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)

MAJOR DISPOSAL AND CONNECTED TRANSACTION

Financial Advisers to the Company

CICC 中金香港证券

BOC INTERNATIONAL

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 4 to 13 of this circular and a letter from the Independent Board Committee is set out on page 14 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 15 to 44 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, 13th June 2013 is set out on pages 66 to 67 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.

24th May 2013

CONTENT

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

Agreement	the conditional sale and purchase agreement dated 20th May 2013 entered into between the Company, the Purchaser and the Guarantor in relation to the disposal of the Sale Share and the Sale Loan by the Company
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 Agreement and the Disposal
associate(s)	has the meaning ascribed thereto under the Listing Rules
Board	the board of Directors
business day(s)	means a day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a "black" rain warning signal is issued in Hong Kong at any time between 9 am and 5 pm) on which Hong Kong clearing banks are open for the transaction of normal banking business
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 (Stock Code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange in the PRC (Stock Code: 601919), and the intermediate controlling Shareholder
CIMC	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock limited company established in the PRC and its A shares and H shares are listed and traded on the Shenzhen Stock Exchange (Stock Code: 000039) and the Stock Exchange (Stock Code: 2039), respectively
Company	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1199)

Completion	completion of the Disposal in accordance with the terms and conditions of the Agreement
connected person(s)	has the meaning ascribed thereto under the Listing Rules
Consideration	the consideration for the Sale Share and the Sale Loan under the Agreement
controlling Shareholder	has the meaning ascribed thereto under the Listing Rules
COSCO	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), the ultimate holding company of the Company and a state-owned enterprise in the PRC
COSCO Container	COSCO Container Industries Limited, a limited liability company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company before Completion
Director(s)	the director(s) of the Company
Disposal	the transactions contemplated under the Agreement
Group	the Company and its subsidiaries
Guarantor	COSCO (Hong Kong) Group Limited, a limited liability company incorporated in Hong Kong and a direct wholly owned subsidiary of COSCO
HK$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Board Committee	the independent board committee comprising Mr. Timothy George FRESHWATER, Mr. Adrian David LI Man Kiu and Mr. IP Sing Chi, all being independent non-executive Directors, established for the purpose of considering and advising the Independent Shareholders in connection with the Agreement and the Disposal
Independent Shareholders	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution approving the Agreement and the Disposal

Latest Practicable Date	20th May 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Percentage Ratios	the five ratios set out in Rule 14.07 of the Listing Rules
PRC	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
Purchaser	Long Honour Investments Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of COSCO
RMB	Renminbi, the lawful currency of the PRC
Sale Loan	the unsecured, non-interest bearing and on-demand loan outstanding and owing from COSCO Container to the Company as at the date of Completion
Sale Share	one ordinary share of US$1.00 par value in the issued share capital of COSCO Container
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SGM	the special general meeting of the Company or any adjournment thereof (as the case may be) to be convened and held on 13th June 2013 for the purpose of considering and, if thought fit, approving the Agreement and the Disposal
Share(s)	ordinary shares of HK0.10 each in the issued share capital of the Company
Shareholder(s)	holder(s) of Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
US$	United States dollars, the lawful currency of the United States
%	per cent

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. FENG Jinhua[1]
Mr. FENG Bo[1]
Mr. WANG Haimin[2]
Mr. WANG Wei[2]
Mr. TANG Runjiang[1]
Dr. WONG Tin Yau, Kelvin[1]
Mr. QIU Jinguang[1]
Mr. Timothy George FRESHWATER[3]
Dr. FAN HSU Lai Tai, Rita[3]
Mr. Adrian David LI Man Kiu[3]
Mr. IP Sing Chi[3]

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

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

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

24th May 2013

To the Shareholders

Dear Sir or Madam,

MAJOR DISPOSAL AND CONNECTED TRANSACTION

1. INTRODUCTION

The Board refers to the announcement of the Company dated 20th May 2013 in relation to the Agreement whereby the Company agreed to dispose of and the Purchaser (a connected person of the Company) agreed to acquire the Sale Share, being the entire issued share capital of COSCO Container, and the Sale Loan, for a total consideration of US$1,219,788,621, and the Guarantor agreed to guarantee the obligations of the Purchaser under the Agreement, upon and subject to the terms and conditions set out therein.

The purposes of this circular are:

(i) to provide you with further details of the Agreement and the Disposal;

(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 the Agreement and the Disposal; and

(iii) to give the Shareholders the notice convening the SGM at which ordinary resolution will be proposed to consider and approve, if appropriate, the Agreement and the Disposal.

2. THE AGREEMENT

Date: 20th May 2013

Parties:

(a) the Company as the vendor;

(b) the Purchaser as the purchaser; and

(c) the Guarantor as the guarantor.

Each of the Purchaser and the Guarantor is a wholly owned subsidiary of COSCO, the ultimate controlling Shareholder, and hence a connected person of the Company.

Interest to be disposed of: The Company agreed to dispose of and the Purchaser agreed to acquire the Sale Share, being the entire issued share capital of COSCO Container, and the Sale Loan.

COSCO Container is an investment holding company whose major asset is the Group's 21.80% equity interest in CIMC.

Consideration: The Consideration for the Sale Share and the Sale Loan shall be US$1,219,788,621 which shall be satisfied in the following manner:

(i) 50% of the Consideration shall be paid by the Purchaser to the Company at Completion; and

(ii) the balance of the Consideration shall be paid by the Purchaser to the Company within three months after Completion.

The deferred payment of the balance of the Consideration was requested by the Purchaser and it was agreed to by the Company and the Purchaser as a result of arm's length negotiations between the parties after taking into account the following factors: (i) security has been provided by the Purchaser in favour of the Company for securing the deferred payment obligations; and (ii) all the terms and conditions of the Disposal (including the amount of the Consideration) as a whole.

To secure the Purchaser's payment obligations for the balance of the Consideration, a charge over the entire Sale Share incorporating COSCO Container's undertaking not to dispose of and deal with its major asset, being its 21.80% equity interest in CIMC, and the entire Sale Loan will upon Completion be created by the Purchaser in favour of the Company.

For reference purposes, based on the unaudited management accounts of COSCO Container for the three month period ended 31st March 2013, the Sale Loan was amounted to approximately US$347.0 million as at 31st March 2013.

The Consideration was determined after commercial negotiations between the Company and the Purchaser on an arm's length basis, taking into account an independent valuation of COSCO Container prepared based on an asset approach and with reference to:

(i) the strategic value of the investment in CIMC;

(ii) the recent trading performance of the shares of CIMC;

(iii) the market value of the shares of CIMC; and

(iv) the net asset value of COSCO Container and the amount of the Sale Loan.

Conditions Precedent: Completion shall be conditional upon the satisfaction of the following conditions:

(i) the approval by the Independent Shareholders in the SGM in respect of the Agreement and the Disposal;

(ii) the approval by the independent shareholders of China COSCO in a general meeting of China COSCO in respect of the Agreement and the Disposal; and

(iii) the licences, authorisations, consents, registrations and other approval necessary or desirable for the completion of the Agreement, having been granted by the requisite governmental, court or other regulatory bodies.

Guarantee: The Guarantor irrevocably and unconditionally agreed to guarantee the due and punctual performance and observance by the Purchaser of all its obligations under or pursuant to the Agreement. The guarantee is a continuing guarantee and shall remain in force until all the obligations of the Purchaser have been performed or satisfied.

Completion: Completion shall take place on or before the fifth business day after the last of the conditions precedent has been satisfied provided that such date shall in no event be earlier than 26th June 2013 and shall in no event be later than 31st December 2013 (or such later date as may be agreed amongst the parties).

Upon Completion, COSCO Container will cease to be a subsidiary of the Company and the Company will cease to hold any interest in CIMC.

Title to, beneficial ownership of, and any risk attaching to, the Sale Share shall pass to the Purchaser on Completion together with all associated rights and benefits attaching or accruing to it on or after Completion. For the avoidance of doubt, dividends declared in relation to the Sale Share prior to the Completion but not yet paid prior to the Completion (which include the final dividends payable by CIMC for the financial year ended 31st December 2012 at RMB0.23 per one share of CIMC) shall belong to the Purchaser.

3. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the businesses of managing and operating terminals, container leasing, management and sale, container manufacturing and other related businesses, and the Group has a mission to become a leading global terminal operator and container leasing and related businesses operator.

The Group has been implementing its terminal development strategy through an emphasis on obtaining controlling stakes in new terminal investments, expansion of global terminal networks and diversification in terminal investment with a view to enhancing its leadership as a top global terminal operator. The Group will strive to enhance its leading position in the container leasing industry through continuous investment in the business, and will continue to expand its container leasing fleet, optimise the lease mix and provide comprehensive container leasing services to its customers. To achieve these objectives, the Directors consider it necessary for the Group to re-align and rationalise the asset holdings among the various business segments in the Group.

As a result of CIMC's business diversification development strategy under which its non-container business segments (such as energy, chemical and food equipment business, logistics equipment business, airport facilities equipment business and financial business) have developed rapidly, the contribution from CIMC's container business to CIMC's total revenue dropped from 54.6% in 2011 to 45.6% in 2012.

The Group's original intent of making its investment in CIMC was to expand into container-related business and strengthen its foothold in the growing container manufacturing and sales businesses. Hence, CIMC's business diversification into non-container business deviates from such original intent.

Further, the Group is not the single largest shareholder of CIMC. Despite the fact that the Group has two representatives on the board of CIMC, the Group's participation in the management of CIMC's business is limited.

Hence, the Disposal offers a good opportunity for the Group to redeploy its resources into businesses which are expected to create enhanced value for the Shareholders, enhance its profitability in medium to long term and help strengthen the Group's terminal and container leasing businesses.

In addition, the Disposal provides the Group with an opportunity to realise a return on its investment in CIMC and strengthen its cash flow position for providing working capital funds for its existing businesses and for capturing any future acquisition or investment opportunities in terminal and container leasing businesses.

