THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 otherwise transferred all your shares in **COSCO Pacific Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

DISCLOSEABLE TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders

亞洲資產管理
ASIA INVESTMENT MANAGEMENT

Asia Investment Management Limited

A letter from the Board is set out on pages 7 to 37 of this circular and a letter from the Independent Board Committee is set out on page 38 of this circular. A letter from AIM, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 83 of this circular.

A notice convening the SGM to be held at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong at 2:30 p.m. on Thursday, 29th November 2012 is set out on pages 93 to 98 of this circular. Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's principal place of business at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

5th November 2012

CONTENT

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

"Agreements"	the Finance Leasing Master Agreement, the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement, the APM Shipping Services Master Agreement, the Florens-APM Container Purchasing and Related Services Master Agreement, the Nansha Container Terminal Services Master Agreement and the Yangzhou Terminal Services Master Agreement
"AIM" or "Independent Financial Adviser"	Asia Investment Management Limited, a licensed corporation under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements and the Continuing Connected Transactions
"APM"	A.P. Moller – Maersk A/S, a company incorporated in Denmark with limited liability
"APM Shipping Services Master Agreement"	the agreement dated 30th October 2012 between COSCO Ports, PCT and the Line in relation to the provision of shipping related services for a term from 1st January 2013 to 31st December 2015
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"China COSCO"	China COSCO Holdings Company Limited (中國遠洋控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange in the PRC, and an intermediate controlling Shareholder
"China COSCO Group"	China COSCO and COSCON and their respective associates (excluding the Group)

"China COSCO Shipping Services and Terminal Services Master Agreement"	the agreement dated 30th October 2012 between COSCO Ports, PCT, China COSCO and COSCON in relation to the provision of shipping and terminal related services for a term from 1st January 2013 to 31st December 2015
"Company"	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
"connected persons(s)	has the meaning ascribed thereto in the Listing Rules
"Container Equipment"	the containers of which Florens or one of its subsidiaries and/or affiliates is the owner, lessee or manager
"Continuing Connected Transactions"	transactions under the Agreements
"COSCO"	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a company established in the PRC and the ultimate controlling Shareholder
"COSCO Group"	COSCO and its associates (excluding the Group and China COSCO and its other associates)
"COSCO Ports"	COSCO Ports (Holdings) Limited (中遠碼頭控股有限公司), a company established in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"COSCO Ports Group"	COSCO Ports and its subsidiaries
"COSCO Shipping Services and Terminal Services Master Agreement"	the agreement dated 30th October 2012 between COSCO Ports, PCT and COSCO in relation to the provision of shipping and terminal related services for a term from 1st January 2013 to 31st December 2015
"COSCON"	COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司), a company established in the PRC and a wholly-owned subsidiary of China COSCO
"COSCON Container Services Master Agreement"	the agreement dated 30th October 2012 between Plangreat, COSCO and COSCON in relation to the provision of container related services for a term from 1st January 2013 to 31st December 2015, details of which were disclosed in the announcement of the Company dated 30th October 2012

"Director(s)"	the director(s) of the Company
"Finance Leasing"	the provision of finance leasing on any Leasing Equipment by any member of the Florens Capital Management Group to any member of the COSCO Ports Group pursuant to the Finance Leasing Master Agreement and such other related services as may be agreed between the relevant member of the Florens Capital Management Group and the relevant member of the COSCO Ports Group
"Finance Leasing Agreement"	the separate written contract(s) to be entered into between the Lessor and Lessee pursuant to the Finance Leasing Master Agreement in respect of the Finance Leasing required by such Lessee in such form and on such terms to be negotiated on an arm's length basis and agreed between the relevant parties from time to time
"Finance Leasing Master Agreement"	the agreement dated 30th October 2012 between COSCO Ports and Florens Capital Management in relation to the provision of Finance Leasing for a term from 1st January 2013 to 31st December 2015
"Florens"	Florens Container Holdings Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Florens-APM Container Purchasing and Related Services Master Agreement"	the agreement dated 30th October 2012 between Florens and the Line in relation to the purchase of containers and container related materials and the provision of container related services for a term from 1st January 2013 to 31st December 2015
"Florens Capital Management"	Florens Capital Management Company Limited, a limited liability company incorporated in Hong Kong and a non wholly-owned subsidiary of the Company
"Florens Capital Management Group"	Florens Capital Management and its subsidiary(ies)
"Florens Group"	Florens and its subsidiaries
"Group"	the Company and its subsidiaries
"GZ Port Group"	GZ Port Holding and its subsidiaries, branches and associates

"GZ Port Holding"	Guangzhou Port Group Company Limited* (廣州港集團有限公司), a company established in the PRC
"GZ South China"	Guangzhou South China Oceangate Container Terminal Company Limited (廣州南沙海港集裝箱碼頭有限公司), a company established in the PRC and a non wholly-owned subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising Mr. CHOW Kwong Fai, Edward, Mr. Timothy George FRESHWATER and Mr. Adrian David LI Man Kiu, all being independent non-executive Directors
"Independent Shareholders"	the Shareholders who are not prohibited from voting under the Listing Rules to approve the relevant transaction at a general meeting of the Company
"Latest Practicable Date"	1st November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Leasing Equipment"	any machinery, equipment or other property related to shipping and the operation of terminal to be leased to the members of the COSCO Ports Group by the members of the Florens Capital Management Group or to be sold by the members of the COSCO Ports Group to, and then leased back from, members of the Florens Capital Management Group
"Lessee"	means any member of COSCO Ports Group which obtains the Finance Leasing under a Finance Leasing Agreement
"Lessor"	means any member of Florens Capital Management Group which provides the Finance Leasing under a Finance Leasing Agreement
"Line"	entities trading under the names of Maersk Line, Safmarine, MCC or any other future names with majority ownership by APM
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Nansha Container Terminal Services Master Agreement"	the agreement dated 30th October 2012 between COSCO Ports, GZ South China and GZ Port Holding in relation to the provision of container terminal related services for a term from 1st January 2013 to 31st December 2015
"PBOC"	the People's Bank of China, the central bank of the PRC
"PCT"	Piraeus Container Terminal S.A., a company established in Greece and a wholly-owned subsidiary of the Company
"Plangreat"	Plangreat Limited, a company established in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China, which for the purpose of this circular and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held for considering and approving, if appropriate, the Agreements and the Continuing Connected Transactions
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in the Listing Rules
"TEU"	twenty-foot equivalent unit, a measure used for capacity in container transportation
"Yangzhou Terminal Services Master Agreement"	the agreement dated 30th October 2012 between COSCO Ports, Yangzhou Yuanyang and Yangzhou Port Holding in relation to the provision of terminal related services for a term from 1st January 2013 to 31st December 2015
"Yangzhou Port Group"	Yangzhou Port Holding and its subsidiaries, branches and associates

"Yangzhou Port Holding"	Jiangsu Province Yangzhou Port Group Co., Ltd.* (江蘇省揚州港務集團有限公司), a company established in the PRC
"Yangzhou Yuanyang"	Yangzhou Yuanyang International Ports Co., Ltd. (揚州遠揚國際碼頭有限公司), a company established in the PRC and a non wholly-owned subsidiary of the Company
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"USD"	U.S. dollars, the lawful currency of the United States of America

For the purposes of this circular, the exchange rate of HKD1 = RMB0.82 and USD1 = HK$7.755 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

For the purposes of this circular, the English name with an asterisk (*) is an unofficial English transliteration or translation and is for identification purposes only.

COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

Directors:
Mr. LI Yunpeng[2] *(Chairman)*
Dr. WANG Xingru[1] *(Vice Chairman & Managing Director)*
Mr. WAN Min[2]
Mr. HE Jiale[1]
Mr. FENG Jinhua[1]
Mr. FENG Bo[1]
Mr. WANG Haimin[2]
Mr. WANG Wei[2]
Dr. WONG Tin Yau, Kelvin[1]
Mr. YIN Weiyu[1]
Mr. CHOW Kwong Fai, Edward[3]
Mr. Timothy George FRESHWATER[3]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]

General Counsel & Company Secretary:
Ms. HUNG Man, Michelle

[1] Executive Director
[2] Non-executive Director
[3] Independent Non-executive Director

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:
49th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

5th November 2012

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

The Board refers to the announcement of the Company dated 30th October 2012 whereby it was announced that, among others, the relevant members of the Group entered into the following Agreements on the same date each for a term of 3 years from 1st January

2013 to 31st December 2015 constituting continuing connected transactions of the Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

(a) the Finance Leasing Master Agreement between COSCO Ports and Florens Capital Management;

(b) the COSCO Shipping Services and Terminal Services Master Agreement between COSCO Ports, PCT and COSCO;

(c) the China COSCO Shipping Services and Terminal Services Master Agreement between COSCO Ports, PCT, China COSCO and COSCON;

(d) the APM Shipping Services Master Agreement between COSCO Ports, PCT and the Line;

(e) the Florens-APM Container Purchasing and Related Services Master Agreement between Florens and the Line;

(f) the Nansha Container Terminal Services Master Agreement between COSCO Ports, GZ South China and GZ Port Holding; and

(g) the Yangzhou Terminal Services Master Agreement between COSCO Ports, Yangzhou Yuanyang and Yangzhou Port Holding.

The purposes of this circular are:

(i) to provide you with further details of the Agreements, the Continuing Connected Transactions and the respective proposed annual caps;

(ii) to provide you with the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to terms of the Agreements; and

(iii) to give the Shareholders the notice convening the SGM at which ordinary resolutions will be proposed to consider and approve, if appropriate, the Agreements, the Continuing Connected Transactions and the respective proposed annual caps.

2. THE CONTINUING CONNECTED TRANSACTIONS

On 30th October 2012, the relevant members of the Group entered into the following Agreements which constitute continuing connected transactions of the Company subject to independent shareholders' approval requirement, the principal terms of which are summarized as follows:

(a) Finance Leasing Master Agreement

Date: 30th October 2012

Parties: COSCO Ports
Florens Capital Management

Duration: 1st January 2013 to 31st December 2015

Condition: Conditional upon the approvals of the Independent Shareholders and the independent shareholders of China COSCO.

If the above conditions are not fulfilled on or before 31st December 2012 (or such later date as COSCO Ports may notify Florens Capital Management which shall be no later than 31st January 2013), then unless the parties agree in writing to extend the period for the fulfillment of such condition, the Finance Leasing Master Agreement shall lapse.

Nature of transaction: Provision of the Finance Leasing by the relevant members of the Florens Capital Management Group to members of the COSCO Ports Group, upon reasonable requests of members of the COSCO Ports Group. With respect to each Finance Leasing, the relevant Lessor and Lessee will enter into separate written contract(s) subject to the provisions of the Finance Leasing Master Agreement.

Terms and fees: (a) *Lease method*

The lease method includes sale and leaseback pursuant to which the Lessor shall purchase from the Lessee the Leasing Equipment which will be leased back to the Lessee by the Lessor; finance leasing arrangement involving the execution of an entrusted purchase agreement for the intended purchase of Leasing Equipment by the Lessee and the subsequent provision of finance lease services to the Lessee and the making of lease payments to the Lessor; and finance lease arrangement involving the leasing of Leasing Equipment acquired by the Lessor to the Lessee as per the requirements of the Lessee.

(b) *Lease period*

The lease period for each Finance Leasing will be determined taking into account, inter alia, the useful life of the relevant Leasing Equipment *(Note 1)*, the financial needs of the Lessee and the funding availability of the Lessor, which in general should not exceed the useful life of such Leasing Equipment.

(c) *Lease payments and interest rate*

The lease payments charged by the Lessor will include the purchase price or the value of the Leasing Equipment *(Note 2)* and interest thereon charged on terms no less favourable to the Lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time *(Notes 3 and 7)*, or, if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services.

(d) *Pre-lease interests*

In the event that the purchase price of the Leasing Equipment is paid by the Lessor before commencement of the lease period, pre-lease interests on the purchase price may be charged by the Lessor and payable by the Lessee for the period from the date of payment of the purchase price by the Lessor to the date immediately before commencement of the lease period. Pre-lease interests (if charged) will be charged on terms no less favourable to the Lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time, or if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services.

(e) *Handling fee*

An one-off non-refundable handling fee may be charged on terms no less favourable to the Lessee than those offered by independent third parties by the Lessor and payable by the Lessee when the Finance Leasing Agreement is entered into and at a rate determined by reference to, among others, the rate charged by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of services from time to time, and will be set out in the relevant Finance Leasing Agreement *(Notes 4 and 7)*.

(f) *Title and remedies*

The legal title and all rights of the Leasing Equipment shall vest in the Lessor throughout the lease period.

In the event that the Lessee fails to make any lease payment or fulfill any obligations under the relevant Finance Leasing Agreement and without prejudice to any rights of the Lessor under the relevant law, the Lessor could take the following steps:

1. To demand full repayment of all outstanding lease payments;

2. To recover the relevant Leasing Equipment and to claim all damages arising from the Lessee; and/or

3. To take necessary legal actions according to the relevant Finance Leasing Agreement.

(g) *Purchase option*

Subject to the Lessee having duly and satisfactorily performed all its obligations under, and upon the expiry of the lease period under the Finance Leasing Agreement, the Lessee shall have an option to purchase the relevant Leasing Equipment at a price charged on terms no less favourable to the Lessee than those offered by independent third parties *(Note 5)* and at a rate determined by reference to, among other factors, the methodology and market practice for determining such price by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of service from time to time *(Notes 6 and 7)*, which will be agreed between the Lessor and the Lessee at the time of entering into, and will be set out in, the Finance Leasing Agreement.

(h) General

The transactions shall be conducted on normal commercial terms. The total consideration payable by the relevant members of the COSCO Ports Group for the provision of the Finance Leasing by members of the Florens Capital Management Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group than those available from other independent third party for the relevant Finance Leasing.

Notes (which are for illustration purpose only and do not form part of the Finance Leasing Master Agreement):

1. The useful life of the Leasing Equipment will be assessed by reference to the Group's assets management policy, industry practice, the past experience in using the Leasing Equipment and information obtained from internal engineering department staff who has technical knowledge on the use of the Leasing Equipment.

2. In respect of the Finance Leasing involving sale and leaseback, the basis of determining the value of the Leasing Equipment is the fair market value of such Leasing Equipment and the Lessor will also make reference to the net carrying amount of such Leasing Equipment and ensure that the amount to be leased will not exceed the lower of the fair market value and the net carrying amount of the Leasing Equipment in any event.

   In respect of the Finance Leasing involving entrusted purchase, the lease amount will be determined based on the total purchase cost of the relevant Leasing Equipment and subject to the negotiation between the Lessor and the Lessee. The Lessor will also take into account other factors including the risk profile of the Lessee and the type of the Leasing Equipment in determining the appropriate lease amount.

3. The existing interest rates for RMB loans published by PBOC are as follows:

   (i) 5.60% for loans with terms not more than 6 months;

   (ii) 6.00% for loans with terms over 6 months but not more than 1 year;

   (iii) 6.15% for loans with terms over 1 year but not more than 3 years;

   (iv) 6.40% for loans with terms over 3 years but not more than 5 years; and

   (v) 6.55% for loans with terms over 5 years.

4. There is currently no available rate published by PBOC in this respect and in the event that PBOC publishes any such rate in the future during the term of the Finance Leasing Master Agreement, the Lessor and Lessee will determine the handling fee by reference to such rate, which will be given priority over the rates adopted by other major financial institutions, accordingly.

5. The price for exercising the purchase option will be determined taking into account, *inter alia*, the lease payment structure, which will be given priority in the assessment, and the expected market value of the Leasing Equipment at the end of the lease period.

   In general, taking into account the lease payment structure (which is determined based on factors including the needs of the Lessee, the lease period, the useful life of the Leasing Equipment), the purchase option price is the difference between the Lessor's purchase price of the Leasing Equipment and the amount of lease payments (excluding the portion of interests). For example, if 95% of the purchase price of the Leasing Equipment has been covered by the total amount of lease payments (excluding the portion of interests) payable by the Lessee for the entire lease term, the purchase option price will be the remaining 5% of the Lessor's purchase price, which may not be close to the residual value of the Leasing Equipment, unless the lease period ends on a date close to the end of the useful life of the Leasing Equipment, in which case, as the purchase price of the Leasing Equipment should have been substantially (if not fully) covered by the amount of lease payments (excluding the portion of interests) already made by the Lessee, the open market residual amount of the Leasing Equipment may be taken into account in determining the purchase option price.

6. There is currently no available rate published by PBOC in this respect and in the event that PBOC publishes any such rate in the future during the term of the Finance Leasing Master Agreement, the Lessor and Lessee will determine the price for the purchase option by reference to such rate, which will be given priority over the methodology and market practice adopted by other major financial institutions, accordingly.

7. In determining the interest rate or amounts of the handling fee and purchase option, the Lessor will conduct an overall return assessment after considering, inter alia, the prevailing rates of PBOC or the major financial institutions, as the case may be, so as to meet its own return requirements and the credit risk assessment to the relevant Finance Leasing. Therefore, the pricing with respect to such aspects of each Finance Leasing will be determined on a case by case basis.

Historical amounts:

The historical amount of the transactions between the Florens Capital Management Group and the COSCO Ports Group which is of a nature similar to the transactions under the Finance Leasing Master Agreement in respect of each of the years ended 31st December 2010 and 31st December 2011 and the period from 1st January 2012 to 30th September 2012 were nil, RMB186,036,000 (approximately HKD226,874,000) and RMB173,089,000 (approximately HKD211,085,000) respectively[1].

Proposed annual caps and basis of determination for annual caps:

The annual cap amounts for the transactions under the Finance Leasing Master Agreement and the basis of determination of such annual cap amounts are set out as follows:

	Annual cap for the year ending 31st December			Basis of determination for the annual cap
	2013	2014	2015	
Aggregate amount payable by the COSCO Ports Group to the Florens Capital Management Group for the provision of Finance Leasing by the Florens Capital Management Group	USD200,000,000 (approximately HKD1,551,000,000)	USD250,000,000 (approximately HKD1,938,750,000)	USD300,000,000 (approximately HKD2,326,500,000)	Based on the past experience of the Company and the current financing market conditions and with reference to, inter alia, the expected nature and amount of assets of the COSCO Ports Group to be arranged with finance lease and the historical transaction amounts and terms of the existing finance lease arrangements between members of the Florens Capital Management Group and members of the COSCO Ports Group. Each annual cap represents the estimated aggregate amount of all payments payable throughout the lease period (including all lease payments, pre-lease interests, handling fee and price for exercising the purchase option) under the Finance Leasing Agreements to be entered into during the year.

1 Members of the Florens Capital Management Group became connected persons of the Company on 22nd December 2011.

Reasons for the transactions:

By entering into the Finance Leasing Master Agreement, the Florens Capital Management Group can further develop its finance leasing business and financing platform and, at the same time, an alternative source of financing will be available to the members of the COSCO Ports Group for its operation.

Connected relationship:

Florens Capital Management is owned as to 50% by COSCO, which is the ultimate controlling Shareholder. Accordingly, the Florens Capital Management Group (including Florens Capital Management) are connected persons of the Company.

Listing Rules implication:

Since the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be payable by the COSCO Ports Group pursuant to the transactions under the Finance Leasing Master Agreement exceed 5% but are below 25%, the Finance Leasing Master Agreement constitutes a discloseable transaction and a non-exempt continuing connected transaction of the Company. Accordingly, the Finance Leasing Master Agreement is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules; and is also subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(b) COSCO Shipping Services and Terminal Services Master Agreement

Date:	30th October 2012
Parties:	COSCO Ports PCT COSCO
Duration:	1st January 2013 to 31st December 2015
Condition:	Conditional upon the approval of the Independent Shareholders If the above condition is not fulfilled on or before 31st December 2012 (or such later date as COSCO Ports and PCT may notify COSCO which shall be no later than 31st January 2013), then unless the parties agree in writing to extend the period for the fulfillment of such condition, the COSCO Shipping Services and Terminal Services Master Agreement shall lapse.

Nature of transaction:

(a) Provision of shipping related services by members of the COSCO Ports Group and PCT to members of the COSCO Group, including but not limited to the handling, storage, stevedoring, transshipment and maintenance of cargoes, and provision of container storage space and terminal premises.

(b) Provision of terminal related services by members of the COSCO Group to members of the COSCO Ports Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials and subsidy on port construction fee.

