container leasing, container management, logistics, container manufacturing and related businesses and other investments. The Company considers that the B shares of CIMC acquired at the level of pricing at which the Acquisition was made is a good investment for the Group, and that the Acquisition increased the Group's shareholding of CIMC and its percentage share of the results of the CIMC group, and will strengthen the Group's capability in container related businesses, improve the allocation of resources of the Group and contribute to the continued development of the Group's businesses. The Company currently intends to closely monitor the share prices of CIMC so as to formulate its strategy for the Group's investment in CIMC, which may include the acquisition of additional B shares. However, the Company does not currently intend to increase its percentage interest in CIMC to more than 25.31%. The Company will comply with all applicable Listing Rules and make further announcement(s) where necessary in any future acquisition of additional B shares of CIMC.

The Board (including the independent non-executive Directors) believes that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### FINANCIAL EFFECTS OF THE ACQUISITION

Assuming that the Group's interest in CIMC had been approximately 20.48% (instead of approximately 16.23%) since 1 January 2006 and based on (i) the financial results and figures disclosed in the consolidated financial statements of the Company for the year ended 31 December 2006 and in the consolidated financial statements of CIMC prepared in accordance with the International Financial Reporting Standards for the year ended 31 December 2006, (ii) the consideration for the Acquisition was fully funded by internal resources and (iii) the consideration exceeding the fair values of CIMC's assets and liabilities acquired, there would have been the following effects on the profit, net asset value and net gearing ratio of the Group as at 31 December 2006:

1. The Group's consolidated profit attributable to the Company's equity holders (after taking into account the additional share of CIMC's net profit for the year ended 31 December 2006) would have increased by approximately 5.19%. Based on the weighted average number of Shares in issue for the year ended 31 December 2006, the Group's basic earnings per Share for the year ended 31 December 2006 would have also increased by approximately 5.19%.
2. The Group's consolidated net asset value (after taking into account the additional share of the CIMC's net asset as at 31 December 2006) would have increased by approximately

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## LETTER FROM THE BOARD

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0.66%, mainly represented by the additional share of approximately 4.25% equity interests in CIMC's net asset. Based on the number of Shares in issue as at 31 December 2006, the consolidated net asset value per share of the Company would have increased by approximately 0.66%.

3. The consolidated net gearing ratio of the Group (being bank and other loans less cash at bank and in hand and then divided by equity) would have increased.

### 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

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 13.75 19.30	800,000 1,000,000 500,000	0.036% 0.045% 0.022%	28.10.2003 — 27.10.2013 2.12.2004 — 1.12.2014 18.4.2007 — 17.4.2017	(1), (4) (2), (4) (3), (4)
Mr. WANG Zhi	13.75 19.30	550,000 500,000	0.024% 0.022%	29.11.2004 — 28.11.2014 18.4.2007 — 17.4.2017	(2), (4) (3), (4)
Mr. YIN Weiyu	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	Number of A shares held as at the Latest Practicable Date	Percentage of total issued A share capital
					of the associated corporation as at the Latest Practicable Date		of the associated corporation as at the Latest Practicable Date
China COSCO Holdings Company Limited	Dr. WONG Tin	Beneficial Owner	Personal	573,875	0.022%	—	—
	Yau, Kelvin	Owner					
	Mr. YIN Weiyu	Beneficial Owner	Personal	50,000	0.002%	13,100	0.0004%
		Interest of spouse	Family	—	—	4,000	0.0001%

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 adopted by COSCO International on 17 May 2002 and amended by the shareholders of COSCO International at the special general meeting held on 5 May 2005 (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*

## (i) Share appreciation rights

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 H share capital of the associated corporation as at the Latest Practicable Date	Note
China COSCO Holdings Company Limited	Dr. WEI Jiafu	3.195	680,000	0.026%	(1),(4)
		3.588	900,000	0.035%	(2),(4)
		9.540	880,000	0.034%	(3),(4)
	Mr. CHEN Hongsheng	3.195	600,000	0.023%	(1),(4)
		3.588	700,000	0.027%	(2),(4)
		9.540	680,000	0.026%	(3),(4)
	Mr. LI Jianhong	3.195	450,000	0.017%	(1),(4)
		3.588	600,000	0.023%	(2),(4)
		9.540	580,000	0.022%	(3),(4)
	Mr. XU Lirong	3.195	375,000	0.015%	(1),(4)
		3.588	500,000	0.019%	(2),(4)
		9.540	580,000	0.022%	(3),(4)
	Ms. SUN Yueying	3.195	500,000	0.019%	(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)
	Mr. YIN Weiyu	3.195	100,000	0.004%	(1),(4)
		3.588	65,000	0.003%	(2),(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 items 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.

## (ii) Call warrants issued by JP Morgan SP BV

Name of associated corporation	Name of Director	Exercise price (HK\$)	Number of units of call warrants as at the Latest Practicable Date	Exercisable period
China COSCO Holdings Company Limited	Mr. YIN Weiyu	28.880	200,000	30.9.2008

- (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 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 54.317% 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%
Quan Zhou 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> )	江蘇省揚州港務集團有限公司 (Yangzhou Port of Jiangsu Province Group Co., Ltd.)	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\$2,400,000. 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) Mr. YIN Weiyu has an employment contract with COSCO Pacific Management Company Limited, a wholly-owned subsidiary of the Company, commencing from 9 October 2006.

Such contract is terminable by either party by giving to the other party not less than one month's prior notice in writing. Mr. YIN is, currently, entitled to an annual salary amounting to HK\$1,700,000 which was fixed according to the terms of the employment contract 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.

- (e) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement 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.