In line with the Group's long-term strategy to focus on terminal business with growing potential, the Group has constantly been exploring and evaluating different investment and/or acquisition opportunities in terminals in China, South East Asia, North America and Europe and has been in preliminary discussions with various third parties on pursuing potential investment and/or acquisition that are expected to derive reasonable return and/or long-term value on the investments. The Group's selection criteria for its future investment and/or acquisition are made up of several factors: (i) the strategic location of the terminals; (ii) the proven handling capacity of the terminals and expected growth potential; (iii) operational efficiency of the terminals; and (iv) the expected return and long-term value of the investment in the terminals.

Up to date, active discussions on these potential acquisition or investment opportunities are in progress and no legally-binding definitive documentation has been entered into by the Group. As such discussions are still on-going, there is no assurance that any investment or acquisition may ultimately materialise as a result thereof.

Having regard to the factors considered above, the Group intends to apply the net proceeds from the Disposal primarily to the development and investment in its terminal and container leasing businesses and further improvement in working capital and net debt position of the Group.

4. FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

Upon Completion, COSCO Container will cease to be a subsidiary of the Company and the Company will cease to hold any interest in CIMC.

The Disposal is expected to record an unaudited pre-tax gain of approximately US$470.2 million for the Company, which is calculated with reference to (i) the net proceeds from the Disposal; (ii) the Group's share of net assets of the 21.80% equity interest in CIMC as at 31st March 2013 as reflected in the unaudited condensed consolidated financial statements of the Group for the three month period ended 31st March 2013; and (iii) the estimated direct expenses payable for the Disposal. The actual gain or loss that the Company is able to realise will depend on the actual net book amount of COSCO Container on the date of Completion.

Based on the audited consolidated accounts of the Group as at 31st December 2012, it is expected that there would be an increase in the total assets of the Group immediately after Completion due to the gain from Disposal and there would not be any material effect on the total liabilities of the Group as a result of the Disposal.

Shareholders are reminded that in spite of the unaudited one-off pre-tax gain of approximately US$470.2 million and the cash inflow of approximately US$1,220 million to be realised as a result of the Disposal, the future profit contribution of CIMC will no longer be equity-accounted for in the consolidated financial statements of the Group. In the financial years ended 31st December 2011 and 31st December 2012, the profit contribution from CIMC accounted for approximately 30.8% and approximately 18.1% respectively of the profit attributable to the equity holders of the Company. Though the investment return of the new terminal investments and container leasing business to be undertaken by the Group subsequent to the Disposal may not, in the short term, sufficiently cover the forgone profit contribution to be brought by CIMC to the Group as a result of the Disposal, the Directors consider that the medium-to-long term benefit expected to derive from the redeployment of financial resources from the Disposal can outweigh the short-term uncertainty.

5. INFORMATION ON THE GROUP, THE PURCHASER, THE GUARANTOR AND COSCO CONTAINER

The Group

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

The Purchaser and the Guarantor

The Purchaser is an investment holding company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of COSCO. The Guarantor is a company incorporated in Hong Kong and a direct wholly owned subsidiary of COSCO. The principal activities of the Guarantor together with its subsidiaries include ship trading and supplying services, insurance services, freight services, coating services, property investment and information technology.

COSCO is interested in, through wholly owned subsidiaries of China COSCO (namely, COSCO Pacific Investment Holdings Limited and COSCO Investments Limited), an aggregate of approximately 43.20% of the total issued share capital of the Company as at the Latest Practicable Date, and is therefore the ultimate controlling Shareholder and a connected person of the Company. Apart from the business operated by China COSCO and its subsidiaries, the main businesses currently operated by COSCO and its subsidiaries also include operation of oil tankers and other liquefied bulk cargo shipping, general cargo and special vessel shipping, ship repair and retrofit, ship building, provision of vessel fuels, provision of financial services, ship trading services and seaman and ship management services, etc.

COSCO Container

COSCO Container is an investment holding company whose major asset is the Group's investments in CIMC, comprising 432,171,843 A shares and 148,320,037 H shares of CIMC, representing an aggregate of approximately 21.80% of the entire issued share capital of CIMC as at the Latest Practicable Date.

CIMC is a joint stock limited company established in the PRC and its A shares and H shares are listed and traded on the Shenzhen Stock Exchange and the Stock Exchange respectively. It is primarily engaged in the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services.

A summary of the unaudited financial information of COSCO Container (which has included COSCO Container's share of net assets and results of CIMC under equity method) for the two years ended 31st December 2011 and 31st December 2012 prepared in accordance with the applicable International Financial Reporting Standards is set out below:

	For the year ended 31st December 2011	**For the year ended 31st December 2012**
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Profit before taxation	120,083	61,358
Profit after taxation	108,658	54,942

	As at 31st December 2012
	US$'000
	(Unaudited)
Net assets	432,965

Please refer to the websites of the Stock Exchange (www.hkexnews.hk) and CIMC (www.cimc.com) for further information regarding CIMC.

6. LISTING RULES IMPLICATIONS

As one of the applicable Percentage Ratios in respect of the Disposal is higher than 25% but below 75%, the Disposal constitutes a major transaction of the Company, and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is an indirect wholly owned subsidiary of COSCO, the ultimate controlling Shareholder, and hence a connected person of the Company, the Disposal (including the financial assistance to be provided by the Company to the Purchaser in connection with the Purchaser's deferred payment of the part of the Consideration after Completion) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal (including the financial assistance to be provided by the Company to the Purchaser in connection with the Purchaser's deferred payment of the part of the Consideration after Completion) is subject to the approval by the Independent Shareholders at the SGM.

As at the Latest Practicable Date, COSCO Pacific Investment Holdings Limited and COSCO Investments Limited, both being indirect subsidiaries of COSCO, and hence associates of the Purchaser, together hold an aggregate of approximately 43.20% of the total issued share capital of the Company. COSCO Pacific Investment Holdings Limited and COSCO Investments Limited and other associates of the Purchaser are required to abstain from voting on the resolution to be proposed at the SGM to approve the Agreement and the Disposal.

Mr. WANG Haimin, Mr. WANG Wei and Mr. TANG Runjiang are directors of both the Company and the Guarantor and therefore have abstained from voting on the relevant board resolution approving the Agreement. Save as disclosed above, no other Directors have a material interest in the Disposal, but Dr. FAN HSU Lai Tai, Rita, an independent non-executive Director, has voluntarily abstained from voting on the relevant board resolution approving the Agreement for the reason that she is also an independent non-executive director of China COSCO, a subsidiary of COSCO.

7. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Timothy George FRESHWATER, Mr. Adrian David LI Man Kiu and Mr. IP Sing Chi, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Agreement and the Disposal are on normal commercial terms, and are fair and reasonable and in the interest 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.

8. SGM

A notice convening the SGM to be held at 2:30 p.m. on Thursday, 13th June 2013, at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong is set out on pages 66 to 67 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, 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.

9. RECOMMENDATION

The Directors (other than Mr. WANG Haimin, Mr. WANG Wei, Mr. TANG Runjiang and Dr. FAN HSU Lai Tai, Rita who have abstained from voting on the relevant resolution) consider that the terms of the Agreement and the Disposal 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. Accordingly, the Directors (other than Mr. WANG Haimin, Mr. WANG Wei, Mr. TANG Runjiang and Dr. FAN HSU Lai Tai, Rita) recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM.

10. ADDITIONAL INFORMATION

Your attention is drawn to:

(i) the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;

(ii) the letter from AIM, the text of which is set out on pages 15 to 44 of this circular;

(iii) the valuation report from DTZ Debenham Tie Leung Limited, the text of which is set out in Appendix II to this circular; and

(iv) the additional information set out in the appendices 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)

24th May 2013

To the Independent Shareholders

Dear Sir or Madam,

MAJOR DISPOSAL AND CONNECTED TRANSACTION

The Independent Board Committee has been established to advise you in connection with the Disposal, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 24th May 2013 (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 Agreement and the advice of AIM in relation thereto as set out on pages 15 to 44 of the Circular, we are of the opinion that the Agreement and the Disposal 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 resolution to be proposed at the SGM to approve the Agreement and the transactions thereunder.

Yours faithfully,
Independent Board Committee of
COSCO Pacific Limited
IP Sing Chi
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 Disposal, 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

24th May 2013

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

Dear Sirs,

MAJOR DISPOSAL AND CONNECTED TRANSACTION

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 disposal (the "**Disposal**") of (i) one ordinary share (the "**Sale Share**") of COSCO Container Industries Limited ("**COSCO Container**"); and (ii) the unsecured, non-interest bearing and on-demand loan (the "**Sale Loan**") outstanding and owing from COSCO Container to the Company as at the completion date of the Disposal. Details of which were disclosed in the announcement of the Company dated 20th May 2013 (the "**Announcement**") and in the letter from the board (the "**Letter from the Board**"), as set out on page 4 to page 13 of the circular of the Company dated 24th May 2013 (the "**Circular**") to its shareholders of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the content otherwise requires.

On 20th May 2013, the Company entered into the Agreement with the Purchaser and the Guarantor pursuant to which the Company agreed to dispose of, and the Purchaser agreed to acquire (i) the Sale Share, being the entire issued share capital of COSCO Container; and (ii) the Sale Loan for the Consideration of US$1,219,788,621 (equivalent to approximately HK$9,469.3 million), and the Guarantor agreed to guarantee the obligations of the Purchaser under the Agreement, upon and subject to the terms and conditions set out therein. Upon Completion, COSCO Container will cease to be a subsidiary of the Company and the Company will cease to hold any interest in CIMC.

As one of the applicable Percentage Ratios in respect of the Disposal is higher than 25% but below 75%, the Disposal constitutes a major transaction for the Company, and is subject to the notification, announcement and shareholders' approval requirements under

Chapter 14 of the Listing Rules. As the Purchaser is an indirect wholly-owned subsidiary of COSCO, the ultimate controlling Shareholder, and hence a connected person of the Company, the Disposal (including the financial assistance to be provided by the Company to the Purchaser in connection with the Purchaser's deferred payment of the part of the Consideration after Completion) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the approval by the Independent Shareholders at the SGM.