The services as mentioned in (a) above are mainly provided by the subsidiaries of COSCO Ports (not being Plangreat and its subsidiaries) in the PRC and by PCT in Greece; and are of different nature than those pursuant to the COSCON Container Services Master Agreement, of which are containers related services.

Terms and fees:

The transactions shall be conducted on normal commercial terms, and (i) the service fees payable by the relevant members of the COSCO Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group or to PCT (as the case may be) than that at which the relevant members of the COSCO Ports Group or PCT charges other independent third party customers for the relevant services; and (ii) the service fees payable by the relevant members of COSCO Ports Group shall be at rates no less favourable to the relevant members of the COSCO Group than that at which the relevant members of the COSCO Group charges other independent third party customers for the relevant services.

Historical amounts:

The historical amounts for transactions of a nature similar to the transactions under the COSCO Shipping Services and Terminal Services Master Agreement are as follows:

		Historical transaction amounts		
		For the year ended 31st December 2010	For the year ended 31st December 2011	For the nine months ended 30th September 2012
(a)	Aggregate amount received by the COSCO Ports Group and PCT from the COSCO Group	RMB306,000 (approximately HKD374,000)	RMB354,000 (approximately HKD432,000)	RMB381,000 (approximately HKD465,000)
(b)	Aggregate amount paid by the COSCO Ports Group to the COSCO Group	RMB212,000 (approximately HKD259,000)	RMB2,257,000 (approximately HKD2,753,000)	RMB1,962,000 (approximately HKD2,393,000)

Proposed annual caps and basis of determination for annual caps:

The annual cap amounts for the transactions under the COSCO Shipping Services and Terminal Services Master Agreement and the basis of determination of such annual cap amounts are set out as follows:

		Annual cap for the year ending 31st December			Basis of determination for the annual cap
		2013	2014	2015	
(a)	Aggregate amount receivable by the COSCO Ports Group and PCT from the COSCO Group	RMB160,999,000 (approximately HKD196,341,000)	RMB227,999,000 (approximately HKD278,048,000)	RMB299,999,000 (approximately HKD365,853,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services *(Note 8)*
(b)	Aggregate amount payable by the COSCO Ports Group to the COSCO Group	RMB69,200,000 (approximately HKD84,391,000)	RMB104,520,000 (approximately HKD127,464,000)	RMB140,028,000 (approximately HKD170,766,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group, the anticipated growth and development of such businesses and the anticipated demand for such services *(Note 8)*

Note 8: The basis that the annual cap would increase year-on-year from 2013 to 2015 is mainly due to (i) the expected future business growth in view of the improving global economic outlook, the expected solid growth in the global shipping volume and container terminal throughput and the sustainable container demand; and (ii) the expected new terminal projects, which may become subsidiaries of the Company in the future, in order to meet the business development strategy of the Group, being the consolidation of the Group's leading position in the terminal and container leasing

industries and strengthening of the relationships with the connected parties, including the joint venture partners and major customers of the Group, which will contribute substantial support for the sustainable business growth of the Company.

The difference between the annual caps and the actual transaction amounts disclosed above is mainly due to the impact of global financial crisis in the past few years. The economy downturn leads to the decrease in the Company's throughputs, especially towards the region of Europe and North America. It is expected that, in addition to the expectations elaborated above, the global economy condition will improve together with the rapid growth of the economy in the PRC in the next few years, and taking into account that Xiamen Ocean Gate Terminal's operation in May 2012 and the planned construction of two new berths to be operated by Yangzhou Yuanyang Terminal starting in 2013, which may lead to significant increase in future throughputs.

Connected relationship:

COSCO is the ultimate controlling Shareholder. Accordingly, members of the COSCO Group are connected persons of the Company.

Listing Rules implication:

Not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be receivable by the COSCO Ports Group and PCT pursuant to the transactions under the COSCO Shipping Services and Terminal Services Master Agreement are less than 5% on an annual basis and the annual amount receivable is not less than HKD10 million. Not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be payable by the COSCO Ports Group pursuant to the transactions under the COSCO Shipping Services and Terminal Services Master Agreement are less than 5% on an annual basis and the annual amount payable is not less than HKD10 million. Accordingly, the transactions under the COSCO Shipping Services and Terminal Services Master Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(c) China COSCO Shipping Services and Terminal Services Master Agreement

Date: 30th October 2012

Parties: COSCO Ports
PCT
China COSCO
COSCON

Duration: 1st January 2013 to 31st December 2015

Condition: Conditional upon the approval of the Independent Shareholders.

If the above condition is not fulfilled on or before 31st December 2012 (or such later date as COSCO Ports and PCT may notify China COSCO and COSCON which shall be no later than 31st January 2013), then unless the parties agree in writing to extend the period for the fulfillment of such condition, the China COSCO Shipping Services and Terminal Services Master Agreement shall lapse.

Nature of transaction:

(a) Provision of shipping related services by members of the COSCO Ports Group and PCT to members of the China COSCO Group (including COSCON), including but not limited to the handling, storage, stevedoring, transshipment and maintenance of cargoes, and provision of container storage space and terminal premises.

(b) Provision of terminal related services by members of the China COSCO Group (including COSCON) to members of the COSCO Ports Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials and subsidy on port construction fee.

The services as mentioned in (a) above are mainly provided by the subsidiaries of COSCO Ports (not being Plangreat and its subsidiaries) in the PRC and by PCT in Greece; and are of different nature than those pursuant to the COSCON Container Services Master Agreement, of which are containers related services.

Terms and fees:

The transactions shall be conducted on normal commercial terms, and (i) the service fees payable by the relevant members of the China COSCO Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group or to PCT (as the case may be) than that at which the relevant members of the COSCO Ports Group or PCT charges other independent third party customers for the relevant services; and (ii) the service fees payable by the relevant members of COSCO Ports Group shall be at rates no less favourable to the relevant members of the China COSCO Group or than that at which the relevant members of the China COSCO Group charges other independent third party customers for the relevant services.

Historical amounts:

The historical amounts for transactions of a nature similar to the transactions under the China COSCO Shipping Services and Terminal Services Master Agreement are as follows:

		Historical transaction amounts		
		For the year ended 31st December 2010	For the year ended 31st December 2011	For the nine months ended 30th September 2012
(a)	Aggregate amount received by the COSCO Ports Group and PCT from the China COSCO Group	RMB324,833,000 (approximately HKD396,138,000)	RMB396,770,000 (approximately HKD483,866,000)	RMB218,641,000 (approximately HKD266,636,000)
(b)	Aggregate amount paid by the COSCO Ports Group to the China COSCO Group	Nil	Nil	RMB573,000 (approximately HKD699,000)

Proposed annual caps and basis of determination for annual caps:

The annual cap amounts for the transactions under the China COSCO Shipping Services and Terminal Services Master Agreement and the basis of determination of such annual cap amounts are set out as follows:

		Annual cap for the year ending 31st December			Basis of determination for the annual cap
		2013	2014	2015	
(a)	Aggregate amount receivable by the COSCO Ports Group and PCT from the China COSCO Group	RMB2,388,669,000 (approximately HKD2,913,011,000)	RMB4,082,654,000 (approximately HKD4,978,847,000)	RMB6,846,075,000 (approximately HKD8,348,872,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services *(Note 9)*
(b)	Aggregate amount payable by the COSCO Ports Group to the China COSCO Group	RMB58,000,000 (approximately HKD70,732,000)	RMB87,000,000 (approximately HKD106,098,000)	RMB116,000,000 (approximately HKD141,464,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group, the anticipated growth and development of such businesses and the anticipated demand for such services *(Note 9)*

Note 9: The basis that the annual cap would increase year-on-year from 2013 to 2015 is mainly due to (i) the expected future business growth for the terminal subsidiaries as well as Xiamen Ocean Gate since its operation in May 2012 in view of the improving global economic outlook, the expected solid growth in the global shipping volume and container terminal throughput and the sustainable container demand; and (ii) the expected new terminal projects which may become subsidiaries of the

Company in the future, in order to meet the business development strategy of the Group, being the consolidation of the Group's leading position in the terminal and container leasing industries and strengthening of the relationships with the connected parties, including the joint venture partners and major customers of the Group, which will contribute substantial support for the sustainable business growth of the Company.

The difference between the annual caps and the actual transaction amounts disclosed above is mainly due to the impact of global financial crisis in the past few years. The economy downturn leads to the decrease in the Company's throughputs, especially towards the region of Europe and North America. It is expected that, in addition to the expectations elaborated above, the global economy condition will improve together with the rapid growth of the economy in the PRC in the next few years, and taking into account that Xiamen Ocean Gate Terminal's operation in May 2012 and the planned construction of two new berths to be operated by Yangzhou Yuanyang Terminal starting in 2013, which may lead to significant increase in future throughputs.

Connected relationship:

China COSCO is a controlling Shareholder. COSCON is a subsidiary of China COSCO. Accordingly, members of the China COSCO Group (including China COSCO and COSCON) are connected persons of the Company.

Listing Rules implication:

Not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be receivable by the COSCO Ports Group and PCT pursuant to the transactions under the China COSCO Shipping Services and Terminal Services Master Agreement are less than 5% on an annual basis and the annual amount receivable is not less than HKD10 million. Not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be payable by the COSCO Ports Group pursuant to the transactions under the China COSCO Shipping Services and Terminal Services Master Agreement are less than 5% on an annual basis and the annual amount payable is not less than HKD10 million. Accordingly, the transactions under the China COSCO Shipping Services and Terminal Services Master Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(d) APM Shipping Services Master Agreement

Date: 30th October 2012

Parties: COSCO Ports
PCT
the Line

Duration: 1st January 2013 to 31st December 2015

Condition: Conditional upon the approvals of the Independent Shareholders and the independent shareholders of China COSCO.

If the above condition is not fulfilled on or before 31st December 2012 (or such later date as COSCO Ports and PCT may notify the Line which shall be no later than 31st January 2013), then unless the parties agree in writing to extend the period for the fulfillment of such condition, the APM Shipping Services Master Agreement shall lapse.

Nature of transaction: Provision of shipping related services by members of the COSCO Ports Group or PCT to the Line, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and collection of port construction fee.

Terms: The transactions shall be conducted on normal commercial terms *(Note 10)*.

The terms on pricing under the APM Shipping Services Master Agreement are determined based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services after taking into account that the economic condition will improve in the future compared with that in the past few years.

Note 10: In determining normal commercial terms, the COSCO Ports Group and PCT will ensure that the terms and rates will be no less favourable to the COSCO Ports Group and PCT than the terms and rates available from independent third parties for the relevant transactions.

Historical amounts:

The historical amounts for transactions of a nature similar to the transactions under the APM Shipping Services Master Agreement are as follows:

	Historical transaction amounts		
	For the year ended 31st December 2010	**For the year ended 31st December 2011**	**For the nine months ended 30th September 2012**
Aggregate amount received by the COSCO Ports Group and PCT from the Line	RMB55,416,000 (approximately HKD67,581,000)	RMB178,040,000 (approximately HKD217,122,000)	RMB202,950,000 (approximately HKD247,500,000)

Proposed annual caps and basis of determination for annual caps:

The annual cap amounts for the transactions under the APM Shipping Services Master Agreement and the basis of determination for such annual cap amounts are set out as follows:

	Annual cap for the year ending 31st December 2013	2014	2015	Basis of determination for the annual cap
Aggregate amount receivable by the COSCO Ports Group and PCT from the Line	RMB905,651,000 (approximately HKD1,104,453,000)	RMB1,318,430,000 (approximately HKD1,607,842,000)	RMB1,875,845,000 (approximately HKD2,287,616,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services after taking into account that the economic condition will improve when compared with that in the past few years *(Note 11)*

Note 11: The basis that the annual cap would increase year-on-year from 2013 to 2015 is mainly due to (i) the expected future business growth for the terminal subsidiaries; (ii) the expected future growth for Xiamen Ocean Gate since its operation in May 2012; and (iii) the expected new terminal projects which may become subsidiaries of the Company in the future.

Connected relationship:

APM Terminals Invest Company Limited, which is a subsidiary of APM, is a substantial shareholder of a subsidiary of the Company. The Line are majority-owned by APM and are therefore associates of APM Terminals Invest Company Limited. Accordingly, the Line are connected persons of the Company under the Listing Rules.

Listing Rules implication:

Not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be receivable by the COSCO Ports Group and PCT pursuant to the transactions under the APM Shipping Services Master Agreement are less than 5% on an annual basis and the annual amount receivable is not less than HKD10 million. Accordingly, the transactions under the APM Shipping Services Master Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(e) Florens-APM Container Purchasing and Related Services Master Agreement

Date: 30th October 2012

Parties: Florens
the Line

Duration: 1st January 2013 to 31st December 2015

Condition: Conditional upon the approval of the Independent Shareholders.

If the above condition is not fulfilled on or before 31st December 2012 (or such later date as Florens may notify the Line which shall be no later than 31st January 2013), then unless the parties agree in writing to extend the period for the fulfillment of such condition, the Florens-APM Container Purchasing and Related Services Master Agreement shall lapse.

Nature of transaction:

(a) Purchase of containers and container related materials by members of the Florens Group from the Line, namely, materials and accessories for use on and in connection with containers (including without limitation, the Container Equipment), including without limitation, decals.

(b) Provision of container related services by the Line to members of the Florens Group, including without limitation, repositioning and handling services with respect to containers (including without limitation, the Container Equipment, containers leased or sold by members of the Florens Group to the Line and containers and container related materials purchased by members of the Florens Group from the Line), transportation services in relation to the transactions, the agency services in relation to the leasing and sales of containers by members of the Florens Group to third party lessees and purchasers, and all ancillary and related services.

Terms and fees: The transactions shall be conducted on normal commercial terms.

The consideration for the purchase of containers and related materials by the Florens Group and the provision of services by the Line shall be at rates no less favourable to the relevant members of the Florens Group (as purchaser or service receiving party, as the case may be) than those at which the Line charge independent third parties for the relevant transactions.

Historical amounts:

The historical amounts for transactions of a nature similar to the transactions under the Florens-APM Container Purchasing and Related Services Master Agreement are as follows:

		Historical transaction amounts		
		For the year ended 31st December 2010	For the year ended 31st December 2011	For the nine months ended 30th September 2012
(a)	Aggregate amount paid by the Florens Group to the Line for the purchase of containers and container related materials by the Florens Group	Nil	Nil	USD8,693,000 (approximately HKD67,414,000)
(b)	Aggregate amount paid by the Florens Group to the Line for the provision of container related services by the Line	Nil	Nil	Nil

Proposed annual caps and basis of determination for annual caps:

The annual cap amounts for the transactions under the Florens-APM Container Purchasing and Related Services Master Agreement and the basis of determination of such annual cap amounts are set out as follows:

		Annual cap for the year ending 31st December			Basis of determination for the annual cap
		2013	2014	2015	
(a)	Aggregate amount payable by the Florens Group to the Line for the purchase of containers and container related materials by the Florens Group	USD20,000,000 (approximately HKD155,100,000)	USD31,000,000 (approximately HKD240,405,000)	USD44,000,000 (approximately HKD341,220,000)	Based on the historical transaction amounts, the expected market trends and changes, the estimated selling prices, and the scope of transactions covered by the Florens-APM Container Purchasing and Related Services Master Agreement *(Note 12)*

	Annual cap for the year ending 31st December 2013	2014	2015	Basis of determination for the annual cap
(b) Aggregate amount payable by the Florens Group to the Line for the provision of container related services by the Line	USD150,000 (approximately HKD1,164,000)	USD150,000 (approximately HKD1,164,000)	USD150,000 (approximately HKD1,164,000)	Based on the expected market trends and changes, the estimated rates of service fee, and the scope of transactions covered by the Florens-APM Container Purchasing and Related Services Master Agreement

Note 12: Based on the historical transaction amounts, the expected market trends and changes, the estimated selling prices, and the scope of transactions covered by the Florens-APM Container Purchasing and Related Services Master Agreement. The selling prices are estimated to be increased by about 3% in 2014 and about 7% in 2015 while the quantities of containers are estimated to be increased by about 50% in 2014 and about 33% in 2015 respectively.

Connected relationship:

Please refer to the sub-paragraph headed "APM Shipping Services Master Agreement – Connected relationship" above.

Listing Rules implication:

Since not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be payable by the Florens Group pursuant to the transactions under the Florens-APM Container Purchasing and Related Services Master Agreement are less than 5% on an annual basis, and the annual amount payable is not less than HKD10 million, the transactions under the Florens-APM Container Purchasing and Related Services Master Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(f) Nansha Container Terminal Services Master Agreement

Date: 30th October 2012

Parties: COSCO Ports
GZ South China
GZ Port Holding

Duration: 1st January 2013 to 31st December 2015

Condition: Conditional upon the approval of the Independent Shareholders.

If the above condition is not fulfilled on or before 31st December 2012 (or such later date as may be notified by COSCO Ports which shall be no later than 31st January 2013), then unless the parties agree in writing to extend the period for the fulfillment of such condition, the Nansha Container Terminal Services Master Agreement shall lapse.

Nature of transaction:

(a) Provision of container terminal related services by GZ South China to members of the GZ Port Group, namely, cargo inspection related services, leasing of frontloaders, port related services (including without limitation, provision of berths, loading and unloading, transportation, shifting, boxing and unboxing of containers, transshipment of passenger liners, operation and management of transshipment of cargoes and provision of container storage space), repairing services to pontoon, leasing of terminal areas and provision of machinery, and all other ancillary and related services.

(b) Provision of container terminal related services by members of the GZ Port Group to GZ South China, namely, cargo handling services, property cleaning, pest control and garbage clean up services, "shuttle bus" services (which are in the nature of transportation connection services operated between terminals), provision of fuel oil supply, port related services (including without limitation, provision of berths, operation and management of loading and unloading, operation and management of transshipment of cargoes, transshipment and transportation of containers, and provision of container storage space), commercial centre services (which are in the principal nature of market expansion, sales and promotion and external coordination), cargo inspection centre services, security services, training services, construction and supervision services for projects, surveying services, travel agency services, manpower services by the appointment of management officials, leasing and maintenance of pontoon, logistics services, customs declaration and inspection declaration services, and all other ancillary and related services.

(c) The appointment of GZ South China by GZ Port Holding to charge on behalf of GZ Port Holding the vessels which use the high-frequency wireless communication services（甚高頻無線電通訊服務）at the Guangzhou Port, or the agents of such vessels, the high-frequency communication fee（甚高頻通訊費）at a rate as prescribed by GZ Port Holding from time to time. GZ South China may retain a portion of the high-frequency communication fee（甚高頻通訊費）received by it at a rate as prescribed by GZ Port Holding from time to time as handling fee, and GZ South China shall pay the high-frequency communication fee（甚高頻通訊費）received by it to GZ Port Holding after deducting the handling fee.

Terms and fees: The transactions shall be conducted on normal commercial terms and terms that are fair and reasonable.

The terms (including without limitation, the related service fees) for the provision of services by GZ South China shall be no less favourable to GZ South China (as service providing party) than terms available to GZ South China from independent third parties for the relevant services.

The terms (including without limitation, the related service fees) for the provision of services by the GZ Port Group shall be no less favourable to GZ South China (as service receiving party) than terms available to independent third parties from the GZ Port Group for the relevant services.