As at the Latest Practicable Date, COSCO Pacific Investment Holdings Limited and COSCO Investments Limited, both being indirect subsidiaries of COSCO, and hence associates of the Purchaser, together held an aggregate of approximately 43.20% of the total issued share capital of the Company. COSCO Pacific Investment Holdings Limited and COSCO Investments Limited and other associates of the Purchaser are required to abstain from voting on the resolution to be proposed at the SGM to approve the Agreement and the Disposal.

Mr. WANG Haimin, Mr. WANG Wei and Mr. TANG Runjiang are directors of both the Company and the Guarantor and therefore have abstained from voting on the relevant board resolution approving the Agreement. Save as disclosed above, no other Directors have a material interest in the Disposal, but Dr. FAN HSU Lai Tai, Rita, an independent non-executive Director, has voluntarily abstained from voting on the relevant board resolution approving the Agreement for the reason that she is also an independent non-executive director of China COSCO, a subsidiary of COSCO.

The Independent Board Committee, comprising Mr. Timothy George FRESHWATER, Mr. Adrian David LI Man Kiu and Mr. IP Sing Chi, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Agreement and the Disposal are on normal commercial terms, and are fair and reasonable and in the interest 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.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Agreement, the report in relation to the independent valuation of COSCO Container and the Sale Loan as at 22nd April 2013 conducted by an independent valuer appointed by the Company (the "**Valuation Report**"), the 2012 annual report of the Company (the "**2012 Annual Report**"), the prospectus of CIMC dated 17th December 2012 (the "**CIMC Prospectus**"), the 2012 annual report of CIMC (the "**2012 CIMC Annual Report**") and the circular of the Company dated 10th September 2004 in relation to the acquisition of interest in CIMC (the "**2004 Circular**"). We have reviewed the opinion and valuation relevant to the Sale Share and the Sale Loan provided by the independent valuer, including reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely affect on the degree of assurance given by the Valuation Report, opinion or statement). We have also reviewed certain information and facts provided by the management of the Company (the "**Management**") relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses and market data as we deemed relevant; and (ii) conducted discussions with the Management regarding the terms of the Agreement, 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. We have also assumed that all information, representations and opinions contained or referred to in the Circular are fair and reasonable and have relied on them.

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 reasons for, the Disposal 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 the Management, 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.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Disposal, 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.

For the purpose of illustration, exchange rates were adopted in this letter at US$1 = RMB6.1818; US$1 = HK$7.7631; RMB1 = HK$1.2558 all being rates as at 22nd April 2013.

PRINCIPAL FACTORS CONSIDERED

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

1. The background to the Disposal

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 businesses; (ii) container leasing, management and sale businesses; and (iii) container manufacturing business.

The Group's investment in CIMC can be traced back to August 2004 when COSCO Container (being a wholly owned subsidiary of the Company) acquired from COSCO 163,701,456 non-circulating state-owned shares (非流通國有法人股) of CIMC, representing approximately 16.23% of the issued share capital of CIMC as at 30th June

2004, for a consideration of approximately RMB1,056,384,000 (the "**Acquisition**"). According to the 2004 Circular, the Board considered that the Acquisition represented a good opportunity to strengthen the Company's foothold in the growing container manufacturing and sales industry as CIMC was the world's largest container manufacturer. The Acquisition was duly passed by the then independent Shareholders by way of poll at the special general meeting of the Company held on 5th October 2004. Details of the Acquisition were disclosed in the 2004 Circular.

In April 2005, CIMC issued bonus shares by converting its public reserve into share capital at a rate of 10 bonus shares for every 10 shares held. After the issue of bonus shares, the number of non-circulating state-owned shares of CIMC held by COSCO Container increased from 163,701,456 to 327,402,912.

In May 2006, pursuant to the "*Administrative Measures on the Share Conversion Scheme of Listed Companies*"《上市公司股權分置改革管理辦法》and as approved by the State-owned Assets Supervision and Administration Commission of the State Council ("**SASAC**") (中華人民共和國國務院國有資產監督管理委員會), CIMC implemented the split share structure reform. As a result, all 327,402,912 non-circulating state-owned shares of CIMC held by COSCO Container were converted into 327,402,912 A shares of CIMC ("**CIMC A Shares**").

In July 2006, CIMC issued bonus shares again by converting its public reserve into share capital at a rate of 1 bonus share for every 10 shares held. After the issue of bonus shares, the number of CIMC A Shares held by COSCO Container increased from 327,402,912 to 360,143,203.

In June 2007, CIMC issued bonus shares further by converting public reserve again into share capital at a rate of 2 bonus shares for every 10 shares held. After this issue of bonus shares, the number of CIMC A Shares held by COSCO Container increased from 360,143,203 to 432,171,843.

From 10th December 2007 to 6th March 2008, COSCO Container acquired 148,320,037 B shares of CIMC ("**CIMC B Shares**") through the Shenzhen Stock Exchange for a total consideration of approximately US$274.5 million.

In August 2012, the then shareholders of CIMC approved the implementation plan ("**Implementation Plan**")《境內上市外資股轉換上市地以介紹方式在香港聯合交易所有限公司主板上市及掛牌交易的方案》in relation to the conversion of CIMC B Shares into H Shares of CIMC ("**CIMC H Shares**") and the proposed listing of CIMC H Shares by way of introduction on the Main Board of the Stock Exchange. In December 2012, the Stock Exchange granted the approval for the listing of, and permission to deal in the CIMC H Shares. Dealings in the CIMC H Shares on the Main Board of the Stock Exchange of Hong Kong commenced on 19th December 2012. Consequently, all 148,320,037 CIMC B Shares held by COSCO Container were converted into 148,320,037 CIMC H Shares.

On 20th May 2013, the Company and the Purchaser entered into the Agreement pursuant to which the Company agreed to dispose of and the Purchaser agreed to acquire (i) the Sale Share, being the entire issued share capital of COSCO Container; and (ii) the Sale Loan for the Consideration of US$1,219,788,621 (equivalent to approximately HK$9,469.3 million), and the Guarantor agreed to guarantee the obligations of the Purchaser under the Agreement, upon and subject to the terms and conditions of the Agreement (details of which are disclosed in the following paragraph headed "*6. Principal terms of the Agreement*"). As at the Latest Practicable Date, COSCO Container held 432,171,843 CIMC A Shares and 148,320,037 CIMC H Shares, representing an aggregate of approximately 21.80% of the entire issued share capital of CIMC.

Pursuant to the Agreement, the Company shall, however, repay, or procure the payment, to COSCO Container of all indebtedness outstanding at Completion (if any) from the Company or any member of the Group to COSCO Container.

Upon Completion, COSCO Container will cease to be a subsidiary of the Company and the Company will cease to hold any interest in CIMC.

2. Information on the Group

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 businesses; (ii) container leasing, management and sale businesses; and (iii) container manufacturing business. We were advised by the Management that the Group's strategy is to further strengthen its position as the global industry leader in terminal and container leasing businesses.

Notwithstanding the facts that world economic growth slowed significantly and the global shipping industry experienced a number of challenges, the Group's business in the year 2012, particularly the terminal business and the container leasing business, kept growing at a stable pace. According to the 2012 Annual Report, the Group continued to maintain its leadership in container terminals and container leasing, and remained the world's number five operator of container terminals with a market share of approximately 9.0% based on total throughput and the fourth largest container leasing company in the world with a global market share of approximately 12.0% in 2012.

(i) Terminal and Related Business

As at 31st December 2012, the Group operated and managed 25 terminal companies with 109 berths in operation, including 99 berths for containers, 8 berths for break-bulk cargo and 2 for automobiles. The total annual handling capacity increased by approximately 4.85 million TEU to approximately 60.3 million TEU. Such enhancement was mainly attributable to (i) 4 new berths in existing terminals (i.e. 2 berths in Xiamen Ocean Gate terminal, 1 berth in Dalian Port Terminal and 1 berth in Yangzhou Yuanyang Terminal) contributing a total of 2.45 million TEU of annual handling capacity; (ii) the completion of the upgrading work at Pier 2 of Piraeus Terminal adding one million TEU of annual handling capacity; and (iii) the acquisition of 10% equity interest in Kao Ming Terminal with 2 operating berths in December 2012, contributing an additional 1.4 million TEU to the Group's annual handling capacity.

At the same time, the terminals in which the Group has controlling stakes in mainland China introduced 58 new shipping routes in 2012. In particular, Xiamen Ocean Gate Terminal, as one of the Group's key terminals, opened up eight shipping routes for domestic and foreign trade. Internationally, Piraeus Terminal improved its customer mix with many small to mid-sized international shipping companies and shipping companies engaged in the operation of feeder routes.

(ii) Container Leasing, Management and Sale Businesses

As at 31st December 2012, the Group operated and managed a container fleet size of approximately 1.9 million TEU, representing a 4.4% year-on-year increase. During 2012, the Group's container leasing business maintained an optimal balance of leases, with containers leased mainly on a long-term basis so as to provide a stable source of income and maintain a relatively high utilization rate. Long-term leases accounted for approximately 94.3% of the total revenue of the container leasing in 2012 while revenue from master leases accounted for approximately 5.7%.

(iii) Container Manufacturing Business

The Group participates in the container manufacturing industry by way of investing in 21.80% equity interest in CIMC, which is the world's largest container manufacturer and the shares of which are listed on the Main Board of the Stock Exchange and the Shenzhen Stock Exchange. As a result of the drop of the global demand for containers, the overall performance of CIMC's business was less favorable in 2012 as compared with the previous year. CIMC's profit contribution to the Group decreased by approximately 48.3% to approximately US$61.9 million in 2012.

The following table summarizes the key audited consolidated financial results of the Company for the two years ended 31st December 2012 (the "**FY2011**" and "**FY2012**", respectively) as extracted from the 2012 Annual Report:

	FY2011 *(audited)* *US$'000*	**FY2012** *(audited)* *US$'000*	**Year-on-year change**
Revenues	599,159	735,500	↑22.8%
Profit before income tax	426,377	382,374	↓10.3%
Profit attributable to equity holders of the Company	388,771	342,194	↓12.0%

	As at 31/12/2011 *(audited)* *US$'000*	As at 31/12/2012 *(audited)* *US$'000*	Year-on-year change
Total assets	6,472,184	7,363,858	↑13.8%
Total liabilities	2,592,025	3,146,465	↑21.4%
Total equity	3,880,159	4,217,393	↑8.7%

In FY2012, the Group recorded revenue of approximately US$735.5 million, representing an approximate 22.8% increase compared with last year. The revenue was primarily derived from the terminal business of approximately US$402.2 million and the container leasing, management and sale businesses of approximately US$336.2 million, both of which continue to be principal key drivers to the Group's earnings in FY2011 and FY2012.

During the review period, the total revenue from terminal business of the Group increased by approximately 24.4% compared with last year, which was mainly derived from Piraeus Terminal and Guangzhou South China Oceangate Terminal. The throughput of Piraeus Terminal reached 2,108,090 TEU in 2012, contributing a revenue of approximately US$134.8 million to the Group (representing a year-on-year increase of approximately 32.9%). The throughput of Guangzhou South China Oceangate Terminal was 4,230,574 TEU in 2012, deriving a revenue of approximately US$119.3 million to the Group (representing an approximately 25.7% increase compared with FY2011).

Revenue from container leasing, management and sale businesses primarily included container leasing income and revenue from the disposal of returned containers which were approximately US$280.5 million and approximately US$42.6 million, representing an annual growth rate of approximately 13.7% and approximately 133.5%, respectively.

Overall, profit attributable to equity holders of the Company for FY2012 decreased by approximately 12.0% to approximately US$342.2 million. Such deterioration was mainly due to a relatively significant decline in the share of profit of CIMC of approximately 48.3% during the year. This was partly offset by the growth in the terminal business and container leasing business in FY2012 compared with the FY2011. Excluding the non-recurring items[Note] and the share of profit of CIMC, profit attributable to equity holders of the Company rose by approximately 14.6% to approximately US$280.3 million.

As at 31st December 2012, the Group's total assets, total liabilities and net assets amounted to approximately US$7,363.9 million, approximately US$3,146.5 million and approximately US$ 4,217.4 million, respectively.

Note According to the 2012 Annual Report, non-recurring items in 2011 included gain of approximately US$11.8 million on release of exchange reserve upon reclassification of Guangzhou South China Oceangate Terminal from a jointly controlled entity to a subsidiary and a gain of approximately US$12.6 million on the disposal of Qingdao Cosport Terminal.

3. Information on COSCO Container

COSCO Container is an investment holding company whose major asset is the Group's investments in CIMC, comprising 432,171,843 CIMC A Shares and 148,320,037 CIMC H Shares, representing an aggregate of approximately 21.80% of the entire issued share capital of CIMC as at the Latest Practicable Date. Apart from the said investment in CIMC, COSCO Container does not have any investment in other companies and businesses.

The summary of the unaudited financial information of COSCO Container (which has included COSCO Container's share of net assets and results of CIMC under equity method) in FY2011 and FY2012 prepared in accordance with the applicable International Financial Reporting Standards and extracted from the Letter from the Board is set out below:

	FY2011 *(unaudited)* *US$'000*	**FY2012** *(unaudited)* *US$'000*
Profit before taxation	120,083	61,358
Profit after taxation	108,658	54,942

	As at 31/12/2012 *(unaudited)* *US$'000*
Net assets	432,965

Since COSCO Container is an investment holding company with investment in the CIMC only, the profit and loss account of COSCO Container includes primarily share of profit of CIMC, general expenses and withholding tax.

The interest held in CIMC by COSCO Container as at 31st December 2007 was approximately 16.54% and increased to 21.8% in FY2008. The following sets out the percentages in profit attributable to equity holders of the Group in respect of its holdings of 21.8% interest in the equity shares of CIMC for FY2009 to FY2012 and the increase/decrease of profit contribution from CIMC over the respective preceding years:

	percentage contribution	**increase/ decrease in percentages**
FY2009	14.7	(35.1)
FY2010	25.4	262.0
FY2011	30.8	30.4
FY2012	18.1	(48.3)

As illustrated from the above, the percentage contribution of profit to the Group has always been significant ranging from 14.7% to 30.8% not in spite of the fact that there is a downtrend in FY2012 with a decrease of approximately 48.3%.

Further discussion relating to CIMC is set out in the subsequent section headed "*4. Information on CIMC*" .

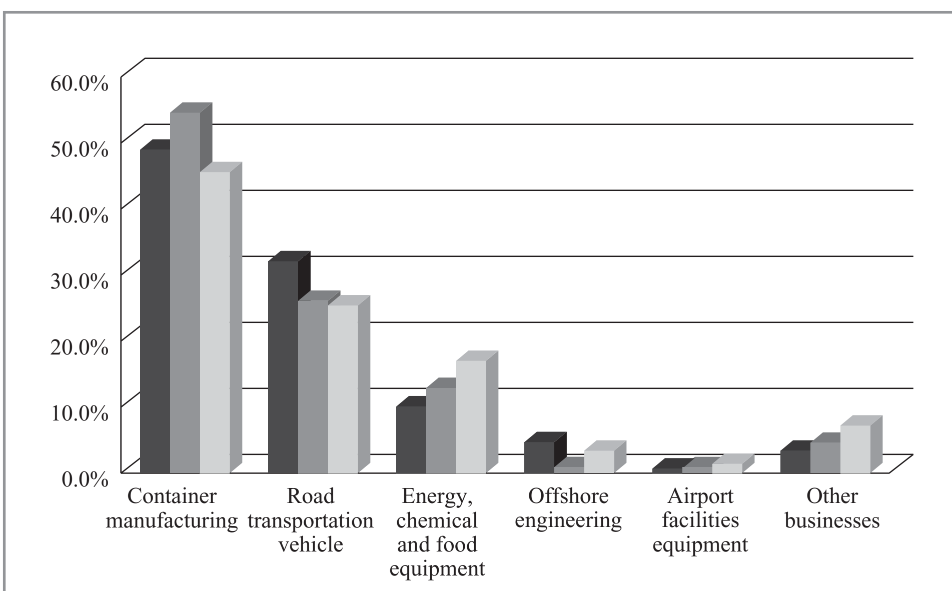
4. Information on CIMC

CIMC is a joint stock limited company established in the PRC and its A-shares and H-shares are listed and traded on the Shenzhen Stock Exchange and the Stock Exchange, respectively. Currently, CIMC and its subsidiaries (altogether, the "**CIMC Group**") is ranked No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers. The CIMC Group is also China's largest manufacturer of road transportation vehicles and one of China's leading offshore engineering equipment enterprises.

According to the 2012 CIMC Annual Report and the CIMC Prospectus, the revenue of the CIMC Group amounted to approximately RMB51.8 billion, RMB64.1 billion and RMB54.3 billion for FY2010, FY2011 and FY2012 respectively.

Business split of CIMC Group

The following sets out the different business segments of CIMC over the FY2010 to FY2012 with revenue breakdowns and year-on-year changes as extracted from the 2012 CIMC Annual Report and the CIMC Prospectus and segment results of the CIMC Group in FY2012 as extracted from the 2012 CIMC Annual Report:



Note: Included inter-segment offset

Revenue breakdown of CIMC Group

	FY2010	Year-on-year Change	FY 2011	Year-on-year Change	FY 2012
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*
Container manufacturing business	25,342,782	↑38.26	35,039,953	↓29.23	24,797,342
Road transportation vehicle business	16,628,173	↑0.58	16,724,683	↓17.55	13,789,685
Energy, chemical and food equipment business	5,229,401	↑58.41	8,283,673	↑11.75	9,257,212
Offshore engineering business	2,444,034	↓76.41	576,576	↑217.29	1,829,410
Airport facilities equipment business	342,614	↑66.67	571,030	↑32.57	757,001
Other businesses	1,781,312	↑64.44	2,929,138	↑33.26	3,903,407
Total	51,768,316	↑23.87	64,125,053	↓15.27	54,334,057

Note: Included inter-segment offset

Source: the 2012 CIMC Annual Report

As seen from the above, while the CIMC Group remains in its leading position in the container manufacturing businesses, it has been actively pursuing its other business activities which are non-core businesses to the Group.

Key financial data of CIMC Group

Key financial data and key financial indicators of CIMC over the FY2010 to FY2012 and their respective year-on-year changes over the same period are set out hereunder:

Items	FY2010	Year on year change	FY2011	Year on year change	FY2012
	RMB '000	*%*	*RMB '000*	*%*	*RMB '000*
Revenue	51,768,316	↑23.87	64,125,053	↓15.27	54,334,057
Operating profit	3,438,168	↑37.73	4,735,293	↓44.26	2,639,441
Profit before taxation	3,674,607	↑36.69	5,022,706	↓42.12	2,907,380
Net profit attributable to equity holders of CIMC	3,001,851	↑22.96	3,690,926	↓47.46	1,939,081
Net cash flows from operating activities	1,482,901	↑52.03	2,254,437	↓0.51	2,242,919

Items	As at 31/12/2010	Year on year change	As at 31/12/2011	Year on year change	As at 31/12/2012
	RMB '000	*%*	*RMB '000*	*%*	*RMB '000*
Total assets	54,130,649	↑18.90	64,361,714	↓2.13	62,992,380
Total liabilities	34,923,949	↑22.40	42,748,042	↓4.38	40,875,223
Equity attributable to equity holders of CIMC	16,223,057	↑14.86	18,633,154	↑4.72	19,513,176

Source: the 2012 CIMC Annual Report and the CIMC Prospectus

Key financial indicators of CIMC Group

Items	FY2010	Year on year change	FY2011	Year on year change	FY2012
Basic earnings per share (RMB)	1.13	↑23.01%	1.39	↓47.48%	0.73
Diluted earnings per share (RMB)	1.13	↑21.24%	1.37	↓46.72%	0.73
Weighted average return on net assets (%)	20.00%	↑1.00 percentage point	21.00%	↓11.00 percentage points	10.00%
Net cash flows from operating activities per share (RMB)	0.56	↑51.79%	0.85	↓1.18%	0.84

Items	As at 31/12/2010	Year on year change	As at 31/12/2011	Year on year change	As at 31/12/2012
Net assets per share attributable to equity holders of CIMC (RMB)	6.09	↑14.94%	7.00	↑4.71%	7.33
Liabilities-to-Assets Ratio (%)	64.52%	↑1.90 percentage points	66.42%	↓1.53 percentage points	64.89%

Source: CIMC Annual Reports 2010, 2011 and 2012 and CIMC Prospectus

The above indicated that the results of CIMC in 2012 underperformed that of FY2010 and FY2011.