Historical amounts:

The historical amounts for transactions of a nature similar to the transactions under the Nansha Container Terminal Services Master Agreement are as follows:

			Historical transaction amount		
			For the year ended 31st December 2010	**For the year ended 31st December 2011**	**For the nine months ended 30th September 2012**
(a)	Aggregate amount received by GZ South China from the GZ Port Group for the provision of container terminal related services by GZ South China		RMB4,421,000 (approximately HKD5,392,000)	RMB2,356,000 (approximately HKD2,873,000)	RMB2,200,000 (approximately HKD2,683,000)
(b)	Aggregate amount paid by GZ South China to the GZ Port Group for the provision of container terminal related services by the GZ Port Group		RMB29,919,000 (approximately HKD36,487,000)	RMB70,914,000 (approximately HKD86,481,000)	RMB68,387,000 (approximately HKD83,399,000)
(c)	(i)	Aggregate amount of the high-frequency communication fee（甚高頻通訊費）paid by GZ South China to the GZ Port Group	RMB354,000 (approximately HKD432,000)	RMB532,000 (approximately HKD649,000)	RMB573,000 (approximately HKD699,000)
	(ii)	Aggregate amount of the handling fee received by GZ South China in respect of the charging of the high-frequency communication fee（甚高頻通訊費）	RMB7,000 (approximately HKD9,000)	RMB10,000 (approximately HKD13,000)	RMB11,000 (approximately HKD14,000)

Proposed annual caps and basis of determination for annual caps:

The annual cap amounts for the transactions under the Nansha Container Terminal Services Master Agreement and the basis of determination for such annual cap amounts are set out as follows:

	Annual cap for the year ending 31st December			Basis of determination for the annual cap
	2013	2014	2015	
(a) Aggregate amount receivable by GZ South China from the GZ Port Group for the provision of container terminal related services by GZ South China	RMB62,350,000 (approximately HKD76,037,000)	RMB94,030,000 (approximately HKD114,671,000)	RMB139,035,000 (approximately HKD169,555,000)	Based on the historical transaction amounts for the recent few years after taking into account that the economic condition will improve when compared with that in the past few years, the expected increase in the business volume of GZ South China as a result of the expected recovery of the overall economic condition, the terms of the individual contract(s) to be covered by the Nansha Container Terminal Services Master Agreement, the expected increase in the terminal areas leased by GZ South China to the GZ Port Group and increase in the relevant fee rates as a result of the expected recovery of the overall economic condition and growth of business of the relevant member of the GZ Port Group being lessee of the terminal areas *(Note 13)*
(b) Aggregate amount payable by GZ South China to the GZ Port Group for the provision of container terminal related services by the GZ Port Group	RMB292,370,000 (approximately HKD356,549,000)	RMB439,450,000 (approximately HKD535,915,000)	RMB652,110,000 (approximately HKD795,257,000)	Based on the historical transaction amounts for the recent few years or the transaction amounts for the present year after taking into account that the economic condition will improve when compared with that in the past few years, the expected increase in the demand of GZ South China for services from the GZ Port Group and increase in the relevant fee rates as a result of the expected recovery of the overall economic condition, and the expected increase in the business volume of GZ South China and thus an increase in the consumption of fuel oil as a result of the expected recovery of the overall economic condition *(Note 13)*

	Annual cap for the year ending 31st December 2013	2014	2015	Basis of determination for the annual cap
(c) (i) Aggregate amount of the high-frequency communication fee (甚高頻通訊費) payable by GZ South China to the GZ Port Group	RMB6,000,000 (approximately HKD7,318,000)	RMB9,000,000 (approximately HKD10,976,000)	RMB13,500,000 (approximately HKD16,464,000)	Based on the historical amounts for the recent few years after taking into account that the economic condition will improve when compared with that in the past few years, the expected increase in the business volume of GZ South China and thus an increase in the number of vessels entering and departing from the Guangzhou port as a result of the expected recovery of the overall economic condition and the existing rates of the high-frequency communication fee pursuant to the relevant document issued by GZ Port Holding *(Note 13)*
(ii) Aggregate amount of the handling fee receivable by GZ South China in respect of the charging of the high-frequency communication fee (甚高頻通訊費)	RMB200,000 (approximately HKD244,000)	RMB300,000 (approximately HKD366,000)	RMB450,000 (approximately HKD549,000)	Based on the above annual cap amounts for high-frequency communication fee payable by GZ South China to GZ Port Holding and the existing rate of the handling fee pursuant to the relevant document issued by GZ Port Holding after taking into account that the economic condition will improve when compared with that in the past few years *(Note 13)*

Note 13: The basis that the annual cap would increase year-on-year from 2013 to 2015 is because GZ South China is facing rapid growth in the past three years and further rapid business growth for GZ South China is expected in the future in view of the improving global economic outlook, the expected solid growth in the global shipping volume and container terminal throughput and the sustainable container demand.

The difference between the annual caps and the actual transaction amounts disclosed above is mainly due to the impact of global financial crisis in the past few years, which led to the decrease in Nansha port throughputs. It is expected that, in addition to the expectations elaborated above, the global economy condition will improve in the next few years, which may bring significant increase in international cargos of Nansha port towards the region of Europe and North America, and increase in other related services in the future.

Connected relationship:

As GZ Port Holding indirectly holds a 41% equity interest in GZ South China, which is a subsidiary of the Company, members of the GZ Port Group (including GZ Port Holding) are connected persons of the Company.

Listing Rules implication:

Not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be receivable by GZ South China pursuant to the transactions under the Nansha Container Terminal Services Master Agreement are less than 1%, but all of them are less than 5%, on an annual basis, and the annual amount receivable is not less than HKD1 million. Not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be payable by GZ South China pursuant to the transactions under the Nansha Container Terminal Services Master Agreement are less than 5% on an annual basis and the annual amount payable is not less than HKD10 million. Accordingly, the transactions under the Nansha Container Terminal Services Master Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(g) Yangzhou Terminal Services Master Agreement

Date: 30th October 2012

Parties: COSCO Ports
Yangzhou Yuanyang
Yangzhou Port Holding

Duration: 1st January 2013 to 31st December 2015

Condition: Conditional upon the approval of the Independent Shareholders.

If the above condition is not fulfilled on or before 31st December 2012 (or such later date as may be notified by COSCO Ports which shall be no later than 31st January 2013), then unless the parties agree in writing to extend the period for the fulfillment of such condition, the Yangzhou Terminal Services Master Agreement shall lapse.

Nature of transaction: Provision of terminal related services by members of the Yangzhou Port Group to Yangzhou Yuanyang, including without limitation, port related services (including without limitation, provision of berths, operation and management of loading and unloading, terminal transshipment and transportation, and provision of cargo storage space), manpower services by the appointment of management officials, and all other ancillary and related services.

Terms and fees: The transactions shall be conducted on normal commercial terms and terms that are fair and reasonable.

The terms (including without limitation, the service fees) for the provision of services by the Yangzhou Port Group shall be no less favourable to Yangzhou Yuanyang (as service receiving party) than terms available to independent third parties from the Yangzhou Port Group for the relevant services.

Historical amounts:

The historical amounts for transactions of a nature similar to the transactions under the Yangzhou Terminal Services Master Agreement are as follows:

	Historical transaction amount		
	For the year ended 31st December 2010	**For the year ended 31st December 2011**	**For the nine months ended 30th September 2012**
Aggregate amount paid by Yangzhou Yuanyang to the Yangzhou Port Group for the provision of terminal related services by the Yangzhou Port Group	RMB52,864,000 (approximately HKD64,469,000)	RMB61,123,000 (approximately HKD74,541,000)	RMB46,724,000 (approximately HKD56,981,000)

Proposed annual caps and basis of determination for annual caps:

The annual cap amounts for the transactions under the Yangzhou Terminal Services Master Agreement and the basis of determination of such annual cap amounts are set out as follows:

	Annual cap for the year ending 31st December			**Basis of determination for the annual cap**
	2013	**2014**	**2015**	
Aggregate amount payable by Yangzhou Yuanyang to the Yangzhou Port Group for the provision of terminal related services by the Yangzhou Port Group	RMB225,400,000 (approximately HKD274,879,000)	RMB270,240,000 (approximately HKD329,561,000)	RMB324,024,000 (approximately HKD395,152,000)	Based on the historical transaction amounts after taking into account that the economic condition will improve when compared with that in the past few years, the planned construction of two new berths to be operated by Yangzhou Yuanyang starting in 2013 with significant increase in annual capacity, the expected volumes of businesses of Yangzhou Yuanyang, the expected trend of the structural change in the types of cargoes to be handled by Yangzhou Yuanyang, the expected rates of loading and unloading service fees and the scope of transactions covered by the Yangzhou Terminal Services Master Agreement

Connected relationship:

As Yangzhou Port Holding holds a 40% equity interest in Yangzhou Yuanyang, which is a subsidiary of the Company, members of the Yangzhou Port Group (including Yangzhou Port Holding) are connected persons of the Company.

Listing Rules implication:

Since not all of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be payable by Yangzhou Yuanyang pursuant to the transactions under the Yangzhou Terminal Services Master Agreement are less than 5%, on an annual basis, and the annual amount payable is not less than HKD10 million, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group has entered into and will continue to enter into, or intends to enter into (as the case may be) the transactions contemplated under the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement, the APM Shipping Services Master Agreement, the Florens-APM Container Purchasing and Related Services Master Agreement, the Nansha Container Terminal Services Master Agreement and the Yangzhou Terminal Services Master Agreement because they are part of the principal business activities of the Group or are relevant or related to such principal business activities and are consistent with the businesses and commercial objectives of the Group. The Group has contracted with the relevant connected persons in the Continuing Connected Transactions because both the Group and the relevant connected persons are assured of the quality of the relevant services or products of each other, and such continuing relationships are expected to either increase the revenue of the Group, bring synergies to the parties and/or provide the Group with overall business and operational convenience.

None of the Directors has a material interest in the Continuing Connected Transactions, but Dr. FAN HSU Lai Tai, Rita, an independent non-executive Director, has voluntarily abstained from voting on the relevant board resolutions approving the Agreements for the reason that she is also an independent non-executive director of China COSCO, a subsidiary of COSCO.

4. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising Mr. CHOW Kwong Fai, Edward, Mr. Timothy George FRESHWATER and Mr. Adrian David LI Man Kiu, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Agreements and the Continuing Connected Transactions are and will be on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Independent Financial Adviser. AIM has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

5. SGM

In view of the interests of COSCO and China COSCO in the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement and/or the Finance Leasing Master Agreement, COSCO Pacific Investment Holdings Limited and COSCO Investments Limited (both being subsidiaries of COSCO and China COSCO), which together are interested in an aggregate of approximately 43.21% of the total issued share capital of the Company as at the Latest Practicable Date, and the other associates of COSCO and China COSCO are required to abstain from voting on the resolutions to be proposed at the SGM to approve the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement, the Finance Leasing Master Agreement and the transactions contemplated thereunder.

A notice convening the SGM to be held at 2:30 p.m. on Thursday, 29th November 2012, at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong is set out on pages 93 to 98 of this circular.

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

6. PRINCIPAL ACTIVITIES OF THE PARTIES

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

The COSCO Group is a diversified group focusing mainly on shipping and modern logistics businesses. They also serve as shipping agencies and provide services in freight forwarding, ship building, ship repairing, terminal operation, container paint manufacturing, trade, financing, real estate, information technology, business consulting and contract employment.

The China COSCO Group provides a wide range of container shipping, dry bulk shipping, logistics, terminals and container leasing services covering the whole shipping value chain for both international and domestic customers. COSCON is principally engaged in container shipping businesses.

APM and its subsidiaries are principally engaged in the business of managing and operating container shipping, container terminals, tankers, offshore and other shipping activities, oil and gas production and exploration, retail business and other industrial activities.

The Line's principal business activities are to carry out activities in respect of vessels owned or operated by APM, including soliciting cargo, issuing bills of lading, settling freight charges and entering into service contracts.

The GZ Port Group is principally engaged in the businesses of loading and unloading, and storage of petroleum, coal, foodstuff, chemical fertilizers, steels, ores, containers and automobiles etc, bonded goods business, local and foreign goods agency and shipping agency, handling of transshipment on behalf of carriers, passenger transportation agency, pilotage of ships for entry into and departure from ports, water transportation of goods and passengers, logistics services and port related services.

The Yangzhou Port Group is principally engaged in the businesses of transportation of ordinary cargoes, large-sized cargoes and containers, operation of depot for repairing of large-sized trucks, loading and unloading of cargoes, cargo transportation agency, cargo warehousing, joint transportation by water and road, information services for water transportation, provision of freighters, manufacturing and repairing of port machinery, wholesaling and retailing of vehicle parts and accessories, hardware and electronics, non-dangerous chemical products, general merchandise, metals, construction materials, timber, water heating equipment, decoration materials, port machinery and spare parts, manufacturing and installation of steel structures, installation of port machinery, annual examination of vehicles and agency for licensing of vehicle depot operation.

The Florens Capital Management Group is principally engaged in the business of finance leasing.

7. RECOMMENDATION

The Directors consider that the Agreements are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and that the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Independent Board Committee has been established to consider and advise the Independent Shareholders in connection with the Continuing Connected Transactions. The Independent Financial Adviser has also been appointed to provide its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions.

8. ADDITIONAL INFORMATION

Your attention is drawn to:

(i) the letter from the Independent Board Committee, the text of which is set out on page 38 of this circular;

(ii) the letter from AIM, the text of which is set and out on pages 39 to 83 of this circular; and

(iii) the additional information set out in the appendix of this circular.

Yours faithfully,
For and on behalf of
COSCO Pacific Limited
WANG Xingru
Vice Chairman & Managing Director

COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

5th November 2012

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

The Independent Board Committee has been established to advise you in connection with the Continuing Connected Transactions, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 5th November 2012 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the terms of the Agreements and the advice of AIM in relation thereto as set out on pages 39 to 83 of the Circular, we are of the opinion that the Agreements and the Continuing Connected Transactions are and will be on normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Agreements and the transactions thereunder (including the respective proposed annual caps for each of the Continuing Connected Transactions for the period from 1st January 2013 to 31st December 2015).

Yours faithfully,
Independent Board Committee of
COSCO Pacific Limited

CHOW Kwong Fai, Edward
Independent non-executive Director

Timothy George FRESHWATER
Independent non-executive Director

Adrian David LI Man Kiu
Independent non-executive Director

Set out below is a full text of the letter of advice of AIM to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions, which has been prepared for the purpose of incorporation into this circular.

亞洲資產管理
ASIA INVESTMENT MANAGEMENT
Asia Investment Management Limited
Room 1203, 12th Floor, Tower 2
Lippo Centre, Admiralty, Hong Kong

5th November 2012

To the Independent Board Committee and
the Independent Shareholders of
COSCO Pacific Limited

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the "**Independent Board Committee**") and the independent shareholders (the "**Independent Shareholders**") of COSCO Pacific Limited (the "**Company**") in relation to the continuing connected transactions (the "**Continuing Connected Transactions**") contemplated under the master agreements, namely (i) the COSCO Shipping Services and Terminal Services Master Agreement; (ii) the China COSCO Shipping Services and Terminal Services Master Agreement; (iii) the APM Shipping Services Master Agreement; (iv) the Florens-APM Container Purchasing and Related Services Master Agreement; (v) the Nansha Container Terminal Services Master Agreement; (vi) the Yangzhou Terminal Services Master Agreement; and (vii) the Finance Leasing Master Agreement (thereafter collectively referred to as the "**Agreements**"), with the proposed annual caps (the "**Annual Caps**").

Details of the Continuing Connected Transactions were disclosed in the announcement of the Company dated 30th October 2012 (the "**Announcement**") and in the letter from the board (the "**Letter from the Board**") set out on pages 7 to 37 of the circular of the Company dated 5th November 2012 (the "**Circular**") to its shareholders, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 30th October 2012, the relevant members of the Group entered into the following Agreements, each for a term of three years commencing from 1st January 2013 and ending on 31st December 2015:

(1) the COSCO Shipping Services and Terminal Services Master Agreement between COSCO Ports, PCT and COSCO;

(2) the China COSCO Shipping Services and Terminal Services Master Agreement between COSCO Ports, PCT, China COSCO and COSCON;

(3) the APM Shipping Services Master Agreement between COSCO Ports, PCT and the Line;

(4) the Florens-APM Container Purchasing and Related Services Master Agreement between Florens and the Line;

(5) the Nansha Container Terminal Services Master Agreement between COSCO Ports, GZ South China and GZ Port Holding;

(6) the Yangzhou Terminal Services Master Agreement between COSCO Ports, Yangzhou Yuanyang and Yangzhou Port Holding; and

(7) the Finance Leasing Master Agreement between COSCO Ports and Florens Capital Management.

COSCO is the ultimate controlling Shareholder. Accordingly, members of the COSCO Group (including COSCO, China COSCO and COSCON) are connected persons of the Company.

APM Terminals Invest Company Limited, which is a subsidiary of APM, is a substantial shareholder of a subsidiary of the Company. The Line are majority-owned by APM and are therefore associates of APM Terminals Invest Company Limited. Accordingly, the Line are connected persons of the Company under the Listing Rules.

GZ Port Holding indirectly holds a 41% equity interest in GZ South China, which is a subsidiary of the Company. Accordingly, members of the GZ Port Group (including GZ Port Holding) are connected persons of the Company.

Yangzhou Port Holding holds a 40% equity interest in Yangzhou Yuanyang, which is a subsidiary of the Company. Accordingly, members of the Yangzhou Port Group (including Yangzhou Port Holding) are connected persons of the Company.

Florens Capital Management is owned as to 50% by COSCO. Accordingly, members of the Florens Capital Management Group (including Florens Capital Management) are connected persons of the Company.

Since all counter-contract parties of the Agreements are connected persons of the Company, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company as defined under the Listing Rules. As the applicable percentage ratios in respect of the Annual Caps calculated pursuant to Rule 14.07 of the Listing Rules are more than 5% and the annual consideration of the transactions contemplated under each of the Agreements is more than HKD10 million, the Continuing Connected Transactions, together with the Annual Caps, are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

In addition, since the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the amount expected to be payable by the COSCO Ports Group pursuant to the transactions under the Finance Leasing Master Agreement exceed 5% but are below 25%, the transaction contemplated under the Finance Leasing Master Agreement constitutes a discloseable transaction of the Company. Accordingly, the Finance Leasing Master Agreement is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

In view of the interests of COSCO and China COSCO in the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement and/or the Finance Leasing Master Agreement, COSCO Pacific Investment Holdings Limited and COSCO Investments Limited (both being subsidiaries of China COSCO and COSCO), which together were interested in an aggregate of approximately 43.21% of the total issued share capital of the Company as at the Latest Practicable Date, and the other associates of COSCO and China COSCO are required to abstain from voting on the resolutions to be proposed at the SGM to approve the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement and the Finance Leasing Master Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising Mr. Chow Kwong Fai, Edward, Mr. Timothy George Freshwater and Mr. Adrian David Li Man Kiu, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether (i) the terms of the Agreements and the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the Continuing Connected Transactions, including the Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the independent financial adviser. We, Asia Investment Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The transactions contemplated under the Agreements also constitute continuing connected transactions of China COSCO, a controlling Shareholder. Among such transactions, the transactions contemplated under (i) the APM Shipping Services Master Agreement; and (ii) the Finance Leasing Master Agreement, together with the respective annual caps, are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules since the applicable percentage ratios in respect of such annual caps are more than 5% and the annual consideration of the continuing connected transactions contemplated under each of such agreements is more than HKD10 million. We have also been appointed by China COSCO as the independent financial adviser to advise the independent board committee and the independent shareholders of China COSCO as to whether (i) the terms of the continuing connected transactions contemplated under the APM Shipping Services Master Agreement and the Finance Leasing Master Agreement are on normal commercial terms and in the ordinary and usual course of business of the China COSCO Group; and (ii) such continuing connected transactions, including the annual caps, are fair and reasonable so far as the independent shareholders of China COSCO are concerned and in the interests of China COSCO and its shareholders as a whole.

Apart from normal professional fees for our services to the Company and China COSCO in connection with the engagements described above, no arrangement exists whereby we will receive any fees and/or benefits from the Group, the China COSCO Group, the contracting parties to the Agreements (the "**Contracting Parties**") and/or any of their respective associates. We are independent from and not connected with the Group, the China COSCO Group, the Contracting Parties or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and are accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Agreements, the master agreements entered into between the Group and the relevant counter-contract parties on 30th November 2009 (namely, the 2009 COSCON Shipping Services Master Agreement, the 2009 APM Shipping Services Master Agreement, the 2009 Florens-APM Container Purchasing and Related Services Master Agreement, the 2009 Nansha Container Terminal Services Master Agreement and the 2009 Yangzhou Terminal Services Master Agreement (thereafter collectively referred to as the "**2009 Agreements**")), the circular of the Company dated 21st December 2009 in relation to, among others, the continuing connected transactions contemplated under the 2009 Agreements (the "**2009 Circular**"), the 2011 annual report of the Company (the "**2011 Annual Report**") and the 2012 interim report of the Company (the "**2012 Interim Report**"). We have also reviewed certain information and facts provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have (i) considered such other information, analyses and market data as we deemed relevant; and (ii) conducted discussions with the management of the Company regarding the terms of the Agreements, the basis for determination of the Annual Caps, the businesses and the future outlook of the Group. We have assumed that all information, opinions, statements, and representations made to us or as contained in the Circular, are true, accurate and complete in all material respects as at the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and the reasons for, the Continuing Connected Transactions and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the date of the Circular. We are not responsible for the negotiation of the terms of the Agreements and the outcomes resulting from the compliance or non-compliance of the relevant Agreements.