Further set out in the following is a summary of the various business activities of CIMC as extracted from the 2012 CIMC Annual Report and the CIMC Prospectus:

(i) Container Manufacturing Business of CIMC Group

Major products of this business segment include ordinary dry containers, reefer containers and special containers (other than tank containers and pallet containers).

The increase in revenue of this business segment for FY2011 was mainly due to the increase in the sales volumes of the containers as a result of strong demand for new containers driven by the recovering international container shipping market along with the global economic recovery in the first half of 2011. There was a softening demand for new containers in the second half of the year due to global economic uncertainties such as the Eurozone debt crisis.

The decrease in revenue of this business segment for FY2012 was primarily due to the decrease in demand for containers compared with FY2011 as a result of the slowdown in the growth rate of global economy and trade. In addition, the price for containers also decreased approximately 10% in FY2012. The decrease in gross profit margin was primarily due to the price reduction in containers and appreciation of Renminbi. However, the price of steel, being the principal raw material for container manufacturing, also dropped when compared to FY2012, which offset the negative impact by the price reduction in containers on the profit before taxation to some extent. There was a substantial decrease in the year-on-year change in income from operation and a decrease in the operating margin rate of return in the container manufacturing business in FY 2012.

As stated in the 2012 CIMC Annual Report, it is expected that the overall demand for containers will continue to remain in a recovery period and there might only be a slight growth in 2013.

(ii) Road Transportation Vehicle Business of CIMC Group

Major products of this business segment include flat-trucks, staked-side trailers, tipping trailers, powder tankers, refrigerator cars and tank trucks.

Revenue from this business segment increased slightly in FY2011 as compared with FY2010. There was a slight decrease in sales volume of vehicles from approximately 155,300 units in FY2010 to approximately 152,400 units in FY2011 as a result of weakening demand for road transportation vehicles, particularly the demand for medium and heavy duty trucks, attributable to (i) the slowdown in economic growth and shrinking fixed assets investment in China resulting from the Chinese government's monetary tightening measures to cool down the economic growth by investment to engineer a shift from an investment-driven economy to a consumption-driven economy, and (ii) global economic uncertainties in the second half of 2011 such as the Eurozone debt crisis and downgrade of the U.S. sovereign credit rating.

In FY2012, this business segment incurred a substantial decrease in both sales volume and operating income, which was primarily due to the slowdown in the growth rate of both the world's major economies and domestic economy, the sustained control over the real estate industry by the Chinese government, the shrinking investment in fixed assets and the slowdown in the development of the logistics industry. In addition, the uncertainties of the global economy such as the spreading European debt crisis slowed down the growth of the global economy, which led to the continued decline in demand for road transportation vehicles.

As stated in the 2012 CIMC Annual Report, it is expected that the demand for vehicles used in domestic transportation and engineering activities will stabilize and may begin to rebound in 2013. The total market demand for semi-trailers in 2013 may realize a slight increase. In 2013, domestic investment in infrastructures will become more active and destocking activities in this industry may come to an end. However, the regulation and control over the domestic real estate market will continue, forcing the growth of demands for mixer truck to slow down.

(iii) Energy, Chemical and Food Equipment Business of CIMC Group

This business segment is mainly conducted through CIMC Enric Holdings Limited ("**CIMC Enric**"), a company listed on the Stock Exchange of Hong Kong, and its subsidiaries. Major products of this business segment include cryogenic transportation vehicles/tankers, gas and liquid tankers, medium-pressure LPG transportation vehicles, high-pressure tube CNG trailers, hydraulic natural gas filling sub-stations, natural gas compressors and large-sized cryogenic storage tanks (above 30,000 cubic meters), special tank containers and light-weight tank containers.

In FY2011, revenue from this business segment increased as compared with FY2010, reflecting the increasing demand for energy, chemical and food equipment during this period.

The increase in sales revenue in FY2012 was primarily due to the increase in sales volume as compared with FY2011 as a result of the increased market demand for natural gas and other energy resources and the expansion of production capacity of CIMC Enric as well as the declining price of raw materials. In addition, the sales of chemical equipment such as the newly-developed light tank containers increased, and the demand for liquid food equipment in Chinese market also increased. The acquisition of Ziemann Group in Germany in August 2012 also made positive contribution to the increase in the gross profit margin of energy, chemical and food equipment business.

As stated in the 2012 CIMC Annual Report, it is expected that competition in the business of cryogenic product trucks, bottles, cans, gas-filling stations, liquefaction plants and other products will intensify.

(iv) Offshore Engineering Business of CIMC Group

Major products of this business segment include jack-up drilling platforms, semi-submersible drilling platforms, and auxiliary vessels for offshore engineering.

In FY2011, revenue from this business segment decreased as compared with FY2010 as there were four projects in FY2011 compared with eight projects in FY2010.

The significant increase in operating income of this business segment in FY2012 was mainly due to the sales of SUPREME DRILLER, a self-constructed jack-up drilling platform, and the completion of the delivery of COSL PROMOTER, a deep water semi-submersible drilling platform.

As stated in the 2012 CIMC Annual Report, the management anticipates a promising prospect for the demand in the offshore engineering equipment market in the mid-and-long run. Impacted by high oil prices and the increased efforts in development of global offshore oil, the oil and gas companies will be urged to increase their investments in relevant equipments. In addition, the severe ageing of the existing drilling equipments will also produce the demands for updating equipments. This is the business segment of CIMC that has achieved the highest year-on-year contribution in income from operation in FY2012. On the contrary, this is not a major operating business of the Group and this offshore engineering business of the CIMC Group does not offer much synergy within the Group.

(v) Airport Facilities Business of CIMC Group

Major products of this business segment include passenger boarding bridges, airport baggage handling systems, civil logistic warehouses, three dimensional car parking spaces and bi-directional airport shuttle buses.

In FY2011, revenue from this business segment increased as compared with FY2010. The increase was primarily due to the increase in the sales volume of boarding bridges from 118 sets in FY2010 to 208 sets in FY2011.

Revenue from this business segment in FY2012 increased as compared with FY2011, which was primarily attributable to the substantial increase in the garage and logistics businesses and the continued growth in the passenger boarding bridges business. In addition, the airport shuttle bus business achieved good operating results in FY2012.

As stated in the 2012 CIMC Annual Report, with the gradual economic recovery, foreign aviation industry will grow steadily, while domestic aviation industry will continue to grow at an annual growth rate of 10%, it is expected that the increase in demand for passenger boarding bridges from both domestic and overseas airports will be optimistic. The trend of upgrade of automation in the Chinese manufacturing industry will promote the rapid development of automation logistic equipment. The gradual decrease in land resources and more intensive car parking problem in the PRC will lead to the steady and rapid growth of three dimensional car parking equipment, and urbanization will boost the rapid demand for engineering vehicles in the cities. However, this business segment is also not an area which avails business synergies within the Group.

(vi) Other Principal Businesses of CIMC Group

Business	Major products or services
Logistics equipment and service business	Production of the pallet containers for vehicle, logistics, food, chemical and agricultural purposes, and the intermediate bulk container (IBC) made of stainless steel for chemical and food usage, as well as specialised logistic equipment. Provision of logistic services based on standardized logistic appliances, transportation service solutions regarding finished automobiles based on special containers, logistic service solutions regarding logistic of liquid based on IBC containers, logistic service solutions regarding transportation of automobiles based on pallet boxes as well as pallet leasing and repairing services.
Container service business	Container stack yards service network for provision of shipping agency, freight forwarding, logistics and transportation, repairment, storage, and the sales, leasing, refurbishment and repackaging of secondhand containers. Transformation of old containers. Modularized buildings.
Real estate development business	Real estate development projects in Jiangmen, Yangzhou, Zhenjiang, Yangjiang and Shenzen.
Railway equipment business	Production of bogie, railway accessories and specialised transportation equipment.

Financial business	CIMC Financial Leasing Co., Ltd.: provision of project financing and finance leasing to different members of CIMC Group and its customers.
	CIMC Finance Company Ltd.: provision of professional financial services for members of the CIMC Group, and enhancement of the centralised management of CIMC Group's capital and increase in the efficiency and effectiveness of the capital utilization.

Revenue from these other businesses of the CIMC Group recorded an increasing trend from FY2010 to FY2012.

We noted that not in spite of the fact that the CIMC Group is ranked No. 1 in the world currently in terms of output and sales of containers and that container manufacturing business is still its principal operating business, it has a wide business spectrum. As stated in the 2004 Circular, the investment by COSCO Container in CIMC was intended for strategic purpose as a means to strengthen the Group's foothold in the container manufacturing and sales businesses. Recent market expectation is that the container manufacturing and sales businesses within the industry will remain challenging. The other business activities of the CIMC Group are not principal operation and businesses of the Group. We concur with the Management that the diversification of CIMC into different fragmental business segments in not in line with the Group's investment strategy of focusing in its core businesses with effective and majority control. We share the same view with the Management and consider that the Disposal is a good opportunity for the Group to capitalize on its investment and to unlock its investment value.