This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Continuing Connected Transactions contemplated under the Agreements, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the terms of the relevant Agreements, we have considered the following principal factors and reasons:

1. The background to, the reasons for, and the benefits of, the Continuing Connected Transactions

The Group is a world-renowned container-related operator with a comprehensive spectrum of business operations comprising three core components, namely (i) terminal and related business; (ii) container leasing, management and sale businesses; and (iii) container manufacturing business. As at 31st December 2011, the Company operated and managed 23 terminal companies in 18 ports worldwide, among which 19 terminal companies were based in the PRC. The Group's terminal network covered 14 ports in the PRC and 4 major overseas hub ports, including without limitation, Qingdao, Shenzhen, Guangzhou Nansha and Piraeus. According to the "*Global Container Terminal Operations 2012: Annual Review and Forecast*" published by Drewry Shipping Consultants in August 2012, the combined terminal-operating businesses of the Group and its connected person, COSCON, were ranked as the world's fifth largest container terminal operator with an aggregate annual throughput of approximately 53.2 million twenty-foot equivalent units ("**TEUs**") and captured a global market share of approximately 9.0% in 2011.

Although the global economy was adversely affected by the widening European debt crisis, the Group maintained its growth at a steady rate in 2011 on the back of the support from the COSCO Group and its affiliated subsidiaries. According to the 2011 Annual Report, the Group's annual total throughput in 2011 reached approximately 50.7 million TEUs, representing a year-on-year growth of approximately 15.1% from approximately 44.0 million TEUs in 2010. The container leasing business had a total number of customers of 287 in 2011, among which international customers accounted for approximately 69.2% of the total container fleet. The Group's revenue attributable to the terminal business and container leasing business rose by approximately 34.2% to approximately USD599.2 million (equivalent to approximately HKD4,646.5 million) for the financial year ended 31st December 2011, as compared to the same period in 2010.

In 2012, the Group aims to maintain a steady development in the terminal business by way of strengthening its position in the PRC's terminal industry and, in the meanwhile, developing Piraeus terminal into the key transshipment terminal in the Mediterranean region. It was stated in the 2011 Annual Report that the Group's annual handling capacity was expected to increase by approximately 5.15 million TEUs to approximately 60.6 million TEUs by the end of 2012 (representing an annual expansion of 9.3% as compared to that of 2011), driven by the commencement of 7 new Chinese berths' formal operation and the completion of the upgrading work at Pier 2 of Piraeus terminal in 2012. The Group's container leasing business was operated solely by Florens. Since approximately 93.8% of the total revenue from container leasing in 2011 was derived by the long-term leases, the management of the Company expected that the rental income from this business sector will grow steadily in 2012.

In the course of its ordinary business, the Group has been from time to time carrying out transactions with connected persons of the Company. Indeed, the Group has been carrying on transactions pursuant to the 2009 Agreements, which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.43 and Rule 14A.53 of the Listing Rules, the Company had applied to the Stock Exchange for, and the Stock Exchange had granted, a waiver of the requirement to hold a shareholders' meeting and the permission for the independent shareholders' approval to be given in the form of written approval in respect of, among others, the 2009 APM Shipping Services Master Agreement, the 2009 Florens-APM Container Purchasing and Related Services Master Agreement, the 2009 Nansha Container Terminal Services Master Agreement and the 2009 Yangzhou Terminal Services Master Agreement. At the special general meeting of the Company held on 7th January 2010, the then Independent Shareholders approved the 2009 COSCON Shipping Services Master Agreement and the annual caps for transactions thereunder for the three years ending 31st December 2012. Details of the transactions under the 2009 Agreements were disclosed in the 2009 Circular. The 2009 Agreements will expire on 31st December 2012, and it is expected that the Group will continue to enter into transactions of nature similar to the transactions under the 2009 Agreements from time to time thereafter. Accordingly, the Group and the relevant counter-contract parties entered into the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement, the APM Shipping Services Master Agreement, the Florens-APM Container Purchasing and Related Services Master Agreement, the Nansha Container Terminal Services Master Agreement and the Yangzhou Terminal Services Master Agreement as an extension of the 2009 Agreements.

The management of the Company advised us that due to commercial reasons, the counter-contract parties of the 2009 COSCON Shipping Services Master Agreement, namely COSCO and COSCON (together with China COSCO), entered into the COSCO Shipping Services and Terminal Services Master Agreement and the China COSCO Shipping Services and Terminal Services Master Agreement, respectively, with COSCO Ports and PCT as an extension of the 2009 COSCON Shipping Services Master Agreement. The terms of the COSCO Shipping Services and Terminal Services Master Agreement and the China COSCO Shipping Services and Terminal Services Master Agreement are substantially the same.

As far as terminal related services businesses are concerned, the Group relies on the provision of such services (including but not limited to manpower services, cargo handling services and logistics services) by other operating terminal companies. In view of the facts that (i) the COSCO Group (including COSCON and other members of the China COSCO Group) is experienced terminal related service provider with excellent quality services; and (ii) the business relationship between the Group and the COSCO Group (including COSCON and other members of the China COSCO Group) has been well-established, the Group has requested for, and the COSCO Group and the China COSCO Group have agreed on, furthering the provision of terminal related services. The management of the Company expected that the Group will enter into transactions of similar nature with the COSCO Group (excluding the China COSCO Group) and the China COSCO Group (including COSCON) from time to time and accordingly considered that it is a prudent way to include such business activities and transactions into the COSCO Shipping Services and Terminal Services Master Agreement and the China COSCO Shipping Services and Terminal Services Master Agreement.

Pursuant to the "*Administrative Measures on Collection and Utilisation of Port Construction Fee*" (港口建設費徵收使用管理辦法) (the "**Measures**") issued by the Ministry of Transport and the Ministry of Finance of the PRC on 25th April 2011, port construction fee would be collected directly by the maritime administration since 1st October 2011. As port construction fees in respect of cargoes entering into and/or departing from the phase 2 terminal at the Nansha Port and the terminals of Yangzhou Yuanyang were received by the maritime administration directly since 1st October 2011 in compliance with the Measures, the provision of services of collecting port construction fee and other port related fees on behalf of GZ Port Holding and the Yangzhou Port Group by GZ South China and Yangzhou Yuanyang, respectively, is no longer applicable and has, therefore, not been included in the Nansha Container Terminal Services Master Agreement and the Yangzhou Terminal Services Master Agreement.

The COSCO Group is a global terminal and shipping conglomerate. Designated members of the COSCO Group (including, without limitation, the Florens Capital Management Group) undertake the responsibilities of the provision of financing and treasury services to other members within the COSCO Group so as to consolidate the treasury and the financial management functions of the Group and to segregate the functions and duties of different members of the COSCO Group in other respects. Such arrangement is intended to best rationalize the allocation of resources and use of funds within the COSCO Group. As the Group is a part of the COSCO Group, the Group is eligible to use the finance leasing services provided by members of the Florens Capital Management Group. The management of the Company is of the view that, if circumstances so permit and so appropriate, the Group may, in future, consider the service of members of the Florens Capital Management Group for finance leasing services. Apparently, there would be commercial benefits for the Group to enter into the Finance Leasing Master Agreement with Florens Capital Management in relation to the provision of finance leasing services by members of the Florens Capital Management Group.

Accordingly, on 30th October 2012, the relevant members of the Group entered into the Agreements, each for a term of three years from 1st January 2013 to 31st December 2015, with various connected persons of the Company. Set out below are the details of the Agreements:

1. COSCO Shipping Services and Terminal Services Master Agreement

I.	*Contract party within the Group:*	1. COSCO Ports; and 2. PCT
II.	*Counter-contract party:*	COSCO

III. Nature of business of counter-contract party:

Shipping and modern logistics business, and shipping agencies providing services in freight forwarding, ship building, ship repairing, terminal operation, container paint manufacturing, trading, financing, real estate, information technology, business consulting and contract employment

IV. Nature of transactions:

(a) Provision of shipping related services by members of the COSCO Ports Group and PCT to members of the COSCO Group (excluding the China COSCO Group), including but not limited to the handling, storage, stevedoring, transshipment, maintenance of cargoes, and provision of container storage space and terminal premises

(b) Provision of terminal related services by members of the COSCO Group (excluding the China COSCO Group) to members of the COSCO Ports Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials and subsidy on port construction fee

2. China COSCO Shipping Services and Terminal Services Master Agreement

I. Contract party within the Group:
1. COSCO Ports; and
2. PCT

II. Counter-contract party:
1. China COSCO; and
2. COSCON

III. Nature of business of counter-contract party:

1. China COSCO

Container shipping, dry bulk shipping, logistics, terminals and container leasing services covering the whole shipping value chain for both international and domestic customers

2. COSCON

Global integrated container shipping business

IV. Nature of transactions:

(a) Provision of shipping related services by members of the COSCO Ports Group and PCT to members of the China COSCO Group (including COSCON), including but not limited to handling, storage, stevedoring, transshipment and maintenance of cargoes, and provision of container storage space and terminal premises

(b) Provision of terminal related services by members of the China COSCO Group (including COSCON) to members of the COSCO Ports Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials and subsidy on port construction fee

3. APM Shipping Services Master Agreement

I. Contract party within the Group:
1. COSCO Ports; and
2. PCT

II. Counter-contract party: The Line

III. Nature of business of counter-contract party:

Soliciting cargo, issuing bills of lading, settling freight charges and entering into service contracts in respect of vessels owned or operated by APM

IV. Nature of transactions:

Provision of shipping related services by members of the COSCO Ports Group or PCT to the Line, including but not limited to handling, storage, stevedoring, transshipment, maintenance of cargoes, provision of container storage space and collection of port construction fee

4. Florens-APM Container Purchasing and Related Services Master Agreement

I. Contract party within the Group: Florens

II. Counter-contract party: The Line

III. Nature of business of counter-contract party:

Soliciting cargo, issuing bills of lading, settling freight charges and entering into service contracts in respect of vessels owned or operated by APM

IV. Nature of transactions:

(a) Purchase of containers and container related materials by members of the Florens Group from the Line, namely, materials and accessories for use on and in connection with containers (including without limitation, the Container Equipment), including without limitation, decals

(b) Provision of container related services by the Line to members of the Florens Group, including without limitation, repositioning and handling services with respect to containers (including without limitation, the Container Equipment, containers leased or sold by members of the Florens Group to the Line and containers and container related materials purchased by members of the Florens Group from the Line), transportation services in relation to the transactions, the agency services in relation to the leasing and sales of containers by members of the Florens Group to third party lessees and purchasers, and all ancillary and related services

5. *Nansha Container Terminal Services Master Agreement*

I. Contract party within the Group:
1. COSCO Ports; and
2. GZ South China

II. Counter-contract party: GZ Port Holding

III. Nature of business of counter-contract party:

Loading and unloading of cargoes, and storage of petroleum, coal, foodstuff, chemical fertilizers, steel, ores, containers and automobiles etc, bonded goods business, local and foreign goods agency and shipping agency, handling of transshipment on behalf of carriers, passenger transportation agency, pilotage of ships for entry into and departure from ports, water transportation of goods and passengers, logistics services and port related services

IV. Nature of transactions:

(a) Provision of container terminal related services by GZ South China to members of the GZ Port Group, namely, cargo inspection related services, leasing of frontloaders, port related services (including without limitation, provision of berths, loading and unloading, transportation, shifting, boxing and unboxing of containers, transshipment of passenger liners, operation and management of transshipment of cargoes and provision of container storage space), repairing services to pontoon, leasing of terminal areas and provision of machinery, and all other ancillary and related services

(b) Provision of container terminal related services by members of the GZ Port Group to GZ South China, namely, cargo handling services, property cleaning, pest control and garbage clean up services, "shuttle bus" services (which are in the nature of transportation connection services operated between terminals), provision of fuel oil supply, port related services (including without limitation, provision of berths, operation and management of loading and unloading, operation and management of transshipment of cargoes, transshipment and transportation of containers, and provision of container storage space), commercial centre services (which are in the principle nature of market expansion, sales and promotion and external coordination), cargo inspection centre services, security services, training services, construction and supervision services for projects, surveying services, travel agency services, manpower services by the appointment of management officials, leasing and maintenance of pontoon, logistics services, customs declaration and inspection declaration services, and all other ancillary and related services

(c) The appointment of GZ South China by GZ Port Holding to charge on behalf of GZ Port Holding the vessels which use the high-frequency wireless communication services (甚高頻無線電通訊服務) at the Guangzhou Port, or the agents of such vessels, the high-frequency communication fee (甚高頻通訊費) at a rate as prescribed by GZ Port Holding from time to time. GZ South China may retain a portion of the high-frequency communication fee (甚高頻通訊費) received by it at a rate as prescribed by GZ Port Holding from time to time as handling fee, and GZ South China shall pay the high-frequency communication fee (甚高頻通訊費) received by it to GZ Port Holding after deducting the handling fee.

As mentioned in "*1. The background to, the reasons for, and the benefits of, the Continuing Connected Transactions*" above, port construction fees in respect of cargoes entering into and/or departing from the phase 2 terminal at the Nansha Port were received by the maritime administration directly since 1st October 2011 in compliance with the Measures. Accordingly, the provision of services of collecting port construction fee and other port related fees on behalf of GZ Port Holding by GZ South China is no longer applicable and has, therefore, not been included in the Nansha Container Terminal Services Master Agreement.

6. Yangzhou Terminal Services Master Agreement

I. Contract party within the Group:
1. COSCO Ports; and
2. Yangzhou Yuanyang

II. Counter-contract party: Yangzhou Port Holding

III. Nature of business of counter-contract party:

Transportation of ordinary cargoes, large-sized cargoes and containers, operation of depot for repairing of large-sized trucks, loading and unloading of cargoes, cargo transportation agency, cargo warehousing, joint transportation by water and road, information services for water transportation, provision of freighters, manufacturing and repairing of port machinery, wholesaling and retailing of vehicle parts and accessories, hardware and electronics, non-dangerous chemical products, general merchandise, metals, construction materials, timber, water heating equipment, decoration materials, port machinery and spare parts, manufacturing and installation of steel structures, installation of port machinery, annual examination of vehicles and agency for licensing of vehicle depot operation

IV. Nature of transactions:

Provision of terminal related services by members of the Yangzhou Port Group to Yangzhou Yuanyang, including but not limited to port related services (including without limitation, provision of berths, operation and management of loading and unloading, terminal transshipment and transportation, and provision of cargo storage space), manpower services by the appointment of management officials, and all other ancillary and related services

As mentioned in "*1. The background to, the reasons for, and the benefits of, the Continuing Connected Transactions*" above, port construction fees in respect of cargoes entering into and/or departing from the terminals of Yangzhou Yuanyang were received by the maritime administration directly since 1st October 2011 in compliance with the Measures. Accordingly, the provision of services of collecting port construction fee and other port related fees on behalf of the Yangzhou Port Group by Yangzhou Yuanyang is no longer applicable and has, therefore, not been included in the Yangzhou Terminal Services Master Agreement.

7. Finance Leasing Master Agreement

I. Contract party within the Group: COSCO Ports

II. Counter-contract party: Florens Capital Management

III. Nature of business of counter-contract party:

Provision of finance leasing

IV. Nature of transactions:

Provision of the Finance Leasing by the relevant members of the Florens Capital Management Group to members of the COSCO Ports Group, upon reasonable requests of members of the COSCO Ports Group. With respect to each Finance Leasing, the relevant Lessor and Lessee will enter into separate written contract(s) subject to the provisions of the Finance Leasing Master Agreement

By the very nature of the Group's business activities, transactions with the connected persons are inevitable. The support by the COSCO Group will assist the business development and further strengthen the financial position of the Company. Indeed, the Group has entered into, and will continue to enter into, agreements with its connected persons in relation to different natures of transactions (including but not limited to the 2009 Agreements). The management of the Company is of the view that the entering into of the Agreements can facilitate the long-term development of the Group's operation.

Rationale of the COSCO Shipping Services and Terminal Services Master Agreement, China COSCO Shipping Services and Terminal Services Master Agreement and the APM Shipping Services Master Agreement

As discussed above, the COSCO Group is a diversified group focusing mainly on shipping and modern logistics business. The COSCO Group also serves as shipping agencies and provides services in freight forwarding, ship building, ship repairing, terminal operation, container paint manufacturing, trading, financing, real estate, information technology, business consulting and contract employment. According to the information set out in the official website of COSCO (www.cosco.com), COSCO owns and controls over 800 modern merchant vessels with a total tonnage of 56 million deadweight tonnages and an annual carrying capacity of 400 million tons. COSCO's shipping lines cover over 1,600 ports in more than 160 countries and regions worldwide, and its fleet size ranks the first in the PRC and the second in the world.

The China COSCO Group, through its various subsidiaries, provides a wide range of container shipping, dry bulk shipping, logistics, terminals and container leasing services covering the whole shipping value chain for both international and domestic customers. COSCON is a global provider of integrated container shipping services. According to the 2011 annual report of China COSCO, the China COSCO Group, through COSCON, operated a fleet of 157 vessels in aggregate with a total shipping capacity of 667,970 TEUs, which called at 159 ports in 48 countries and regions across the world, and operated on 76 international routes, 10 international feeder service routes, 21 PRC coastal service routes and 67 Pearl River Delta and Yangtze River feeder service routes as at 31st December 2011.

We noted that the Line's principal business activities include soliciting cargo, issuing bills of lading, settling freight charges and entering into service contracts in respect of vessels owned or operated by APM. According to the "*Global Container Terminal Operations 2012: Annual Review and Forecast*", APM was the second largest container terminal operator in the world with an annual throughput of approximately 63.7 million TEUs, enjoying a global market share of approximately 10.8% in the year of 2011.

We further noted from the 2011 Annual Report that the terminal and related business had become the core revenue stream to the Group, contributed approximately USD323.3 million (representing approximately HKD2,507.5 million) and accounted for approximately 54.0% of the total revenue of the Group's main businesses for the year ended 31st December 2011. We have enquired and were advised by the management of the Company that both COSCON and the Line are the key customers of the Group's terminal business.

To further strengthen the terminal and related businesses, the Group is now actively developing Piraeus terminal into the key transshipment terminal in the Mediterranean region. Due to the prime location of Piraeus terminal, it provides efficient, reliable and stable transshipment container handling services and is a key partner to a lot of international shipping companies. The upgrading work at Pier 2 has been completed in June 2012 while the construction of Pier 3 has started in the fourth quarter of 2011. It is expected that such development shall bring an additional annual handling capacity of 2.1 million TEUs to the Group. At the same time, the Group continues its principal strategy of strengthening its leading position in the PRC by expanding its geographical coverage. According to the 2011 Annual Report, 7 new berths distributed in 5 terminals in the PRC will commence formal operation by stage in 2012, contributing an additional annual handling capacity of 4.15 million TEUs.

Given the fact that the COSCO Group (including COSCON and other members of the China COSCO Group) and the Line are the key customers of the Group's terminal business, the management of the Company is of the view that the entering into of the COSCO Shipping Services and Terminal Services Master Agreement, the China COSCO Shipping Services and Terminal Services Master Agreement and the APM Shipping Services Master Agreement with regard to the provision of shipping related services by the COSCO Ports Group and PCT to the COSCO Group (excluding the China COSCO Group), the China COSCO Group (including COSCON) and the Line, respectively, is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Although the Group itself is one of the leading shipping-related service providers, it also relies on the provision of terminal related services by other prominent and experienced terminal conglomerates to complement its operation. The COSCO Group (including COSCON and other members of the China COSCO Group) is an outstanding player in the global container terminal industry with quality services. Accordingly, the management of the Company is of the view that the entering into of the COSCO Shipping Services and Terminal Services Master Agreement and the China COSCO Shipping Services and Terminal Services Master Agreement for the provision of terminal related services by the COSCO Group (excluding the China COSCO Group) and the China COSCO Group (including COSCON), respectively, to members of the COSCO Ports Group is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Rationale of the Florens-APM Container Purchasing and Related Services Master Agreement

We were given to understand by the management of the Company that the Florens Group is principally engaged in a wide-spectrum of businesses including, among others, container leasing, management and sale businesses. According to the 2011 Annual Report, the Florens Group was ranked as the world's third largest container leasing company in 2011 with a container fleet size of 1.78 million TEUs and captured a market share of approximately 12.5%. Although the intensifying European debt crisis had cast a shadow over the global economy in the second half of 2011, the Florens Group performed well in 2011 with an average containers utilization rate of approximately 96.1%. The management of the Company advised us that most container shipping companies had confirmed full-year container leasing bookings with the Florens Group during the first quarter of 2011 and the long-term leases accounted for approximately 93.8% of the total revenue of container leasing.

As a part of its usual and ordinary course of business, the Florens Group has to (i) purchase containers and/or container related materials; and (ii) consume container related services from various world's leading shipping-related conglomerates such as the Line. Indeed, the Florens Group ordered a total of 118,755 TEUs of new containers in 2011 for replacing old containers in order to fulfill the advanced booking and high demand of the container lessees.

In view of (i) the well-established network and experience of the Line in the container-related business, and (ii) the long-established relationship between the Florens Group and the Line, the management of the Company is confident that products and services provided by the Line are of good quality and due delivery can be made as requested. Accordingly, the management of the Company takes the view that the entering into of the Florens-APM Container Purchasing and Related Services Master Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Rationale of the Nansha Container Terminal Services Master Agreement and the Yangzhou Terminal Services Master Agreement

Nansha is located at the entrance of the Pearl River with a well-connected transportation network offering easy access to Guangzhou downtown, Shenzhen, Zhuhai and major Pearl River Delta cities.

Yangzhou is located at the low reaches of the Yangtze River. With the Yangtze River to the south and the Huai River to the north, Yangzhou is located at the central part of the Jiangsu Province, the PRC which is the focal hub for all transportation networks.

Benefiting from their prime locations along major domestic and international shipping routes with advanced port facilities, the Nansha Port and the Yangzhou Port are treated as the strategic strongholds of the Group's terminal business in the PRC. As advised by the management of the Company, the Group operated 6 container berths in the Nansha Port and 1 container berth, together with 5 break-bulk cargo berths, in the Yangzhou Port. The aggregate annual handling capacity of these two ports reached 4.7 million TEUs of containers and 6.55 million tons of break-bulk cargoes.

In view of (i) the prime locations of the Nansha Port and the Yangzhou Port, and (ii) the track record and good experience of transacting and cooperating with the GZ Port Group and the Yangzhou Port Group, which are the respective management and operating companies of the Nansha Port and the Yangzhou Port, we agree with the view of management of the Company that the entering into of the Nansha Container Terminal Services Master Agreement and the Yangzhou

Terminal Services Master Agreement would facilitate the Group's operation and help the Group to maintain its dominating position in the Nansha Port and the Yangzhou Port.

Rationale of the Finance Leasing Master Agreement

Florens Capital Management was established in November 2010 and was previously an indirect wholly-owned subsidiary of the Company. On 22nd November 2011, COSCO (Cayman) Fortune Holding Co., Ltd ("**Fortune Holding**"), a wholly-owned subsidiary of COSCO, subscribed for the increased share capital of Florens Capital Management and advanced a shareholder's loan of USD50 million to Florens Capital Management. Florens Capital Management is now owned as to 50% by Fortune Holding and 50% by Florens. Despite the change in shareholding structure, Florens Capital Management is still accounted for as a subsidiary of the Company. According to the management of the Company, the principal business of the Florens Capital Management Group is to provide finance lease services to both members of the Group and third parties. The business activities of the Florens Capital Management Group have remained the same since its establishment.

By entering into the Finance Leasing Master Agreement, the Florens Capital Management Group can further develop its finance leasing business and further strengthen itself as a financing platform within the organization of the Group and the COSCO Ports Group can better utilize its financial resources in the terminal business via the assistance of the Florens Capital Management Group. As advised by the management of the Company, the Leasing Equipment relates to all kinds of machinery, equipment and other property related to shipping and operation of terminal. The finance lease arrangement allows the COSCO Ports Group to re-deploy the upfront consideration or purchase cost of the Leasing Equipment obtained from the Florens Capital Management Group to the terminal business operation. Given both Florens Capital Management and COSCO Ports are subsidiaries of the Group, the management of the Company is of the view that the finance lease arrangement can help segregate the functions of each member of the Group and, at the same time, consolidate all financing functions and financing activities to enable a higher yield and return through a central management of financing resources and portfolios and reduce the cost of borrowings.

Conclusion

In light of the above, we concur with the Directors' view that the entering into of the Continuing Connected Transactions with the counter-contract parties is in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Agreements

Each of the Agreements, with a term of three years commencing from 1st January 2013 and ending on 31st December 2015, is conditional upon the approval of the relevant Agreement by the Independent Shareholders. Furthermore, each of the APM Shipping Services Master Agreement and the Finance Leasing Master Agreement is also conditional upon the approval of the relevant Agreement by the independent shareholders of China COSCO. Pursuant to the terms of each of the Agreements, each of the Continuing Connected Transactions shall be conducted in accordance with the terms and fees as tabulated below:

1. __COSCO Shipping Services and Terminal Services Master Agreement__

Terms: The transactions shall be conducted on normal commercial terms.

The service fees payable by the relevant members of the COSCO Group for the provision of shipping related services by members of the COSCO Ports Group and PCT shall be at rates no less favorable to the relevant members of the COSCO Ports Group or to PCT (as the case may be) than that at which the relevant members of the COSCO Ports Group or PCT charges other independent third party customers for the relevant services.

The service fees payable by the relevant members of the COSCO Ports Group for the provision of terminal related service by the members of the COSCO Group shall be at rates no less favorable to the relevant members of the COSCO Ports Group than that at which the relevant members of the COSCO Group charge other independent third party customers for the relevant services.

We have reviewed and compared the terms of the COSCO Shipping Services and Terminal Services Master Agreement and the 2009 COSCON Shipping Services Master Agreement, and noted that, save for (i) the COSCO Shipping Services and Terminal Services Master Agreement does not cover transactions between COSCO Ports Group and PCT on the one hand and the China COSCO Group (including COSCON) on the other hand; (ii) the Annual Caps; (iii) the slight change of the coverage of shipping related services provided by the COSCO Ports Group and PCT (specifically, the inclusion of provision of container storage space and terminal premises); and (iv) the inclusion of the additional provision of terminal related services by members of the COSCO Group, the terms of the two aforementioned agreements are substantially the same. We have discussed with the management of the Company on the terms, and in particular the pricing terms, of the COSCO Shipping Services and Terminal Services Master Agreement. The management of the Company considers that the terms are on normal commercial terms.

In assessing the terms of the provision of shipping related services by the COSCO Ports Group and/or PCT to the COSCO Group (excluding the China COSCO Group), we have reviewed and compared the sample copies of service contracts entered into between (a) the COSCO Ports Group/PCT and the COSCO Group (excluding the China COSCO Group), and (b) the COSCO Ports Group/PCT and its independent service receivers in relation to the transactions under the 2009 COSCON Shipping Services Master Agreement during the period commencing from 1st January 2010 to the Latest Practicable Date (the "**Review Period**"). We consider that it is rational to compare such sample copies of service contracts as the basis of our analysis since the terms of the COSCO Shipping Services and Terminal Services Master Agreement in connection with the provision of shipping related services by the COSCO Ports Group and/or PCT to the COSCO Group (excluding the China COSCO Group) are substantially the same as that of the 2009 COSCON Shipping Services Master Agreement. We noted that (i) the terms under those separate contracts entered into between the COSCO Ports Group/PCT and the COSCO Group (excluding the China COSCO Group) are comparable to, and no less favorable to COSCO Ports Group/PCT than, that offered by the COSCO Ports Group/PCT to other independent service receivers; and (ii) the shipping related services provided under those separate contracts entered into between the COSCO Ports Group/PCT and the COSCO Group (excluding the China COSCO Group) were charged at prices comparable to those charged to other independent service receivers.

The 2009 COSCON Shipping Services Master Agreement did not include the provision of terminal related services by the COSCO Group (excluding the China COSCO Group) to the COSCO Ports Group. In order to assess the reasonableness of the terms of the COSCO Shipping Services and Terminal Services Master Agreement relating to such transactions, we attempted to review and compare the sample copies of individual service contracts entered into between (a) the COSCO Ports Group and the COSCO Group; and (b) the COSCO Ports Group and its independent service providers in relation to the transactions of similar nature during the Review Period. However, the management of the Company advised us that apart from the COSCO Group and the China COSCO Group, the COSCO Ports Group did not receive such terminal related services from its independent third parties during the Review Period. For the purpose of assessment, we have reviewed and compared the sample copies of individual service contracts entered into between (a) the COSCO Ports Group and the COSCO Group (excluding the China COSCO Group); and (b) the COSCO Group (excluding the China COSCO Group) and its independent third party customer in connection with the transactions of similar nature during the Review Period. We noted that (i) the terms under those separate contracts entered into between the COSCO Ports Group and the COSCO Group (excluding the China COSCO Group) were comparable to, and no less favorable to COSCO Ports Group than, that offered by the COSCO Group (excluding the China COSCO Group) to its independent third party customer; and (ii) the terminal related services provided under those separate contracts entered into between the COSCO Ports Group and the COSCO Group (excluding the China COSCO Group) were charged at prices comparable to those charged by the COSCO Group to its independent third party customer.

Having considered the above, we concur with the view of the management of Company that the terms of the COSCO Shipping Services and Terminal Services Master Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

2. ***China COSCO Shipping Services and Terminal Services Master Agreement***

Terms: The transactions shall be conducted on normal commercial terms.

The service fees payable by the relevant members of the China COSCO Group (including COSCON) for the provision of shipping related services by members of the COSCO Ports Group and PCT shall be at rates no less favorable to the relevant members of the COSCO Ports Group or to PCT (as the case may be) than that at which the relevant members of the COSCO Ports Group or PCT charge other independent third party customers for the relevant services.

The service fees payable by the relevant members of the COSCO Ports Group for the provision of terminal related service by the members of the China COSCO Group (including COSCON) shall be at rates no less favorable to the relevant members of the COSCO Ports Group than that at which the relevant members of the China COSCO Group (including COSCON) charge other independent third party customers for the relevant services.

We have reviewed and compared the terms of the China COSCO Shipping Services and Terminal Services Master Agreement and the 2009 COSCON Shipping Services Master Agreement, and noted that, save for (i) the China COSCO Shipping Services and Terminal Services Master Agreement covers transactions between COSCO Ports Group and PCT on the one hand and only the China COSCO Group (including COSCON) on the other hand; (ii) the Annual Caps; (iii) the slight change of the coverage of shipping related services provided by the COSCO Ports Group and PCT (specifically, the inclusion of provision of container storage space and terminal premises); and (iv) the inclusion of the additional provision of terminal related services by members of the China COSCO Group (including COSCON), the terms of the two aforementioned agreements are substantially the same. We have discussed with the management of the Company on the terms. and in particular the pricing terms, of the China COSCO Shipping Services and Terminal Services Master Agreement. The management of the Company considers that the terms are on normal commercial terms.

In assessing the terms of the provision of shipping related services by the COSCO Ports Group and/or PCT to the China COSCO Group (including COSCON), we have reviewed and compared the sample copies of service contracts entered into between (a) the COSCO Ports Group/PCT and the China COSCO Group (including China COSCO and COSCON); and (b) the COSCO Ports Group/PCT and its independent service receivers in relation to the transactions under the 2009 COSCON Shipping Services Master Agreement during the Review Period. We consider that it is rational to compare such sample copies of service contracts as the basis of our analysis since the terms of the China COSCO Shipping Services and Terminal Services Master Agreement in connection with the provision of shipping related services by the COSCO Ports Group and/or PCT to the China COSCO Group (including COSCON) are substantially the same as that of the 2009 COSCON Shipping Services Master Agreement. We noted that (i) the terms under those separate contracts entered into between the COSCO Ports Group/PCT and the China COSCO Group (including COSCON) are comparable to, and no less favorable to COSCO Ports Group/PCT than, that offered by the COSCO Ports Group/ PCT to other independent service receivers; and (ii) the shipping related services provided under those separate contracts entered into between the COSCO Ports Group/ PCT and the China COSCO Group (including COSCON) were charged at prices comparable to those charged to other independent service receivers.

In assessing the terms of the provision of terminal related services by the China COSCO Group (including COSCON) to the COSCO Ports Group, we have discussed with the management of the Company and were given to understand that the China COSCO Group (including COSCON) did not provide any terminal related services to the COSCO Ports Group during the Review Period except subsidy on port construction fee. We have reviewed and compared the sample copies or service contracts of subsidy on port construction fee entered into between the COSCO Ports Group/ PCT and the China COSCO Group (including COSCON). However, the management of the Company advised us that China COSCO Group did not provide such terminal related services (subsidy for port construction fee) to its independent third parties during the Review Period. In the absence of the relevant service contracts, we are not able to opine on the historical transaction in relation to the terminal related services between the COSCO Ports Group and the China COSCO Group. Notwithstanding that, given the facts that (i) the terms and scope of services (other than the annual caps) of the China COSCO Shipping Services and Terminal Services Master Agreement are identical to that of the COSCO Shipping Services and Terminal Services Master Agreement, which are on normal commercial terms (please refer to our analysis on the COSCO Shipping Services and Terminal Services Master Agreement above); (ii) the service fees payable by the relevant members of the COSCO Ports Group for the provision of terminal related service by the members of the China COSCO Group (including COSCON) under the China COSCO Shipping Services and Terminal Services Master Agreement shall be at rates no less favorable to the relevant members of the COSCO Ports Group than that at which the relevant members of the China COSCO Group (including COSCON) charge other independent third party customers for the relevant services; and (iii) such transactions contemplated under the China COSCO Shipping Services and Terminal Services Master Agreement shall be reported annually by the Company's auditor, we consider that the terms of the provision of terminal related services by the China COSCO Group (including COSCON) to the COSCO Ports Group are fair and reasonable so far as the Independent Shareholders are concerned.

Having considered the above, we are of the same view as the management of the Company that the terms of the China COSCO Shipping Services and Terminal Services Master Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

3. *APM Shipping Services Master Agreement*

Terms: The transactions shall be conducted on normal commercial terms *(Note 1)*.

The terms on pricing under the APM Shipping Services Master Agreement are determined based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services after taking into account that the economic condition will improve in the future compared with that in the past few years.

Note 1: In determining normal commercial terms, COSCO Ports and PCT will ensure that the terms and rates will be no less favourable to COSCO Ports and PCT than the terms and rates available from independent third parties for the relevant transactions.

We have reviewed and compared the terms of the APM Shipping Services Master Agreement and the 2009 APM Shipping Services Master Agreement, and noted that, save for (i) the Annual Caps; and (ii) the slight change on the coverage of shipping related services provided by the COSCO Ports Group or PCT (specifically, the inclusion of provision of container storage space and collection of port construction fee), there is no material change between the terms of the two aforementioned agreements. We have discussed with the management of the Company on the terms, and in particular the pricing terms, of the APM Shipping Services Master Agreement. The management of the Company is of the view that the terms are on normal commercial terms.

In assessing the terms of the APM Shipping Services Master Agreement, we have reviewed and compared the sample copies of service contracts entered into between (a) the COSCO Ports Group/PCT and the Line; and (b) the COSCO Ports Group/PCT and its independent service receivers in relation to the transactions under the 2009 APM Shipping Services Master Agreement during the Review Period. We consider that it is rational to compare such sample copies of service contracts as the basis of our analysis since the terms of the APM Shipping Services Master Agreement are substantially the same as that of the 2009 APM Shipping Services Master Agreement. We noted that (i) the terms under those separate contracts entered into between the COSCO Ports Group/PCT and the Line are comparable to, and no less favorable to COSCO Ports Group/PCT, than that offered by the COSCO Ports Group/PCT to other independent service receivers; and (ii) the shipping related services provided under those separate contracts entered into between the COSCO Ports Group/PCT and the Line were charged at prices comparable to those charged to other independent service receivers. Therefore, we are of the view that the terms of the APM Shipping Services Master Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

4. *Florens-APM Container Purchasing and Related Services Master Agreement*

Terms: The transactions shall be conducted on normal commercial terms.

The consideration for the purchase of containers and related materials by the Florens Group and the provision of services by the Line shall be at rates no less favorable to the relevant members of the Florens Group (as purchaser or service receiving party, as the case may be) than that at which the Line charge to independent third parties for the relevant transactions.

We have reviewed and compared the terms of the Florens-APM Container Purchasing and Related Services Master Agreement and the 2009 Florens-APM Container Purchasing and Related Services Master Agreement, and noted that, save for the Annual Caps, there is no material change between the terms of the two aforementioned agreements. We have discussed with the management of the Company on the terms, and in particular the pricing terms, of the Florens-APM Container Purchasing and Related Services Master Agreement. The management of the Company considers that the terms are on normal commercial terms.

In assessing the terms of the Florens-APM Container Purchasing and Related Services Master Agreement, we have reviewed and compared the sample copies of service contracts entered into between (a) the Florens Group and the Line; and (b) the Florens Group and its independent service providers in relation to the transactions under the 2009 Florens-APM Container Purchasing and Related Services Master Agreement during the Review Period. We consider that it is rational to compare such sample copies of service contracts as the basis of our analysis since the terms of the Florens-APM Container Purchasing and Related Services Master Agreement are substantially the same as that of the 2009 Florens-APM Container Purchasing and Related Services Master Agreement. We noted that (i) the terms under those separate contracts entered into between the Florens Group and the Line are comparable to, and no less favorable to the Florens Group than, that offered by other independent service providers to the Florens Group; and (ii) the transactions contemplated under those separate contracts entered into between the Florens Group and the Line were charged at prices comparable to those charged by other independent service providers. Therefore, we are of the view that the terms of the Florens-APM Container

Purchasing and Related Services Master Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

5. ***Nansha Container Terminal Services Master Agreement***

Terms: The transactions shall be conducted on normal commercial terms and terms that are fair and reasonable.

The terms (including without limitation, the service fees) for the provision of services by GZ South China shall be no less favorable to GZ South China (as service providing party) than terms available to GZ South China from independent third parties for the relevant services.

The terms (including without limitation, the service fees) for the provision of services by the GZ Port Group shall be no less favorable to GZ South China (as service receiving party) than terms available to independent third parties from the GZ Port Group for the relevant services.

We have reviewed and compared the terms of the Nansha Container Terminal Services Master Agreement and the 2009 Nansha Container Terminal Services Master Agreement, and noted that, save for the Annual Caps and the exclusion of the service of collection of port construction fee and other port related fees on behalf of GZ Port Holding by GZ South China from the subject of the agreement, there is no material change between the terms of the two aforementioned agreements. We have discussed with the management of the Company on the terms, and in particular the pricing terms and the settlement terms, of the Nansha Container Terminal Services Master Agreement. The management of the Company is of the view that the terms are on normal commercial terms.

In assessing the terms of the provision of container terminal related services by/to GZ South China to/by the GZ Port Group under the Nansha Container Terminal Services Master Agreement, we have discussed with the management of the Company and were given to understand that apart from the GZ Port Group, GZ South China did not conduct any transactions of similar natures with independent third parties during the Review Period. We attempted to compare sample copies of service contracts entered into between (a) GZ South China and the GZ Port Group; and (b) the GZ Port Group and its independent third party customer in connection with the transactions of similar nature during the Review Period. However, as GZ Port Group is not a member of the Group, no sample copies of the relevant service contracts entered into between the GZ Port Group and its independent third parties is available for our analysis. Accordingly, we have reviewed the sample copies of service contracts entered into between GZ South China and the GZ Port Group regarding (i) the provision of container terminal related services by GZ South China to the GZ Port Group; and (ii) the provision of container terminal related services by the GZ Port Group to GZ South China during the Review Period, and we noted that (i) those separate contracts were concluded in accordance with the 2009 Nansha Container Terminal Services Master Agreement; and (ii) the terms offered by/to GZ South China to/by the GZ Port Group, including but not limited to the pricing terms and the settlement terms, were normal commercial terms.