5. The reasons for, and the benefits of, the Disposal

Implementation of the Group's development strategy and delineation of the Group's operations

As stated in the Letter from the Board, the Group has been implementing its terminal development strategy through an emphasis on obtaining controlling stakes in new terminal investments, expansion of global terminal networks and diversification in terminal investment with a view to enhancing its leadership as a top global terminal operator. The Group will strive to enhance its leading position in the container leasing industry through continuous investment in its business. The Group will continue to expand its container leasing fleet, to optimize the lease mix and to provide comprehensive container leasing services to its customers. To achieve these objectives, the Directors consider it necessary for the Group to re-align and rationalize the asset holdings among the various business segments in the Group. The Directors have conducted a review of the Group's assets and resources in the various business segments with a view to streamlining its operations. In 2012, profit contribution from the Group's terminal business and container leasing business grew by approximately 9.7% and approximately 19.8%, respectively. It is the Directors' view that the Group should continue to focus on the businesses which it has the largest exposure to, both financially and operationally, and on the businesses which the Group possesses majority control.

COSCO Container is an investment holding company which major asset is the Group's 21.80% equity interest in CIMC. CIMC is the world's largest container manufacturer with a wide spectrum of businesses including, among others (i) container manufacturing business; (ii) road transportation vehicle business; (iii) energy, chemical and food equipment business; (iv) offshore engineering business; (v) airport facilities equipment business; and (vi) other principal businesses. Based on the 2012 Annual Report, profit contribution from CIMC decreased by approximately 48.3% to approximately US$61.9 million (2011: approximately US$119.8 million) in 2012. In the 2012 CIMC Annual Report, we noted that such decline in performance was mainly due to the unsatisfactory performance of CIMC's container manufacturing business as a result of (i) the falling demand for containers in 2012; and (ii) the slowdown in the growth rate of both the world's major economies and domestic economy in the PRC. Profit contribution attributable to the Group's investment in the shares in CIMC accounted for approximately 18.1% of the Group's audited profit attributable to equity holders of the Company in FY2012 (2011: approximately 30.8%). Under the lingering influence of the European debt crisis, the European economy plummeted into recession, while the US economy recovered moderately at a slow growth rate. There is still a precipitous decline in trade activities around the world. We take the view that, based on the current market condition and the current available indicators, there would be great challenges for container manufacturing business. Instead of focusing mainly on its container manufacturing business, CIMC is actively expanding and developing its other business segments. As stated in the Letter from the Board, as a result of CIMC's business diversification development strategy under which its non-container business segments (such as energy, chemical and food equipment business, logistics equipment business, airport facilities equipment business and financial business) has developed rapidly, contribution from CIMC's container business to CIMC's total revenue dropped from approximately 54.6% in 2011 to approximately 45.6% in 2012. The Group's original intent of making its investment in CIMC was to expand into container-related business and strengthen its foothold in the growing container manufacturing and sales businesses. The Management is of the view that the diversification of CIMC into different fragmental non-container business segments deviates from its original intent and that is not in line with the Group's investment philosophy of focusing in its core businesses with effective and majority control. Moreover, according to the 2012 CIMC Annual Report, the Group is the second largest shareholder of CIMC and there are two directors from the Group being nominated to the board of CIMC. We have discussed with the Management and noted that the Group's interest in CIMC is a substantial minority stake without operational control and the Group's participation in the management of CIMC's business is limited. Under the circumstances, it is with justifiable reasons that the Company proposed the Disposal for consideration by the

Independent Shareholders with a view that the Disposal allows the Group to redeploy its valuable financial resources to its core business segments with controlling stake.

Further, CIMC announced in the 2012 CIMC Annual Report that its 2013 capital expenditure plan would be approximately RMB6.2 billion, which is substantially higher than that in 2012. Notwithstanding that CIMC may have sufficient sources of resources to support this level of capital expenditure, it is expected that CIMC would probably finance such high level of capital expenditure by way of borrowings. The increased net gearing level may result in a higher probability for new equity financing. The Board considers that the Disposal is an opportunity for the Group to redeploy its resources into areas which create enhanced value for the Shareholders.

The Board is also of the view that the Disposal can help to delineate corporate activities in terminal and container leasing businesses within COSCO's group so that there will be a clearer corporate identity of the Group. The Directors are of the view that the Disposal, when implemented, would better re-align and rationalize the asset holdings among the various business segments in the Group.

The Directors also consider that the proceeds to be realized from the Disposal avails financial resources that can be utilized for the development of its principal activity in terminal and container leasing businesses with growth potential and/or over businesses which the Group has majority control. The Management confirmed to us that that the Group will cease to be engaged in any container manufacturing business immediately after the Disposal and that there would not be any competition of container manufacturing business among the Group and the other companies in COSCO group.

Uncertain outlook of the worldwide economy and international trade environment

It is a general view that the global economic downturn has led to a deteriorating international trading environment. The dramatic decline in trade activities across the globe will inevitably have a negative impact on the shipping and logistics industries, which in turn affect the demand for containers. According to the market review as stated in the 2012 CIMC Annual Report, the volume of international trade and shipping demand dropped dramatically as a result of the global economic downturn and slow recovery as well as shipping overcapacity. The shipping industry entered into its low season, during which all major shipping companies incurred decreased revenue and increased operation costs, with their demand for containers mainly for the purpose of leasing. In 2012, the global demand for containers dropped significantly, with the industrial demand plummeting to its lowest level since 2004 except for 2009. The global container output in 2012 was approximately 2.7 million TEUs, representing a decrease of approximately 15.6% as compared with 2011. In 2012, due to the deceleration in

China's economic growth, as well as the slowdown in the growth rate of logistics industry, infrastructure construction and real estate investment, the domestic market demand for special vehicles continue the downward trend from 2011.

As the prospects of the principal businesses of CIMC are closely related to the international trading and the global economy, we have researched from public domain for the outlook commentary of world trade in 2013. According to a press release published by the World Trade Organisation ("**WTO**") dated 10th April 2013 (the "**Press Release**"), *"World trade growth fell to 2.0% in 2012 – down from 5.2% in 2011 – and is expected to remain sluggish in 2013 at around 3.3% as the economic slowdown in Europe continues to suppress global import demand, WTO economists reported on 10th April 2013. The events of 2012 should serve as a reminder that the structural flaws in economies that were revealed by the economic crisis have not been fully addressed, despite important progress in some areas. Repairing these fissures needs to be the priority for 2013"*. We noted from the Press Release that, the abrupt deceleration of trade in 2012 attributed mainly to the slow growth in developed economies and recurring bouts of uncertainty over the future of the euro. Flagging output and high unemployment in developed countries reduced imports and fed through to a lower pace of export growth in both developed and developing countries. Improved economic prospects for the United States in 2013 should only partly offset the continued weakness in the European Union, whose economy is expected to remain flat or even contract slightly this year according to consensus estimates. Notwithstanding that there is a general market consensus that China will be able to sustain economic growth, it is the general view that the growth of world trade in 2013 would be limited. It was discussed in the Press Release that *"China's growth should continue to outpace other leading economies, cushioning the slowdown, but exports will still be constrained by weak demand in Europe. As a result, 2013 looks to be a near repeat of 2012, with both trade and output expanding slowly, below their long-term average rates"*.

It is likely that, in the absence of any confirmed signs of recovery of the global economy and the international trading environment, the short-term outlook of CIMC will remain uncertain. It is short of supporting fact that CIMC would experience another exponential growth in its principal businesses in the short term and there is no absolute certainty that CIMC will continue to perform as in its previous financial years.

We are of the opinion that the Disposal represents a good opportunity to divest the Company's non-core investment and realize a reasonable cash return on the investment.

Improving cash liquidity and financial resources

As advised by the Management, the Group has been acquiring terminal assets and expanding its existing terminals to increase handling capacity. During FY2012, the Group has effectuated a number of expansion plans which required a total capital expenditure of approximately US$435 million. The Group began two terminal projects in early 2013. The first involved the acquisition of a 39.04% equity interest in Taicang Terminal from COSCO, further strengthening the Group's flagship status within the terminal business of COSCO. The Group also successfully acquired Berth 13 for break-bulk cargo at the Haicang port area of Xiamen Port to diversify its terminal investment. Based on the 2012 Annual Report, the Group's net debt-to-equity ratio (calculated as the ratio of total debt net of cash and cash equivalents and restricted bank deposits to total equity) was approximately 41.6% as at 31st December 2012, representing a slight increase of approximately 0.7 percentage points as compared to that as at 31st December 2011.

Given that the Group has a number of expansion plans, the Management considers that the net cash proceeds to be derived from the Disposal of approximately US$1,139 million, representing approximately 1.34 times of the cash balances of the Group as at 31st December 2012, will improve cash liquidity and financial resources of the Group. We understand from the Management that the Group intends to apply the net proceeds from the Disposal primarily to new terminal investments, further expansion of its container fleet and further improvement in working capital of the Group. As stated in the Letter from the Board, in line with the Group's long-term strategy to focus on terminal business with growing potential, the Group has constantly been exploring and evaluating different investment and/or acquisition opportunities in terminals in China, South East Asia, North America and Europe and has been in preliminary discussions with various third parties on pursuing potential investment and/or acquisition that are expected to derive reasonable return and/or long term value on the investments. The Group's selection criteria for its future investment and/or acquisition are made up of several factors: (1) the strategic location of the terminals; (2) the proven handling capacity of the terminals and expected growth potential; (3) operational efficiency of the terminals; and (4) the expected return and long-term value of the investment in the terminals. Up to the Latest Practicable Date, the discussions on these potential acquisition or investment opportunities were still in a preliminary stage and no legally-binding definitive documentation has been entered into by the Group. As such discussions are still on-going, there is no assurance that any investment or acquisition may ultimately materialize as a result thereof. Given the terminal business in which the Group is principally in are considered as capital intensive in nature, we agree with the view of the Directors that since there are impending funding needs for the expansion of the Group's core businesses and that the Disposal is a cash transaction, the net proceeds from the Disposal will increase the Group's general working capital and resources available to meet future expansion needs.