Further to the general assessment above, we have, in particular, compared the pricing terms of such service contracts with regard to the provision of (i) cargo handling services; (ii) fuel oil supply; and (iii) design, construction and supervision services by members of the GZ Port Group to GZ South China with the relevant information we searched from public domains. We noted that (i) the cargo handling fees charged by the GZ Port Group to GZ South China were comparable to that charged by an independent service provider to its customers; (ii) the purchase unit prices of diesel oil charged by the GZ Port Group to GZ South China were comparable to the then market price of diesel oil in Guangzhou; and (iii) the pricing terms of the service contract regarding the provision of design, construction and supervision services were concluded in accordance with the "*Administrative Provisions on Survey and Design Fees of Construction Projects*" (工程勘察設計收費管理規定) issued by the PRC government on 7th January 2002.

Taking into account the above analysis, together with (i) such transactions are intended to be an extension of the 2009 Nansha Container Terminal Services Master Agreement and shall be conducted on normal commercial terms; (ii) the terms (including without limitation, the service fees) for the provision of services by/ to GZ South China shall be no less favorable to GZ South China (as service provider) than terms available to GZ South China from independent third parties / terms available to independent third parties from the GZ Port Group for the relevant services; and (iii) such transactions contemplated under the Nansha Container Terminal Services Master Agreement shall be reported annually by the Company's auditor, we consider that the terms of the Nansha Container Terminal Services Master Agreement in relation to the provision of container terminal related services by/ to GZ South China to/ by the GZ Port Group are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Regarding the high-frequency communication fee (甚高頻無線電通訊服務費) charged under the Nansha Container Terminal Services Master Agreement, we noted that such fee would be charged pursuant to (i) the applicable laws and regulations and/or as required by the relevant governmental or supervisory authorities from time to time; and/or (ii) the relevant documents issued by GZ Port Holding. Currently, the high-frequency communication fee was charged according to the "*Notice on High-frequency Wireless Communication Service Fee*" (關於甚高頻無線電通訊服務費的通知) and relevant documents issued by GZ Port Holding to operators at the Guangzhou Port pursuant to the requirements of the relevant government authorities. We consider that the Group has proper procedures in place to ensure such fees charged by GZ Port Holding is in accordance with the governing rules and regulations currently in place. We have also reviewed sample invoices with cost breakdown issued by GZ South China regarding the high-frequency communication fee (甚高頻無線電通訊服務費) charged by GZ South China on behalf of GZ Port Holding and noted that the high-frequency communication fee was charged in accordance with the "*Notice on High-frequency Wireless Communication Service Fee*" (關於甚高頻無線電通訊服務費的通知).

Having considered the above, we agree with the view of the management of the Company that the terms of the Nansha Container Terminal Services Master Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

6. Yangzhou Terminal Services Master Agreement

Terms: The transactions shall be conducted on normal commercial terms and terms that are fair and reasonable.

The terms (including without limitation, the service fees) for the provision of services by the Yangzhou Port Group shall be no less favorable to Yangzhou Yuanyang (as service receiving party) than terms available to independent third parties from the Yangzhou Port Group for the relevant services.

We have reviewed and compared the terms of the Yangzhou Terminal Services Master Agreement and the 2009 Yangzhou Terminal Services Master Agreement, and noted that, save for the Annual Caps and the exclusion of the service of collecting port construction fee and other related fees on behalf of Yangzhou Port Holding by Yangzhou Yuanyang from the subject of the agreement (i.e. constraining the subject of agreement to the provision of terminal related services by the Yangzhou Port Group), there is no material change between the terms of the two aforementioned agreements.

In assessing the terms of the Yangzhou Terminal Services Master Agreement, we have discussed with the management of the Company and were given to understand that apart from the Yangzhou Port Group, Yangzhou Yuanyang did not conduct any transactions of similar nature with independent third parties during the Review Period. In addition, Yangzhou Yuanyang is the only port company in Yangzhou Port and also the sole customer of the Yangzhou Port Group for such terminal related services as covered in the Yangzhou Terminal Services Master Agreement. In the absence of any third party transacted records, we have, for the purpose of assessment, reviewed the sample copy of service contract entered into between Yangzhou Yuanyang and the Yangzhou Port Group in relation to the provision of terminal related services by the Yangzhou Port Group to Yangzhou Yuanyang during the Review Period, and we noted that (i) the contract was concluded in accordance with the 2009 Yangzhou Terminal Services Master Agreement; and (ii) the terms offered by the Yangzhou Port Group to Yangzhou Yuanyang, including but not limited to, the pricing terms and the settlement terms, were normal commercial terms.

Further to the general assessment above, we have, in particular, analyzed the pricing terms of one of the service contracts with regard to, among others, the provision of cargo handling services by the Yangzhou Port Group to Yangzhou Yuanyang (the "**YYIP Sample Contract**"). We noted that the cargo handling fee of timber type charged by the Yangzhou Port Group under the YYIP Sample Contract was at a rate which was lower than the standard cargo handling fee of timber type as stipulated in the "*Rules on Goods Handling Fee of Vessels Sailing on International Routes and Foreign Trade of Import and Export Goods*"（航行國際航綫船舶及外貿進出口貨物理貨費收規則）issued by the Ministry of Transport of the PRC on 16th March 1993.

Taking into account the above analysis, together with (i) such transactions are intended to be an extension of the 2009 Yangzhou Terminal Services Master Agreement and shall be conducted on normal commercial terms; (ii) the terms (including without limitation, the service fees) for the provision of services by the Yangzhou Port Group shall be no less favorable to Yangzhou Yuanyang (as service receiver) than terms available to independent third parties from the Yangzhou Port Group for the relevant services; and (iii) such transactions contemplated under the Yangzhou Terminal Services Master Agreement shall be reported annually by the Company's auditor, we are of the view that the terms of the Yangzhou Terminal Services Master Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

7. Finance Leasing Master Agreement

Terms and fees: (a) Lease method

The lease method includes sale and leaseback pursuant to which the Lessor shall purchase from the Lessee the Leasing Equipment which will be leased back to the Lessee by the Lessor; finance leasing arrangement involving the execution of an entrusted purchase agreement for the intended purchase of Leasing Equipment by the Lessee and the subsequent provision of finance lease services to the Lessee and the making of lease payments to the Lessor; and finance lease arrangement involving the leasing of Leasing Equipment acquired by the Lessor to the Lessee as per the requirements of the Lessee.

(b) Lease period

The lease period for each Finance Leasing will be determined taking into account, inter alia, the useful life of the relevant Leasing Equipment *(Note 2)*, the financial needs of the Lessee and the funding availability of the Lessor, which in general should not exceed the useful life of such Leasing Equipment.

(c) Lease payments and interest rate

The lease payments charged by the Lessor will include the purchase price or the value of the Leasing Equipment*(Note 3)* and interest thereon charged on terms no less favourable to the Lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time*(Note 4 and 8)*, or, if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services.

(d) Pre-lease interests

In the event that the purchase price of the Leasing Equipment is paid by the Lessor before commencement of the lease period, pre-lease interests on the purchase price may be charged by the Lessor and payable by the Lessee for the period from the date of payment of the purchase price by the Lessor to the date immediately before commencement of the lease period. Pre-lease interests (if charged) will be charged on terms no less favourable to the Lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time, or, if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services.

(e) Handling fee

An one-off non-refundable handling fee may be charged on terms no less favourable to the Lessee than those offered by independent third parties by the Lessor and payable by the Lessee when the Finance Leasing Agreement is entered into and at a rate determined by reference to, among others, the rate charged by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of services from time to time, and will be set out in the relevant Finance Leasing Agreement *(Note 5 and 8)*.

(f) Title and remedies

The legal title and all rights of the Leasing Equipment shall vest in the Lessor throughout the lease period.

In the event that the Lessee fails to make any lease payment or fulfill any obligations under the relevant Finance Leasing Agreement and without prejudice to any rights of the Lessor under the relevant law, the Lessor could take the following steps:

1. to demand full repayment of all outstanding lease payments;

2. to recover the relevant Leasing Equipment and to claim all damages arising from the Lessee; and/or

3. to take necessary legal actions according to the relevant Finance Leasing Agreement.

(g) Purchase option

Subject to the Lessee having duly and satisfactorily performed all its obligations under, and upon the expiry of the lease period under the Finance Leasing Agreement, the Lessee shall have an option to purchase the relevant Leasing Equipment at a price charged on terms no less favourable to the Lessee than those offered by independent third parties*(Note 6)* and at a rate determined by reference to, among other factors, the methodology and market practice for determining such price by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of service from time to time*(Note 7 and 8)*, which will be agreed between the Lessor and the Lessee at the time of entering into, and will be set out in, the Finance Leasing Agreement.

(h) General

The transactions shall be conducted on normal commercial terms. The total consideration payable by the relevant members of the COSCO Ports Group for the provision of the Finance Leasing by members of the Florens Capital Management Group shall be at rates no less favourable to the relevant members of the COSCO Ports Group than those available from other independent third party for the relevant Finance Leasing.

Notes (which are for illustration purpose only and do not form part of the Finance Leasing Master Agreement):

2. The useful life of the Leasing Equipment will be assessed by reference to the Group's assets management policy, industry practice, the past experience in using the Leasing Equipment and information obtained from internal engineering department staff who has technical knowledge on the use of the Leasing Equipment.

3. In respect of the Finance Leasing involving sale and leaseback, the basis of determining the value of the Leasing Equipment is the fair market value of such Leasing Equipment and the Lessor will also make reference to the net carrying amount of such Leasing Equipment and ensure that the amount to be leased will not exceed the lower of the fair market value and the net carrying amount of the Leasing Equipment in any event.

In respect of the Finance Leasing involving entrusted purchase, the lease amount will be determined based on the total purchase cost of the relevant Leasing Equipment and subject to the negotiation between the Lessor and the Lessee. The Lessor will also take into account other factors including the risk profile of the Lessee and the type of the Leasing Equipment in determining the appropriate lease amount.

4. The existing interest rates for RMB loans published by PBOC are as follows:

   (i) 5.60% for loans with terms not more than 6 months;

   (ii) 6.00% for loans with terms over 6 months but not more than 1 year;

   (iii) 6.15% for loans with terms over 1 year but not more than 3 years;

   (iv) 6.40% for loans with terms over 3 years but not more than 5 years; and

   (v) 6.55% for loans with terms over 5 years.

5. There is currently no available rate published by PBOC in this respect and in the event that PBOC publishes any such rate in the future during the term of the Finance Leasing Master Agreement, the Lessor and Lessee will determine the handling fee by reference to such rate, which will be given priority over the rates adopted by other major financial institutions, accordingly.

6. The price for exercising the purchase option will be determined taking into account, inter alia, the lease payment structure, which will be given priority in the assessment, and the expected market value of the Leasing Equipment at the end of the lease period.

   In general, taking into account the lease payment structure (which is determined based on factors including the needs of the Lessee, the lease period, the useful life of the Leasing Equipment), the purchase option price is the difference between the Lessor's purchase price of the Leasing Equipment and the amount of lease payments (excluding the portion of interests). For example, if 95% of the purchase price of the Leasing Equipment has been covered by the total amount of lease payments (excluding the portion of interests) payable by the Lessee for the entire lease term, the purchase option price will be the remaining 5% of the Lessor's purchase price, which may not be close to the residual value of the Leasing Equipment, unless the lease period ends on a date close to the end of the useful life of the Leasing Equipment, in which case, as the purchase price of the Leasing Equipment should have been substantially (if not fully) covered by the amount of lease payments (excluding the portion of interests) already made by the Lessee, the open market residual amount of the Leasing Equipment may be taken into account in determining the purchase option price.

7. There are currently no available rate published by PBOC in this respect and in the event that PBOC publishes any such rate in the future during the term of the Finance Leasing Master Agreement, the Lessor and Lessee will determine the price for the purchase option by reference to such rate, which will be given priority over the methodology and market practice adopted by other major financial institutions, accordingly.

8. In determining the interest rate or amounts of the handling fee and purchase option, the Lessor will conduct an overall return assessment after considering, inter alia, the prevailing rates of PBOC or the major financial institutions, as the case may be, so as to meet its own return requirements and the credit risk assessment to the relevant Finance Leasing. Therefore, the pricing with respect to such aspects of each Finance Leasing will be determined on a case by case basis.

In assessing the terms of the Finance Leasing Master Agreement, we have discussed with the management of the Company in relation to the terms, including but not limited to the interest rates, handling fee and purchase option. According to the management of the Company, the COSCO Ports Group has never conducted any finance leasing businesses with any parties in the past other than member(s) of the Florens Capital Management Group. We have reviewed a sample copy of finance lease contract entered into between a member of the COSCO Ports Group and a member of the Florens Capital Management Group regarding the provision of finance lease services by the Florens Capital Management Group to the COSCO Ports Group during the Review Period (the "**Sample Contract**"), and we noted that the terms offered by the Florens Capital Management Group to the COSCO Ports Group, including but not limited to the lease payment and interest rate, under that separate contract were normal commercial terms.

We have also reviewed (i) a copy of joint finance lease agreement entered into between a member of the Florens Capital Management Group (as joint lessor) and an independent third party (as leasing arranger and joint lessor); and (ii) a number of announcements of different listed companies on the Stock Exchange in respect of finance leasing arrangement with connected parties (altogether referred to as "**Reference Cases**"). We noted from those Reference Cases that (i) interest rate of finance leasing arrangements conducted in the PRC are normally made with reference to the benchmark PBOC lending rates quoted from time to time and varied from a premium over or a discount to the benchmark PBOC lending rate; (ii) the handling fee varied from nil to 2.99% of the principal amount of the subject under the finance lease; and (iii) the exercise price of the purchase option ranged from nil to RMB44,000.

As advised by the management of the Company, the spread of the interest rates from the benchmark PBOC lending rates is normally determined with reference to the availability of funds in the market, economic situation and other conditions of the lessor and the lessee. We noted from the Sample Contract that (i) the interest rates is 2% above the benchmark PBOC lending rate; (ii) the handling fee is 1%; and (iii) the price for exercising the purchase option is RMB10,000.

Having considered that (i) the terms under the Finance Leasing Master Agreement are common terms in finance leasing arrangements; (ii) the Finance Lease Master Agreement governed that the interest rate, the handling fee and the exercise price of the purchase option to be on terms no less favourable to the Lessee than those offered by independent third parties; and (iii) the transactions contemplated under the Finance Lease Master Agreement shall be reported annually by the Company's auditor, we are of the view that the terms of the Finance Leasing Master Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

3. Rationale of determining the annual caps

As stated in the Letter from the Board, (a) the annual caps for the continuing connected transactions contemplated under the 2009 Agreements; (b) the actual transacted amounts for the continuing connected transactions contemplated under the 2009 Agreements for the two years ended 31st December 2011 and the nine months ended 30th September 2012; and (c) the Annual Caps for the Continuing Connected Transactions for the three years ending 31st December 2015 are as follows:

	Historical annual caps			Annual Caps			Basis of determination for the Annual Caps
	For the year ended 31st December		For the year ending 31st December	For the year ending 31st December			
	2010	2011	2012	2013	2014	2015	
1. COSCO Shipping Services and Terminal Services Master Agreement							
(a) Aggregate amount received/receivable by the COSCO Ports Group and PCT from the COSCO Group for the provision of shipping related services by the COSCO Ports Group and PCT	RMB815,402,000 (approximately HKD994,393,000)	RMB1,097,176,000 (approximately HKD1,338,020,000)	RMB1,310,131,000 (approximately HKD1,597,721,000)	RMB160,999,000 (approximately HKD196,341,000)	RMB227,999,000 (approximately HKD278,048,000)	RMB299,999,000 (approximately HKD365,853,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services*(Note 9)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	41.6%	31.6%	
Actual transacted amounts	RMB306,000 (approximately HKD374,000)	RMB354,000 (approximately HKD432,000)	RMB381,000 (approximately HKD465,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	0%	0%	0%	N/A	N/A	N/A	
(b) Aggregate amount paid/payable by the COSCO Ports Group to the COSCO Group for the provision of terminal related services by the COSCO Group	N/A	N/A	N/A	RMB69,200,000 (approximately HKD84,391,000)	RMB104,520,000 (approximately HKD127,464,000)	RMB140,028,000 (approximately HKD170,766,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group, the anticipated growth and development of such businesses and the anticipated demand for such services*(Note 9)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	51.0%	34.0%	
Actual transacted amounts	RMB212,000 (approximately HKD259,000)	RMB2,257,000 (approximately HKD2,753,000)	RMB1,962,000 (approximately HKD2,393,000) *(Note 14)*				

Notes:

9 The basis that the annual cap would increase year-on-year from 2013 to 2015 is mainly due to

(i) the expected future business growth in view of the improving global economic outlook, the expected solid growth in the global shipping volume and container terminal throughput and the sustainable container demand; and

(ii) the expected new terminal projects which may become subsidiaries of the Company in the future, in order to meet the business development strategy of the Group, being the consolidation of the Group's leading position in the terminal and container leasing industries and strengthening of the relationships with the connected parties, including the joint venture partners and major customers of the Group, which will contribute substantial support for the sustainable business growth of the Company.

The difference between the annual caps and the actual transaction amounts disclosed above is mainly due to the impact of global financial crisis in the past few years. The economy downturn leads to the decrease in the Company's throughputs, especially towards the region of Europe and North America. It is expected that, in addition to the expectations elaborated above, the global economy condition will improve together with the rapid growth of the economy in the PRC in the next few years, and taking into account that Xiamen Ocean Gate Terminal's operation in May 2012 and the planned construction of two new berths to be operated by Yangzhou Yuanyang Terminal starting in 2013, which may lead to significant increase in future throughputs.

14 The actual transacted amount for the nine months ended 30th September 2012.

2. China COSCO Shipping Services and Terminal Services Master Agreement

	Historical annual caps			**Annual Caps**			**Basis of determination for the Annual Caps**
	For the year ended 31st December		**For the year ending 31st December**	**For the year ending 31st December**			
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	
(a) Aggregate amount received/receivable by the COSCO Ports Group and PCT from the China COSCO Group for the provision of shipping related services by the COSCO Ports Group and PCT	RMB815,402,000 (approximately HKD994,393,000)	RMB1,097,176,000 (approximately HKD1,338,020,000)	RMB1,310,131,000 (approximately HKD1,597,721,000)	RMB2,388,669,000 (approximately HKD2,913,011,000)	RMB4,082,654,000 (approximately HKD4,978,847,000)	RMB6,846,075,000 (approximately HKD8,348,872,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services *(Note 10)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	70.9%	67.7%	
Actual transacted amounts	RMB324,833,000 (approximately HKD396,138,000)	RMB396,770,000 (approximately HKD483,866,000)	RMB218,641,000 (approximately HKD266,636,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	39.8%	36.2%	16.7%	N/A	N/A	N/A	
(b) Aggregate amount paid/payable by the COSCO Ports Group to the China COSCO Group for the provision of terminal related services by the China COSCO Group	N/A	N/A	N/A	RMB58,000,000 (approximately HKD70,732,000)	RMB87,000,000 (approximately HKD106,098,000)	RMB116,000,000 (approximately HKD141,464,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group, the anticipated growth and development of such businesses and the anticipated demand for such services *(Note 10)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	50.0%	33.3%	
Actual transacted amounts	Nil	Nil	RMB573,000 (approximately HKD699,000) *(Note 14)*				

Notes:

10 The basis that the annual cap would increase year-on-year from 2013 to 2015 is mainly due to:

(i) the expected future business growth for the terminal subsidiaries as well as Xiamen Ocean Gate Terminal since its operation in May 2012 in view of the improving global economic outlook, the expected solid growth in the global shipping volume and container terminal throughput and the sustainable container demand; and

(ii) the expected new terminal projects which may become subsidiaries of the Company in the future, in order to meet the business development strategy of the Group, being the consolidation of the Group's leading position in the terminal and container leasing industries and strengthening of the relationships with the connected parties, including the joint venture partners and major customers of the Group, which will contribute substantial support for the sustainable business growth of the Company.

The difference between the annual caps and the actual transaction amounts disclosed above is mainly due to the impact of global financial crisis in the past few years. The economy downturn leads to the decrease in the Company's throughputs, especially towards the region of Europe and North America. It is expected that, in addition to the expectations elaborated above, the global economy condition will improve together with the rapid growth of the economy in the PRC in the next few years, and taking into account that Xiamen Ocean Gate Terminal's operation in May 2012 and the planned construction of two new berths to be operated by Yangzhou Yuanyang Terminal starting in 2013, which may lead to significant increase in future throughputs.