We have enquired of the Management as to the possibility of disposing its equity interest in CIMC to independent public investors by ways of private placement through placing agent(s). The Group's equity interest in CIMC comprises both CIMC A Shares and CIMC H Shares. In the event that there is any change of substantial holders of CIMC A Shares, it would cause CIMC a series of reporting or approval procedures with various regulatory bodies in the PRC. In view that (i) such reporting or approval procedures with regulatory bodies in the PRC may take time to complete; (ii) the Company may have to offer discounts in order to attract potential investors to acquire such significant number of shares of CIMC through private placements; and (iii) the Company would incur placing commission through private placements, the Management considers that the Disposal (by disposing all the equity interest in COSCO Container) is the most cost effective and efficient way to realise the Group's investment in CIMC. We are satisfied that the Disposal is at arm's length and on normal commercial terms. Notwithstanding that CIMC has been providing stable profit contribution to the Group in the past, given that (i) the diversifying development strategy of CIMC departs from the Group's investment philosophy of focusing in its core businesses with effective and majority control; (ii) the aggregate Consideration for the Sale Share and the Sale Loan of US$1,219,788,621 (please refer to section headed "6 Principal terms of the Agreements" below for details) represents reasonable premium to the prevailing market values of the Sale Shares; and (iii) the Disposal represents an opportunity for the Group to unlock its investment in CIMC and the proceeds from which can be utilized in the future development of its core businesses, we concur with the view of the Directors that, under the circumstances, there are benefits to relinquishing its holding of equity in CIMC under the Disposal to enhance investment value to the Shareholders and to redeploying the Group's capital and management resources to its core operational businesses.

Taking into account the reasons for and the benefits of the Disposal, we concur with the Directors' view that the entering into of the Agreement is in line with the Group's business strategy to streamline and rationalize its business interest; and we are of the view that the implementation of the Disposal is in the interest of the Company and the Shareholders as a whole.

6. Principal terms of the Agreement

Asset being disposed of

100% equity interest in COSCO Container by way of sale of shares in COSCO Container and assignment of the Sale Loan (which amounted to approximately US$347 million as at 31st March 2013). Details regarding the Agreement has been disclosed in the Letter from the Board.

COSCO Container is an investment holding company whose major asset is the Group's 21.80% equity interest in CIMC.

Consideration

As stated in the Letter from the Board, the Consideration for the Sale Share and the Sale Loan shall be US$1,219,788,621 (equivalent to approximately HK$9,469.3 million), as to (i) US$800 million shall be settled in US dollar; and (ii) the balance of the Consideration of approximately US$420 million shall be settled in Renminbi at an exchange rate of US$1=RMB6.1818 (equivalent to approximately RMB2,595.0 million), which shall be satisfied in the following manner:

(i) 50% of the Consideration shall be paid by the Purchaser to the Company at Completion; and

(ii) the balance of the Consideration shall be paid by the Purchaser to the Company within three months after Completion.

The Guarantor is a direct wholly-owned subsidiary of COSCO and it irrevocably and unconditionally agreed to guarantee the due and punctual performance and observance by the Purchaser of all its obligations under or pursuant to the Agreement. The guarantee is a continuing guarantee and shall remain in force until all the obligations of the Purchaser have been performed or satisfied.

As mentioned in the Letter from the Board, the deferred payment of the balance of the Consideration was requested by the Purchaser and it was agreed to by the Company and the Purchaser as a result of arm's length negotiations between the parties after taking into account the following factors: (i) security has been provided by the Purchaser in favour of the Company for securing the deferred payment obligations; and (ii) all the terms and conditions of the Disposal (including the amount of the Consideration) as a whole. To secure the Purchaser's payment obligations for the balance of the Consideration, a charge over the entire Sale Share incorporating COSCO Container's undertaking not to dispose of and deal with its major asset, being the 21.8% equity interest in CIMC, and the entire Sale Loan will upon completion be created by the Purchaser in favour of the Company. Pursuant to Rule 13.16 of the Listing Rules, the deferred payment of the Consideration to be payable within three months after Completion constitutes financial assistance to affiliated companies.

We consider that (i) the charge over the Sales Shares and the Sale Loan, and (ii) the Guarantee are measures to mitigate settlement risks and safeguard the interest of the Company.

Completion shall take place on or before the fifth business day after the last of the conditions precedent has been satisfied provided that such date shall in no event be earlier than 26th June 2013 and shall in no event be later than 31st December 2013 (or such later date as may be agreed amongst the parties). Upon Completion, COSCO Container will cease to be a subsidiary of the Company and the Company will cease to hold any interest in CIMC. Title to, beneficial ownership of, and any risk attaching to, the Sale Share shall pass to the Purchaser on Completion together with all associated rights and benefits attaching or accruing to it on or after Completion. For the avoidance of doubt, dividends declared in relation to the Sale Share prior to the Completion but not yet paid prior to the Completion (which include the final dividends payable by CIMC for the financial year ended 31st December 2012 at RMB 0.23 per share of CIMC) shall belong to the Purchaser. The Consideration was determined after commercial negotiations between the Company and the Purchaser on arm's length basis taking into account an independent valuation of COSCO Container prepared based on an asset approach with reference to: (i) the strategic value of the investment in

CIMC; (ii) the recent trading performance of the shares of CIMC; (iii) the market value of the shares of CIMC; and (iv) the net assets value of COSCO Container and the amount of the Sale Loan.

For illustrative purpose, based on the Consideration of US$1,219,788,621 (equivalent to approximately HK$9,469.3 million) and a total of 580,491,880 CIMC A Shares and CIMC H Shares (which represents the only assets of COSCO Container as at the date of the Agreement) and on the basis that each CIMC A Share and each CIMC H Share has the same one voting right for each CIMC A Share and each CIMC H Share held, the assumed Consideration per share held in CIMC by COSCO Container ("**the Assumed Consideration Per CIMC Share**") to be received from the Purchaser after Completion amounted to approximately US$2.10 (equivalent to approximately HK$16.31 or approximately RMB12.99) representing a premium of approximately 77.2% over RMB7.33, being the net asset value per CIMC Share attributable to the equity holders of CIMC as at 31st December 2012.

Valuation methodologies

We have reviewed the independent valuation of COSCO Container prepared by DTZ Debenham Tie Leung Limited ("**DTZ**"), and noted that the market value of all equity interest in COSCO Container and the Sale Loan was valued at US$1,219,788,621 as at 22nd April 2013. In view of the fact that the Consideration is the same as the valuation valued by DTZ as at 22nd April 2013, we agree with the Management that the Consideration was arrived at after arm's length negotiation and is fair and reasonable. As stated in the Valuation Report, the valuation for each CIMC H share and CIMC A share is HK$14.46 per share and RMB13.86 per share, respectively. For illustrative purpose, we set out below the comparison between the respective valuation per CIMC H Share and CIMC A Share and the historical prices of the CIMC H Share and CIMC A Share:

	CIMC H Share			CIMC A Share		
	Number of trading days during the period	**Average closing price for the period** *(HK$)*	**Valuation per CIMC H Share of HK$14.46 over the average closing price**	**Number of trading days during the period**	**Average closing price for the period** *(RMB)*	**Valuation per CIMC A Share of RMB13.86 over the average closing price**
Latest Practicable Date(Note 2)	1	14.12	2.4%	1	12.61	9.9%
Date of Agreement(Note 2)	1	14.12	2.4%	1	12.61	9.9%
22/04/2013(Note 3)	1	12.76	13.3%	1	12.44	11.4%
5-prior trading days	5	11.72	23.3%	5	12.01	15.4%
30-prior trading days	30	13.04	10.9%	30	12.53	10.6%
01/03/2013 to 22/04/2013	34	13.38	8.1%	35	12.64	9.7%
01/01/2013 to 22/04/2013	73	14.47	-0.1%	70	13.07	6.1%
01/10/2012 to 22/04/2013	N/A(Note 1)	N/A(Note 1)	N/A(Note 1)	131	11.71	18.4%

Notes:

1. CIMC H Shares listed on the Stock Exchange of Hong Kong on 19th December 2012.

2. The Latest Practicable Date and the date of Agreement are the same date (being 20th May 2013).

3. 22nd April 2013 is the date of valuation adopted in the Valuation Report.

As shown from the above table, each of the valuations per CIMC H Share and CIMC A Share represents (i) a premium over the closing prices per each of CIMC H Share and CIMC A Share on the date of the Agreement; and (ii) a premium over the closing prices per each of CIMC H Share and CIMC A Share on 22nd April 2013.

As a further illustration, pursuant to the Agreement, as the final dividend payable by CIMC for the financial year ended 31st December 2012 of RMB0.23 per share of CIMC shall belong to the Purchaser, the adjusted valuation per share after adjusting for the dividend for each CIMC H Share and CIMC A Share will be HK$14.17 and RMB13.63, respectively. We set out below the comparison between the respective adjusted valuation per CIMC H Share and CIMC A Share and the historical prices of the CIMC H Share and CIMC A Share:

	CIMC H-Share			**CIMC A-Share**		
	Number of trading days during the period	**Average closing price for the period** *(HK$)*	**Valuation per CIMC H Share (less 2012 dividend) of HK$14.17 over the average closing price**	**Number of trading days during the period**	**Average closing price for the period** *(RMB)*	**Valuation per CIMC A Share (less 2012 dividend) of RMB13.63 over the average closing price**
Latest Practicable Date *(Note 2)*	1	14.12	0.4%	1	12.61	8.1%
Date of Agreement *(Note 2)*	1	14.12	0.4%	1	12.61	8.1%
22/04/2013 *(Note 3)*	1	12.76	11.1%	1	12.44	9.6%
5-prior trading days	5	11.72	20.9%	5	12.01	13.5%
30-prior trading days	30	13.04	8.7%	30	12.53	8.8%
01/03/2013 to 22/04/2013	34	13.38	5.9%	35	12.64	7.9%
01/01/2013 to 22/04/2013	73	14.47	-2.1%	70	13.07	4.3%
01/10/2012 to 22/04/2013	N/A *(Note 1)*	N/A *(Note 1)*	N/A *(Note 1)*	131	11.71	16.4%

Notes:

1. CIMC H Shares listed on the Stock Exchange of Hong Kong on 19th December 2012.

2. The Latest Practicable Date and the date of Agreement are the same date (being 20th May 2013).

3. 22nd April 2013 is the date of valuation adopted in the Valuation Report.