14 The actual transacted amount for the nine months ended 30th September 2012.

	Historical annual caps			Annual Caps			Basis of determination for the Annual Caps
	For the year ended 31st December		For the year ending 31st December	For the year ending 31st December			
	2010	2011	2012	2013	2014	2015	
3. APM Shipping Services Master Agreement							
Aggregate amount received/ receivable by the COSCO Ports Group and PCT from the Line for the provision of shipping related services by the COSCO Ports Group and PCT	RMB334,504,000 (approximately HKD407,932,000)	RMB443,599,000 (approximately HKD540,974,000)	RMB527,878,000 (approximately HKD643,754,000)	RMB905,651,000 (approximately HKD1,104,453,000)	RMB1,318,430,000 (approximately HKD1,607,842,000)	RMB1,875,845,000 (approximately HKD2,287,616,000)	Based on the existing scale and operations of the businesses of the COSCO Ports Group and PCT, the anticipated growth and development of such businesses and the anticipated demand for such services after taking into account that the economic condition will improve when compared with that in the past few years *(Note 11)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	45.6%	42.3%	
Actual transacted amounts	RMB55,416,000 (approximately HKD67,581,000)	RMB178,040,000 (approximately HKD217,122,000)	RMB202,950,000 (approximately HKD247,500,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	16.6%	40.1%	38.4%	N/A	N/A	N/A	

Notes:

11 The basis that the annual cap would increase year-on-year from 2013 to 2015 is mainly due to (i) the expected future business growth for the terminal subsidiaries; (ii) the expected future growth for Xiamen Ocean Gate Terminal since its operation in May 2012; and (iii) the expected new terminal projects which may become subsidiaries of the Company in the future.

14 The actual transacted amount for the nine months ended 30th September 2012.

	2010	2011	2012	2013	2014	2015	Basis of determination for the Annual Caps
4. Florens-APM Container Purchasing and Related Services Master Agreement							
(a) Aggregate amount paid/payable by the Florens Group to the Line for the purchase of containers and container related materials by the Florens Group	USD15,000,000 (approximately HKD116,325,000)	USD15,000,000 (approximately HKD116,325,000)	USD15,000,000 (approximately HKD116,325,000)	USD20,000,000 (approximately HKD155,100,000)	USD31,000,000 (approximately HKD240,405,000)	USD44,000,000 (approximately HKD341,220,000)	Based on the historical transaction amounts, the expected market trends and changes, the estimated selling prices, and the scope of transactions covered by the Florens-APM Container Purchasing and Related Services Master Agreement *(Note 12)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	55.0%	41.9%	
Actual transacted amounts	Nil	Nil	USD8,693,000 (approximately HKD67,414,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	0%	0%	58.0%	N/A	N/A	N/A	
(b) Aggregate amount paid/payable by the Florens Group to the Line for the provision of container related services by the Line	USD100,000 (approximately HKD776,000)	USD100,000 (approximately HKD776,000)	USD100,000 (approximately HKD776,000)	USD150,000 (approximately HKD1,164,000)	USD150,000 (approximately HKD1,164,000)	USD150,000 (approximately HKD1,164,000)	Based on the expected market trends and changes, the estimated rates of service fee, and the scope of transactions covered by the Florens-APM Container Purchasing and Related Services Master Agreement
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	0%	0%	
Actual transacted amounts	Nil	Nil	Nil *(Note 14)*	N/A	N/A	N/A	
Utilization rate	0%	0%	0%	N/A	N/A	N/A	

Notes:

12 Based on the historical transaction amounts, the expected market trends and changes, the estimated selling prices, and the scope of transactions covered by the Florens-APM Container Purchasing and Related Services Master Agreement. The selling prices are estimated to be increased by about 3% in 2014 and about 7% in 2015 while the quantities of containers are estimated to be increased by about 50% in 2014 and about 33% in 2015 respectively.

14 The actual transacted amount for the nine months ended 30th September 2012.

	Historical annual caps			Annual Caps			Basis of determination for the Annual Caps
	For the year ended 31st December		For the year ending 31st December	For the year ending 31st December			
	2010	2011	2012	2013	2014	2015	
5. Nansha Container Terminal Services Master Agreement							
(a) Aggregate amount received/ receivable by GZ South China from the GZ Port Group for the provision of container terminal related services by GZ South China	RMB14,900,000 (approximately HKD18,171,000)	RMB20,500,000 (approximately HKD25,000,000)	RMB26,400,000 (approximately HKD32,195,000)	RMB62,350,000 (approximately HKD76,037,000)	RMB94,030,000 (approximately HKD114,671,000)	RMB139,035,000 (approximately HKD169,555,000)	Based on the historical transaction amounts for the recent few years after taking into account that the economic condition will improve when compared with that in the past few years, the expected increase in the business volume of GZ South China as a result of the expected recovery of the overall economic condition, the terms of the individual contract(s) to be covered by the Nansha Container Terminal Services Master Agreement, the expected increase in the terminal areas leased by GZ South China to the GZ Port Group and increase in the relevant fee rates as a result of the expected recovery of the overall economic condition and growth of business of the relevant member of the GZ Port Group being lessee of the terminal areas *(Note 13)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	50.8%	47.9%	
Actual transacted amounts	RMB4,421,000 (approximately HKD5,392,000)	RMB2,356,000 (approximately HKD2,873,000)	RMB2,200,000 (approximately HKD2,683,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	29.7%	11.5%	8.3%	N/A	N/A	N/A	
(b) Aggregate amount paid/payable by GZ South China to the GZ Port Group for the provision of container terminal related services by GZ Port Group	RMB73,050,000 (approximately HKD89,085,000)	RMB87,120,000 (approximately HKD106,244,000)	RMB104,970,000 (approximately HKD128,012,000)	RMB292,370,000 (approximately HKD356,549,000)	RMB439,450,000 (approximately HKD535,915,000)	RMB652,110,000 (approximately HKD795,257,000)	Based on the historical transaction amounts for the recent few years or the transaction amounts for the present year after taking into account that the economic condition will improve when compared with that in the past few years, the expected increase in the demand of GZ South China for services from the GZ Port Group and increase in the relevant fee rates as a result of the expected recovery of the overall economic condition, and the expected increase in the business volume of GZ South China and thus an increase in the consumption of fuel oil as a result of the expected recovery of the overall economic condition *(Note 13)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	50.3%	48.4%	
Actual transacted amounts	RMB29,919,000 (approximately HKD36,487,000)	RMB70,914,000 (approximately HKD86,481,000)	RMB68,387,000 (approximately HKD83,399,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	41.0%	81.4%	65.1%	N/A	N/A	N/A	

	Historical annual caps			Annual Caps			Basis of determination for the Annual Caps
	For the year ended 31st December		For the year ending 31st December	For the year ending 31st December			
	2010	2011	2012	2013	2014	2015	
(c) (i) Aggregate amount of the high-frequency communication fee (甚高頻通訊費) paid/payable by GZ South China to GZ Port Group	RMB1,000,000 (approximately HKD1,220,000)	RMB2,200,000 (approximately HKD2,683,000)	RMB3,000,000 (approximately HKD3,659,000)	RMB6,000,000 (approximately HKD7,318,000)	RMB9,000,000 (approximately HKD10,976,000)	RMB13,500,000 (approximately HKD16,464,000)	Based on the historical amounts for the recent few years after taking into account that the economic condition will improve when compared with that in the past few years, the expected increase in the business volume of GZ South China and thus an increase in the number of vessels entering and departing from the Guangzhou port as a result of the expected recovery of the overall economic condition and the existing rates of the high-frequency communication fee pursuant to the relevant document issued by GZ Port Holding *(Note 13)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	50.0%	50.0%	
Actual transacted amounts	RMB354,000 (approximately HKD432,000)	RMB532,000 (approximately HKD649,000)	RMB573,000 (approximately HKD699,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	35.4%	24.2%	19.1%	N/A	N/A	N/A	
(ii) Aggregate amount of the handling fee received/ receivable by GZ South China in respect of the charging of the high-frequency communication fee (甚高頻通訊費)	RMB30,000 (approximately HKD37,000)	RMB70,000 (approximately HKD85,000)	RMB90,000 (approximately HKD110,000)	RMB200,000 (approximately HKD244,000)	RMB300,000 (approximately HKD366,000)	RMB450,000 (approximately HKD549,000)	Based on the above annual cap amounts for high-frequency communication fee payable by GZ South China to GZ Port Holding and the existing rate of the handling fee pursuant to the relevant document issued by GZ Port Holding after taking into account that the economic condition will improve when compared with that in the past few years *(Note 13)*
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	50.0%	50.0%	
Actual transacted amounts	RMB7,000 (approximately HKD9,000)	RMB10,000 (approximately HKD13,000)	RMB11,000 (approximately HKD14,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	23.3%	14.3%	12.2%	N/A	N/A	N/A	

Notes:

13 The basis that the annual cap would increase year-on-year from 2013 to 2015 is because GZ South China is facing rapid growth in the past three years and further rapid business growth for GZ South China is expected in the future in view of the improving global economic outlook, the expected solid growth in the global shipping volume and container terminal throughput and the sustainable container demand.

The difference between the annual caps and the actual transaction amounts disclosed above is mainly due to the impact of global financial crisis in the past few years, which led to the decrease in Nansha port throughputs. It is expected that, in addition to the expectations elaborated above, the global economy condition will improve in the next few years, which may bring significant increase in international cargo of Nansha port towards the region of Europe and North America, and increase in other related services in the future.

14 The actual transacted amount for the nine months ended 30th September 2012.

	Historical annual caps			Annual Caps			Basis of determination for the Annual Caps
	For the year ended 31st December		For the year ending 31st December	For the year ending 31st December			
	2010	2011	2012	2013	2014	2015	
6. Yangzhou Container Terminal Services Master Agreement							
Aggregate amount paid/payable by Yangzhou Yuanyang to the Yangzhou Port Group for the provision of terminal related services by Yangzhou Port Group	RMB68,985,000 (approximately HKD84,128,000)	RMB92,080,000 (approximately HKD112,293,000)	RMB136,188,000 (approximately HKD166,083,000)	RMB225,400,000 (approximately HKD274,879,000)	RMB270,240,000 (approximately HKD329,561,000)	RMB324,024,000 (approximately HKD395,152,000)	Based on the historical transaction amounts after taking into account that the economic condition will improve when compared with that in the past few years, the planned construction of two new berths to be operated by Yangzhou Yuanyang starting in 2013 with significant increase in annual capacity, the expected volumes of businesses of Yangzhou Yuanyang, the expected trend of the structural change in the types of cargoes to be handled by Yangzhou Yuanyang, the expected rates of loading and unloading service fees and the scope of transactions covered by the Yangzhou Terminal Services Master Agreement
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	19.9%	19.9%	
Actual transacted amounts	RMB52,864,000 (approximately HKD64,469,000)	RMB61,123,000 (approximately HKD74,541,000)	RMB46,724,000 (approximately HKD56,981,000) *(Note 14)*	N/A	N/A	N/A	
Utilization rate	76.6%	66.4%	34.3%	N/A	N/A	N/A	

Note:

14 The actual transacted amount for the nine months ended 30th September 2012

7. Finance Leasing Master Agreement							
Aggregate amount payable by the COSCO Ports Group to the Florens Capital Management Group for the provision of the Finance Leasing by the Florens Capital Management Group	N/A	N/A	N/A	USD200,000,000 (approximately HKD1,551,000,000)	USD250,000,000 (approximately HKD1,938,750,000)	USD300,000,000 (approximately HKD2,326,500,000)	Based on the past experience of the Company and the current financing market conditions and with reference to, inter alia, the expected nature and amount of assets of the COSCO Ports Group to be arranged with finance lease and the historical transaction amounts and terms of the existing finance lease arrangements between members of the Florens Capital Management Group and members of the COSCO Ports Group. Each annual cap represents the estimated aggregate amount of all payments payable throughout the lease period (including all lease payments, pre-lease interests, handling fee and price for exercising the purchase option) under the Finance Leasing Agreements to be entered into during the year.
Percentage change of Annual Cap over previous year	N/A	N/A	N/A	N/A	25.0%	20.0%	
Actual transacted amounts	Nil	RMB186,036,000 (approximately HKD226,874,000)	RMB173,089,000 (approximately HKD211,085,000) *(Note 14)*				

Note:

14 The actual transacted amount for the nine months ended 30th September 2012.

As illustrated in the table above, the Annual Caps of the Continuing Connected Transactions for the three years ending 31st December 2015 in general are substantially higher than the historical transacted amounts of the transactions contemplated under the 2009 Agreements for the two years ended 31st December 2011 and the nine months ended 30th September 2012. The management of the Company advised us that the reason for the relatively lower utilization rates than expectation for the period during the two years ended 31st December 2011 and the nine months ended 30th September 2012 were mainly due to the turbulent economic environment over the same period as a result of the outbreak of the European debt crisis in 2009.

In determining the Annual Caps for the Continuing Connected Transactions, we understand that the Company has primarily taken into consideration factors including, among others, (i) the historical value of the transactions under the 2009 Agreements between the Group and the relevant counter-contract parties; (ii) the existing scale and operations of the businesses of the relevant members of the Group; (iii) the anticipated growth and development of such relevant businesses and the perceived increase in demand for such relevant services contemplated under the Agreements; (iv) the expansion of operating capacity as a result of the increase in the numbers of container terminals, berths or cargoes handling facilities yet to be in operation for the three years ending 31st December 2015; (v) the plans and requirements of the Group, after allowing a buffer for the inherent volatility of business in the transportation and container-related services industry; (vi) the expected market trends and changes, the estimated rates of services fee and the scope of the transactions covered by the relevant Agreements; (vii) the possible increase in the business volume as a result of the possible recovery of the overall economic condition; (viii) the existing rate of handling fee pursuant to the relevant rules and regulations or the relevant documents issued by the port management companies; and/or (ix) the prevailing and expected benchmark lending rate published by PBOC and the current financing market.

In order to assess the fairness and reasonableness of the Annual Caps, we have discussed with the management of the Company on the bases and assumptions underlying the determination of the Annual Caps and were given to understand that the management of the Company has taken into account the major factors as bases of determination of the said caps which details are set out as below:

Demand for the Continuing Connected Transactions

Since the entering into of the World Trade Organization in 2001, the economy of the PRC has been sustaining a continuous growth. According to the China Statistical Yearbook 2011 issued by the National Bureau of Statistics of China, the gross domestic products (the "**GDP**") of the PRC expanded from approximately RMB21,631.4 billion (equivalent to approximately HKD26,379.8 billion) in 2006 to approximately RMB40,120.2 billion (equivalent to approximately HKD48,927.1 billion) in 2010, representing a compound annual growth rate ("**CAGR**") of approximately 16.7%. The throughput volume of major ports along the coastline in the PRC also surged from approximately 3,882.0 million ton in 2007 to approximately 5,483.6 million ton in 2010, representing a CAGR of approximately 12.2%. The total amount of import and export trade in the PRC, though recorded a drop in 2009, still maintained an upward trend with an increase from RMB14,097.4 billion (equivalent to approximately HKD17,192.0 billion) in 2006 to RMB20,172.2 billion (equivalent to approximately HKD24,600.2 billion) in 2010, representing a CAGR of approximately 9.4%.

Notwithstanding the adverse impact of the European debt crisis on the global economy since 2009, the momentum of the PRC economy has not been much hindered. According to the recent statistics released by the National Bureau of Statistics of China, the GDP for the first half of 2012 increased by approximately 7.8% to approximately RMB22,709.8 billion (equivalent to approximately HKD27,694.9 billion) as compared to the corresponding period in 2011. According to the Ministry of Transport of the PRC, the container ports throughput for major terminals in the PRC reached approximately 84.6 million TEU for the first half of 2012, representing an increase of approximately 8.8% as compared to the same period in 2011.

As discussed with the management of the Company, the terminal and container businesses are largely correlated to the economic activities among different cities in the world. It is apparent that the global economy is showing a slowdown and trading among different cities has dropped inevitably. On the other hand, the economic downturn will result in consolidation or closure of certain business enterprises. The Group and its counter-contract parties, as the market leaders, may benefit from market consolidation by taking the chance of acquisition at reasonable or even low cost and therefore further expanding its market share. Furthermore, the management of the Company is optimistic to the sustainability of stable economic environment in the PRC where the Group derives the majority of its revenue. According to the 2011 Annual Report, approximately 67.6% of revenue of the terminal and related business were attributable to businesses from the PRC (excluding Hong Kong) and approximately 67.2% of the non-current assets of the Group were based in the PRC (excluding Hong Kong).

Based on the foregoing, we consider that it is reasonable to take into account the estimated increase in demand for the products and services to be provided by the Group and the counter-contract parties.

Business plan of the Group

Under influence of the European debt crisis, it is expected that the global economy will remain stern and challenging in 2012. To cope with such volatile economic environment, the Group has planned and implemented a series of marketing outreach programs for its terminal and container businesses in 2011, which enables the Group to capture every possible strategic cooperation opportunity with the leading terminal and shipping operators and, in turn, improves revenue and profitability of its core businesses. According to the 2011 Annual Report, the Group's revenue increased by approximately USD152.7 million (equivalent to approximately HKD1,183.9 million) to approximately USD599.2 million (equivalent to approximately HKD4,646.5 million), representing a year-on-year growth of approximately 34.2%. Among which, 38.0% of the total revenue (equivalent to approximately USD227.8 million or approximately HKD1,766.6) was derived by the transactions conducted with the connected persons of the Group. Undoubtedly, there is a high relevance and importance of maintaining good business relationship with the connected persons (including not but limited to the COSCO Group, the China COSCO Group, the Line, the GZ Port Group and the Yangzhou Port Group). The management of the Company expected that the Group will continue to implement its marketing strategies with an ultimate goal of maintaining a steady business growth in spite of the possible exposure to unfavorable market environment. The Directors are optimistic about the Group's future and are confident that the Group is capable of overcoming the near to mid-term challenges over the next few years.

We have discussed with the management of the Company the business plans and operation strategies in the coming few years. We noted that the Group will continue to boost up its annual handling capacity by ways of (i) acquiring terminal assets; and (ii) expanding or upgrading its existing terminals. As scheduled, 7 new berths in the PRC (including 1 berth in Dalian Port Terminal, 2 berths in Xiamen Ocean Gate Terminal, 1 berth in Jinjiang Pacific Terminal, 1 berth in Yangzhou Yuanyang Terminal and 2 berths in Ningbo Yuan Dong Terminal) will start or would have started formal operation in 2012, contributing an additional annual handling capacity of 4.15 million TEUs. Furthermore, the Group is continuing to developing the Piraeus terminal into the key transshipment terminal in the Mediterranean region, providing efficient, reliable and stable transshipment container handling services to attract more international shipping companies. A series of other development programs have been executed at Piraeus terminal in Greece. Specifically, the upgrading working at Pier 2 of Piraeus terminal has kicked-off in the second quarter of 2011 and has been completed in June 2012, bringing an increase in the annual handling capacity of 1 million TEUs. At the same time, the construction of Pier 3 at Piraeus terminal has started in the fourth quarter of 2011 and is expected to further expand the annual handling capacity of Piraeus terminal to 3.7 million TEUs upon completion of the said construction. The management of the Company further advised us that 31 new berths (including 15 container berths and 16 break-bulk cargo berths) were expected to commence operation in the next three years.

In view of (i) the overall business plans and operation strategies provided by the management of the Company; (ii) the progressive expansion of the Group's annual handling capacity; (iii) the PRC's ports being mature and influential to the global markets gradually; (iv) the Group's leading position in the PRC's container terminal industry; (v) the effort placed by the Group in Piraeus terminal for developing it into a chief transshipment hub, we concur with the Directors' view that it is fair and reasonable for the management of the Company to make reference to the aforesaid information as the basis to determine the Annual Caps.

The historical transacted amounts of similar continuing connected transactions

We have reviewed the historical transacted amounts between the relevant members of the Group and the counter-contract parties which are of nature similar to that of the Continuing Connected Transactions and have discussed with the management of the Company the relevant historical trends. We understand that due to the slow-down of global economy after the European debt crisis in 2009, the utilization rates of the annual caps approved by the then Independent Shareholders under the 2009 Agreements with each of the counter-contract parties are lower than expected.

However, we concur with the view of the management of the Company that it would be in the interest of the Group to provide sufficient buffer over the historical transacted amounts recorded when determining the proposed new cap amounts, so as to cater for the inherent volatility of business in the transportation and container-related industry, where magnitude of which cannot be ascertained at the moment. It is particularly important that the Group has been demonstrating a steady growth in its business scale and financial results, and it is possible that the Group may require and utilize the full amount of the Annual Caps now proposed under the Continuing Connected Transactions for the three years ending 31st December 2015 if the market recovers and if the Group outperforms the market.

Analysis of the proposed annual caps for the Finance Leasing Master Agreement

As discussed with the management of the Company, the proposed annual caps of USD200 million (equivalent to approximately HKD1,551.0 million), USD250 million (equivalent to approximately HKD1,938.8 million) and USD300 million (equivalent to approximately HKD2,326.5 million) for the three years ending 31st December 2015 were determined on the bases of (i) the expected nature and amount of assets of COSCO Ports Group to be arranged with finance lease; (ii) the benchmark lending rates published by PBOC; and (iii) the terms of the existing finance lease arrangements between the Florens Capital Management Group and the COSCO Ports Group, including the lease period, handling fee and purchase option.

We have reviewed the benchmark lending rates published by PBOC since late 2010 and noted that the benchmark lending rate for 5 years or above ranged from 6.14% to 7.05% per annum. We have also reviewed the unaudited consolidated balance sheet of Florens Capital Management as at 30th June 2012. We were advised by the management of the Company that the source of funds of Florens Capital Management Group for the purchase costs of assets were mainly derived from shareholders' loan, bank borrowings and operating cash inflow. Having considered the above, we are of the view that the proposed annual caps for the Finance Leasing Agreement are determined based on reasonable estimation, after due and careful consideration and that it is fair and reasonable for the management of the Company to make reference to the aforesaid information as the basis to determine such annual caps.

Conclusion

Taking into consideration the factors including (i) the demand for the Continuing Connected Transactions; (ii) the business plan of the Group; and (iii) the historical transacted amounts of similar continuing connected transactions as elaborated above, we concur with the Directors' view that the annual caps for the continuing connected transactions contemplated under (i) the COSCO Shipping Services and Terminal Services Master Agreement, (ii) the China COSCO Shipping Services and Terminal Services Master Agreement, (iii) the APM Shipping Services Master Agreement, (iv) the Florens-APM Container Purchasing and Related Services Master Agreement, (v) the Nansha Container Terminal Services Master Agreement; and (vi) the Yangzhou Terminal Services Master Agreement for the three years ending 31st December 2015 are fairly and reasonably determined based on the reasonable estimation and after due and careful consideration and that it is fair and reasonable for the management of the Company to make reference to the aforesaid factors as the bases to determine such annual cap amounts.

Taking into consideration our analysis of the proposed annual caps for the Finance Leasing Master Agreement as disclosed above, we concur with the Directors' view that the annual caps for the continuing connected transactions contemplated under the Finance Leasing Master Agreement for the three years ending 31st December 2015 are fairly and reasonably determined based on the reasonable estimation and after due and careful consideration and that it is fair and reasonable for the management of the Company to make reference to the aforesaid factor as the basis to determine such annual cap amounts.

However, the Shareholders should note that as the Annual Caps are determined based on various factors relating to future events and assumptions which may or may not remain valid for the entire period up to 31st December 2015, they do not represent forecasts of revenue to be generated from the operations of the Group. Consequently, we express no opinion as to how closely the actual future transacted amounts of the Continuing Connected Transactions will correspond with the relevant Annual Caps.

4. Requirements of the Listing Rules on the Continuing Connected Transactions

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

(i) Each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:

   (a) in the ordinary and usual course of business of the Group;

   (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties; and

   (c) in accordance with the Agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), which provide limited assurance that the Continuing Connected Transactions:

(a) have received the approval of the Board;

(b) are in accordance with the pricing policies of the Group if the Continuing Connected Transactions involve provision of goods or services by the Group;

(c) have been entered into in accordance with the Agreements governing the Continuing Connected Transactions; and

(d) have not exceeded the Annual Caps;

(iii) the Company shall allow, and shall procure that the relevant counter-parties to the Continuing Connected Transactions shall allow, the auditors of the Company sufficient access to their records for the purpose of reporting on the Continuing Connected Transactions as set out in paragraph (ii) above; the Board must state in the annual report whether its auditors have provided limited assurance regarding the matters stated in paragraph (ii) above; and

(iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that (a) the independent non-executive Directors will not be able to confirm the matters set out in paragraph (i) above; and/or (b) the auditors of the Company will not be able to provide limited assurance regarding the matters set out in paragraph (ii) above, respectively.

We have reviewed (i) the confirmation letters from the independent non-executive Directors to the Board for the two years ended 31st December 2011 which confirmed, among others, that the historical continuing connected transactions contemplated under the 2009 Agreements were conducted in accordance with their terms and that the relevant annual caps were not exceeded; and (ii) the unqualified letters prepared and issued by the auditor of the Company containing his findings and conclusions in respect of, among others, the 2009 Agreements for the two years ended 31st December 2011 in accordance with Rule 14A.38 of the Listing Rules. In light of the reporting requirements attached to the Continuing Connected transactions, in particular, (i) the restriction of the values of the Continuing Connected Transactions by way of the Annual Caps; and (ii) the on-going review by the independent non-executive Directors and the auditors of the Company on the terms of the Continuing Connected transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected transactions and safeguard the interests of the Independent Shareholders.

OPINION

Having considered the principal factors and reasons referred to in the above, we are of the view that (i) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Agreements are normal commercial terms and are fairly and reasonably determined; and (iii) the Annual Caps for the Continuing Connected Transactions for the three years ending 31st December 2015 are determined based on the reasonable estimation and after due and careful consideration and that it is fair and reasonable for the management of the Company to make reference to the aforesaid factors as the bases to determine the Annual Caps.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to be convened to approve, inter alia, the Agreements and the transactions contemplated thereunder (including the Annual Caps contemplated therein).

Yours faithfully,
For and on behalf of
Asia Investment Management Limited
Alice Kan
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

(a) As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 (the "**Model Code**") set out in Appendix 10 to the Listing Rules were as follows:

(i) Long position in the Shares

Name of Director	Capacity	Nature of interests	Number of Shares held as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date
Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	519,609	0.019%
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 share option scheme approved by the Shareholders on 23rd May 2003 (the "**2003 Share Option Scheme**"):

Name of Director	Exercise price *(HKD)*	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	*Notes*
Mr. LI Yunpeng	13.75	1,000,000	0.036%	2.12.2004 – 1.12.2014	*(2), (4)*
Dr. WONG Tin Yau, Kelvin	9.54	800,000	0.029%	28.10.2003 – 27.10.2013	*(1), (4)*
	13.75	1,000,000	0.036%	2.12.2004 – 1.12.2014	*(2), (4)*
	19.30	500,000	0.018%	18.4.2007 – 17.4.2017	*(3), (4)*
Mr. YIN Weiyu	19.30	500,000	0.018%	19.4.2007 – 18.4.2017	*(3), (4)*

Notes:

(1) The share options were granted on 28th October 2003 under 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 was 28th October 2003.

(2) The share options were granted on 2nd 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 was 2nd December 2004.

(3) The share options were granted during the period from 18th April 2007 to 19th 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 was from 18th April 2007 to 19th 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	Mr. WAN Min	Beneficial Owner	Personal	2,000	0.0001%
	Dr. FAN HSU Lai Tai, Rita	Beneficial Owner	Personal	10,000	0.0004%

Name of associated corporation	Name of Director	Capacity	Nature of interest	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
China COSCO	Mr. LI Yunpeng	Interest of spouse	Family	3,000	0.00004%
	Mr. WAN Min	Beneficial Owner	Personal	35,000	0.0005%

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 relevant associated corporation as at the Latest Practicable Date
COSCO International Holdings Limited	Dr. WONG Tin Yau, Kelvin	Beneficial Owner	Personal	203,529	0.013%

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

(A) COSCO International Holdings Limited

Name of Director	Capacity	Nature of interest	Exercise Price *(HKD)*	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
Mr. HE Jiale	Beneficial Owner	Personal	1.37	1,200,000	0.079%
Dr. WONG Tin Yau, Kelvin	Beneficial Owner	Personal	1.37	500,000	0.033%

Note:

The share options were granted by COSCO International Holdings Limited ("**COSCO International**"), an associated corporation of the Company listed on the Stock Exchange, on 2nd December 2004 pursuant to the share option scheme of COSCO International adopted on 17th May 2002 and amended by the shareholders of COSCO International at the special general meeting held on 5th May 2005. The share options are exercisable at an exercise price of HK$1.37 per share at any time between 29th December 2004 and 28th December 2014.

(B) China COSCO Holdings Company Limited

Share appreciation rights

Name of Director	Capacity	Nature of interest	Exercise Price *(HKD)*	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	*Notes*
Mr. LI Yunpeng	Beneficial owner	Personal	3.195	450,000	0.017%	*(1)*
			3.588	600,000	0.023%	*(2)*
			9.540	580,000	0.022%	*(3)*
Mr. WAN Min	Beneficial owner	Personal	3.195	75,000	0.003%	*(1)*
			3.588	280,000	0.011%	*(2)*
			9.540	260,000	0.010%	*(3)*
Mr. HE Jiale	Beneficial owner	Personal	3.195	375,000	0.015%	*(1)*
			3.588	500,000	0.019%	*(2)*
			9.540	480,000	0.019%	*(3)*
Mr. FENG Jinhua	Beneficial Owner	Personal	3.195	100,000	0.004%	*(1)*
			3.588	90,000	0.003%	*(2)*
			9.540	85,000	0.003%	*(3)*
Mr. FENG Bo	Beneficial Owner	Personal	3.195	75,000	0.003%	*(1)*
			3.588	90,000	0.003%	*(2)*
			9.540	85,000	0.003%	*(3)*
Mr. WANG Haimin	Beneficial Owner	Personal	3.195	57,000	0.002%	*(1)*
			3.588	90,000	0.003%	*(2)*
			9.540	75,000	0.003%	*(3)*
Mr. WANG Wei	Beneficial Owner	Personal	3.195	75,000	0.003%	*(1)*
			3.588	65,000	0.003%	*(2)*
			9.540	60,000	0.002%	*(3)*
Mr. YIN Weiyu	Beneficial Owner	Personal	3.195	100,000	0.004%	*(1)*
			3.588	65,000	0.003%	*(2)*

Notes:

(1) The share appreciation rights were granted by China COSCO, in units with each unit representing one H share of China COSCO, on 16th December 2005 pursuant to the share appreciation rights plan adopted by China COSCO (the "**Plan**"). Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exerciseable at HK$3.195 per unit at any time between 16th December 2007 and 15th 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 5th October 2006 pursuant to the Plan. Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exerciseable at HK$3.588 per unit at any time between 5th October 2008 and 4th 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 4th June 2007 pursuant to the Plan. Under the Plan, no shares of China COSCO will be issued. The share appreciation rights are exerciseable at HK$9.540 per unit at any time between 4th June 2009 and 3rd June 2017.

(b) As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO:

COSCO

Name of Director	**Posts held**
Mr. LI Yunpeng	Executive Vice President

China COSCO

Name of Director	**Posts held**
Mr. LI Yunpeng	Director
Dr. FAN HSU Lai Tai, Rita	Director
Dr. WANG Xingru	Executive Vice President
Mr. WAN Min	Executive Vice President
Mr. FENG Jinhua	Chief Financial Controller
Mr. FENG Bo	General Manager of the Strategic Planning Division
Mr. WANG Haimin	General Manager of the Transportation Division
Mr. WANG Wei	General Manager of the Organisation Division/ Human Resources Division

COSCO Pacific Investment Holdings Limited

Name of Director	**Posts held**
Mr. LI Yunpeng	Director
Dr. WANG Xingru	Director
Mr. FENG Bo	Director

COSCO Investments Limited

Name of Director	**Posts held**
Mr. LI Yunpeng	Director
Dr. WANG Xingru	Director
Mr. HE Jiale	Director
Mr. FENG Bo	Director

(c) Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, (i) 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, to be notified to the Company and the Stock Exchange; and (ii) none of the Directors or the proposed Directors (if any) was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN SERVICE CONTRACTS

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. DIRECTOR'S INTERESTS IN CONTRACTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31st December 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, the Directors namely Mr. LI Yunpeng, Dr. WANG Xingru, Mr. WAN Min, Mr. HE Jiale, Mr. FENG Jinhua, Mr. FENG Bo, Mr. WANG Haimin and Mr. WANG Wei held directorships and/or senior management positions in COSCO and/or COSCON and their respective associates and/or other companies which have interests in container terminals (the "**Container Terminal Interests**").

The Board is of the view that the Group is capable of carrying on its businesses independently of the Container Terminal Interests. When making decisions on 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 interests of the Group.

7. EXPERT AND CONSENT

(a) The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
AIM	a licensed corporation under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

(b) As at the Latest Practicable Date, AIM was not beneficially interested in the share capital of any member of the Group, nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, AIM did not have any direct or indirect interest in any asset which had been, since 31st December 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(d) AIM has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 5th November 2012 (as set out on pages 39 to 83 of and made for incorporation in this circular) and references to its name in the form and context in which they respectively appear.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were of the view that there was no material adverse change in the financial or trading position of the Group since 31st December 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents will be available for inspection at the office of the Company at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong during normal business hours up to and including the date of the SGM:

(a) the Finance Leasing Master Agreement;

(b) the COSCO Shipping Services and Terminal Services Master Agreement;

(c) the China COSCO Shipping Services and Terminal Services Master Agreement;

(d) the APM Shipping Services Master Agreement;

(e) the Florens-APM Container Purchasing and Related Services Master Agreement;

(f) the Nansha Container Terminal Services Master Agreement; and

(g) the Yangzhou Terminal Services Master Agreement.

10. GENERAL

(a) The registered office of the Company is at Clarendon House, 2 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. Ms. HUNG is a practising solicitor of the High Court of Hong Kong and is qualified in England and Wales.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of COSCO Pacific Limited (the "**Company**") will be held at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 29th November 2012 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

(1) "**THAT**:

(a) the entering into of the agreement dated 30th October 2012 (the "**Finance Leasing Master Agreement**") between COSCO Ports (Holdings) Limited（中遠碼頭控股有限公司）(a wholly-owned subsidiary of the Company) and Florens Capital Management Company Limited in relation to the provision of finance leasing for a term of three years from 1st January 2013 to 31st December 2015 as described in the circular of the Company dated 5th November 2012 (the "**Circular**") (a copy of the Finance Leasing Master Agreement and a copy of the Circular have been produced to the meeting marked "A" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the transactions under the Finance Leasing Master Agreement for the three years ending 31st December 2015 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Finance Leasing Master Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company."

(2) "**THAT**:

(a) the entering into of the agreement dated 30th October 2012 (the "**COSCO Shipping Services and Terminal Services Master Agreement**") between COSCO Ports (Holdings) Limited（中遠碼頭控股有限公司）and Piraeus Container Terminal S.A. (both of which are wholly-owned subsidiaries of the Company) and China Ocean Shipping (Group) Company（中國遠洋運輸(集團)總公司）in relation to the provision of shipping and terminal related services for a term of three years from 1st January 2013 to 31st December 2015 as described in the circular of the Company dated 5th November 2012 (the "**Circular**") (a copy of the COSCO Shipping Services and Terminal Services Master Agreement and a copy of the Circular have been produced to the meeting marked "C" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the transactions under the COSCO Shipping Services and Terminal Services Master Agreement for the three years ending 31st December 2015 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the COSCO Shipping Services and Terminal Services Master Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company."

(3) "**THAT**:

(a) the entering into of the agreement dated 30th October 2012 (the "**China COSCO Shipping Services and Terminal Services Master Agreement**") between COSCO Ports (Holdings) Limited（中遠碼頭控股有限公司）and Piraeus Container Terminal S.A. (both of which are wholly-owned subsidiaries of the Company), China COSCO Holdings Company Limited（中國遠洋控股股份有限公司）and COSCO Container Lines Company Limited（中遠集裝箱運輸有限公司）in relation to the provision of shipping and terminal related services for a term of three years from 1st January 2013 to 31st December 2015 as described in the circular of the Company dated 5th November 2012 (the "**Circular**") (a copy of the China COSCO Shipping Services and Terminal Services Master Agreement and a copy of the Circular have been produced to the meeting marked "D" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the transactions under the China COSCO Shipping Services and Terminal Services Master Agreement for the three years ending 31st December 2015 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the China COSCO Shipping Services and Terminal Services Master Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company."

(4) "**THAT**:

(a) the entering into of the agreement dated 30th October 2012 (the "**APM Shipping Services Master Agreement**") between COSCO Ports (Holdings) Limited（中遠碼頭控股有限公司）and Piraeus Container Terminal S.A. (both of which are wholly-owned subsidiaries of the Company) and the Line (as defined in the Circular (as defined hereinafter)) in relation to the shipping related services for a term of three years from 1st January 2013 to 31st December 2015 as described in the circular of the Company dated 5th November 2012 (the "**Circular**") (a copy of the APM Shipping Services Master Agreement and a copy of the Circular have been produced to the meeting marked "E" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the transactions under the APM Shipping Services Master Agreement for the three years ending 31st December 2015 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the APM Shipping Services Master Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company."

(5) "**THAT**:

(a) the entering into of the agreement dated 30th October 2012 (the "**Florens-APM Container Purchasing and Related Services Master Agreement**") between Florens Container Holdings Limited (a wholly-owned subsidiary of the Company) and the Line (as defined in the Circular (as defined hereinafter)) in relation to the purchase of containers and container related materials and the provision of container related services for a term of three years from 1st January 2013 to 31st December 2015 as described in the circular of the Company dated 5th November 2012 (the "**Circular**") (a copy of the Florens-APM Container Purchasing and Related Services Master Agreement and a copy of the Circular have been produced to the meeting marked "F" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the transactions under the Florens-APM Container Purchasing and Related Services Master Agreement for the three years ending 31st December 2015 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Florens-APM Container Purchasing and Related Services Master Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company."

(6) "**THAT**:

(a) the entering into of the agreement dated 30th October 2012 (the "**Nansha Container Terminal Services Master Agreement**") between COSCO Ports (Holdings) Limited（中遠碼頭控股有限公司）(a wholly-owned subsidiary of the Company), Guangzhou South China Oceangate Container Terminal Company Limited（廣州南沙海港集裝箱碼頭有限公司）(a non wholly-owned subsidiary of the Company) and Guangzhou Port Group Company Limited（廣州港集團有限公司）in relation to the provision of container terminal related services for a term of three years from 1st January 2013 to 31st December 2015 as described in the circular of the Company dated 5th November 2012 (the "**Circular**") (a copy of the Nansha Container Terminal Services Master Agreement and a copy of the Circular have been produced to the meeting marked "G" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the transactions under the Nansha Container Terminal Services Master Agreement for the three years ending 31st December 2015 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Nansha Container Terminal Services Master Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company."

(7) "**THAT**:

(a) the entering into of the agreement dated 30th October 2012 (the "**Yangzhou Terminal Services Master Agreement**") between COSCO Ports (Holdings) Limited（中遠碼頭控股有限公司）(a wholly-owned subsidiary of the Company), Yangzhou Yuanyang International Ports Co., Ltd.（揚州遠揚國際碼頭有限公司）(a non wholly-owned subsidiary of the Company) and Jiangsu Province Yangzhou Port Group Co., Ltd.（江蘇省揚州港務集團有限公司）in relation to the provision of terminal related services for a term of three years from 1st January 2013 to 31st December 2015 as described in the circular of the Company dated 5th November 2012 (the "**Circular**") (a copy of the Yangzhou Terminal Services Master Agreement and a copy of the Circular have been produced to the meeting marked "H" and "B" respectively and initialed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

(b) the proposed annual cap amounts for the transactions under the Yangzhou Terminal Services Master Agreement for the three years ending 31st December 2015 as set out in the Circular be and are hereby approved; and

(c) the director(s) of the Company be and are hereby authorized for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorize the signing, execution and delivery of all such documents and to do all such things as they may consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the Yangzhou Terminal Services Master Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interests of the Company."

By Order of the Board
COSCO Pacific Limited
HUNG Man, Michelle
General Counsel & Company Secretary

Hong Kong, 5th November 2012

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person to represent the member.

2. To be valid, the proxy form together with any power of attorney or other authority under which it is signed or a certified copy of such power or authority must be deposited at the principal place of business of the Company at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof if the shareholder of the Company so desires, and in such event, the form of proxy will be deemed to be revoked.

4. Where there are joint holders of any shares in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.