As shown from the above table (calculated for illustrative purposes), each of the adjusted valuation per CIMC H Share and CIMC A Share represents (i) a premium over the closing prices per each of CIMC H Share and CIMC A Share on the date of the Agreement; and (ii) a premium over the closing prices per each of CIMC H Share and CIMC A Share on 22nd April 2013.

In order to assess the fairness and reasonableness of the methodology used in arriving at the said valuation, we have reviewed the Valuation Report prepared by DTZ and have discussed with DTZ regarding the basis of choosing the methodology adopted for the valuation. We were given to understand that the market value of all equity interest in COSCO Container was valued by way of asset approach. Asset-based approach is a mean of estimating the value of a business interest using methods based on the market value of individual business assets less liabilities. The identifiable assets in COSCO Container are the 21.80% equity interest in CIMC and DTZ have adopted the market approach methodologies including the price/earnings multiple ("**P/E multiple**") and the price/book multiple ("**P/B multiple**") to assess the market value of the 21.80% equity interest in CIMC. Based on the valuation of the 21.80% equity interest in CIMC and the management account of COSCO Container as at 31st March 2013, DTZ have re-adjusted the accounts to arrive at the valuation of all equity interest of COSCO Container as at 22nd April 2013 and added the amount of the Sale Loan to the market value of all the equity interest in COSCO Container to present the valuation of the market value of all the equity interest in COSCO Container and the Sale Loan.

DTZ confirmed that the valuation has complied with the requirements set out in The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors. During the course of our discussions with DTZ, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the methodology, principal bases and assumptions used in arriving at the valuation. We consider that (i) the asset approach adopted by DTZ for valuation of all the equity interest in CIMC is in line with the market practice of valuing asset-based companies; and (ii) the market approach adopted by DTZ for valuation of the 21.80% equity interest in CIMC is in line with the market practice of valuing listed companies on public stock exchange.

The Consideration of US$1,219,788,621 (equivalent to approximately HK$9,469.3 million) represents (i) a historical P/E multiple of approximately 22.20 times the unaudited net profit attributable to equity holders of COSCO Container in FY2012; and (ii) a historical P/B multiple of approximately 2.77 times the unaudited net assets of COSCO Container attributable to equity holders of CIMC after deducting minority interest as at 31st March 2013.

For the purpose of formulating an independent view in relation to the basis in arriving at the Consideration, given the fact that the major asset of COSCO Container comprise only its 21.80% equity interest in CIMC and that the principal business of COSCO Container is investment holding, we compared the P/E and P/B multiples implied by the Disposal as at 22nd April 2013 (being the date of valuation adopted in the Valuation Report) to that of the other companies listed on the Main Board of the Stock Exchange of Hong Kong with principal businesses similar to that of CIMC (the "**Comparables**").

Although the companies we have selected as the Comparables have principal businesses similar to that of CIMC, we wish to remind the Shareholders that the Comparables are each unique in themselves in terms of market capitalisation, scale of operations, profitability, liquidity and level of borrowings. Since the businesses, operations and prospects of CIMC may be different from those of the Comparables, the statistics presented below only provide a reference for the performance of listed companies in Hong Kong which are engaged in similar lines of business as CIMC and the comparison of trading multiples is solely for illustrative purpose. The relevant information is tabulated below:

			As at 22nd April 2013			**As at the date of the Agreement (for illustrative purpose only)**		
Stock code	**Company**	**Principal business activities**	**Approximate market capitalization** *(US$'million)*	**Approximate P/E multiple** *(Note 1)* *(times)*	**Approximate P/B multiple** *(Note 2)* *(times)*	**Approximate market capitalization** *(US$'million)*	**Approximate P/E multiple** *(Note 1)* *(times)*	**Approximate P/B multiple** *(Note 2)* *(times)*
716	Singamas Container Holdings Limited	Manufacturing of containers and related parts, container depot operation, and provision of container storage, repair and trucking as well as mid-stream service	573.62	9.51	0.99	611.04	10.13	1.06
2338	Weichai Power Co., Ltd.	Manufacturing of high-speed heavy-duty diesel engines which is used in heavy-duty vehicles, wheel-loaders, bulldozers and road-rollers	7,670.64	15.85	1.85	7,637.04	15.78	1.85
3899	CIMC Enric Holdings Ltd	Design, manufacturing and marketing of gas equipment, including compressors, pressure vessels, gas refueling station trailers, and other gas equipment, as well as transportation equipment such as containers, trailers, tank equipments and airport equipments	1,982.28	15.42	3.02	2,244.87	17.47	3.42

Stock code	Company	Principal business activities	As at 22nd April 2013 Approximate market capitalization (US$'million)	Approximate P/E multiple(Note 1) (times)	Approximate P/B multiple(Note 2) (times)	As at the date of the Agreement (for illustrative purpose only) Approximate market capitalization (US$'million)	Approximate P/E multiple(Note 1) (times)	Approximate P/B multiple(Note 2) (times)
631	Sany Heavy Equipment International Holdings Company Limited	Manufacturing and sale of roadheader, combined coal mining unit and coal mine transportation vehicles (including underground and surface) in Mainland China	1,299.96	16.09	1.43	1,159.18	14.35	1.27
			Maximum	16.09	3.02		17.47	3.42
			Minimum	9.51	0.99		10.13	1.06
			Mean	14.22	1.82		14.43	1.90
			Median	15.64	1.64		15.06	1.56
	The Disposal			22.20	2.77			

Source: Data extracted from the website of the Stock Exchange of Hong Kong (www.hkexnews.hk)

Note 1: For calculation of PE multiples, the latest full financial results of the respective Comparables were adopted.

Note 2: For calculation of PB multiples, the latest publicly available financial results of the respective Comparables were adopted.

(a) P/E multiples

As illustrated in the table above, the P/E multiples of the Comparables as at 22nd April 2013 range from approximately 9.51 times to approximately 16.09 times, with mean and median of approximately 14.22 times and approximately 15.64 times, respectively. The P/E multiple implied by the Disposal of approximately 22.20 times is higher than the highest value of the P/E multiple range of the Comparables.

(b) P/B multiples

As illustrated in the table above, the P/B multiples of the Comparables as at 22nd April 2013 range from approximately 0.99 time to approximately 3.02 times, with mean and median of approximately 1.82 times and approximately 1.64 times, respectively. The P/B multiple implied by the Disposal of approximately 2.77 times falls within the P/B multiple range of the Comparables and is higher than the mean and median of the P/B multiple range of the Comparables.

The Comparables are not strictly comparable with CIMC in terms of market capitalisation, scale of operations, profitability, liquidity or gearing. However, in summary, given the facts (i) the P/E multiple implied by the Disposal as at 22nd April 2013 of 22.20 times is higher than the highest value of the P/E multiple range of the Comparables; and (ii) the P/B multiple implied by the Disposal as at 22nd April 2013 of approximately 2.77 times falls within the PB multiple range of the Comparables and is higher than the mean and median of the P/B multiple range of the Comparables, we take the view that the Consideration is reasonable when compared to the Comparables.

Conditions precedent

Completion shall be conditional upon the satisfaction of the following conditions:

(a) the approval by the Independent Shareholders in the SGM in respect of the Agreement and the Disposal;

(b) the approval by the independent shareholders of China COSCO in a general meeting of China COSCO in respect of the Agreement and the Disposal; and

(c) the licenses, authorisations, consents, registrations and other approval necessary or desirable for the Completion, having been granted by the requisite governmental, court or other regulatory bodies.

Conclusion

Having considered that (i) the Agreement has been entered into after arm's length negotiation and its terms are fair and reasonable; (ii) each of the valuation per CIMC H Share and CIMC A Share represents various premium over the recent closing prices of each of CIMC H Share and CIMC A Share on 22nd April 2013 and on or around the date of the Agreement respectively; (iii) the Assumed Consideration Per CIMC Share of US$2.10 (equivalent to approximately HK$16.31 or approximately RMB12.99) represents a premium of approximately 77.2% over RMB7.33, being the net asset value per CIMC Share attributable to equity holders of CIMC as at 31st December 2012; (iv) the valuation of the Disposal is, in essence, justifiable after gauging the Consideration by using P/E multiple and P/B multiple, we consider that the Agreement is on normal commercial terms and its terms are fair and reasonable so far as the Independent Shareholders are concerned.

7. Expected financial impact on the Group as a result of the Disposal

Earnings

According to the Letter from the Board, the Disposal is expected to record an unaudited one-off pre-tax gain of approximately US$470.2 million for the Company, which is calculated with reference to, amongst others, (i) the net proceeds from the Disposal; (ii) the Group's share of net assets of the 21.80% equity interest in CIMC as at 31st March 2013 as reflected in the unaudited condensed consolidated financial statements of the Group for the three month period ended 31st March 2013; and (iii) the estimated direct expense for the

Disposal. The actual realizable gain or loss to the Company will be calculated based on the actual net book value of COSCO Container and other transaction costs payable arising from the Disposal as of the date of Completion.

Upon Completion, COSCO Container will cease to be a subsidiary of the Group and the accounts of COSCO Container will no longer be consolidated into the accounts of the Group, and effectively, the share of profit of the 21.80% equity interest in CIMC will no longer be included in the accounts of the Group.

As stated in the Letter from the Board, Shareholders are reminded that in spite of the unaudited one-off pre-tax gain of approximately US$470.2 million and the cash inflow of approximately US$1,220 million to be realised as a result of the Disposal, the future profit contribution of CIMC will no longer be equity-accounted for in the consolidated financial statements of the Group. In the financial years ended 31st December 2011 and 31st December 2012, the profit contribution from CIMC accounted for approximately 30.8% and approximately 18.1% respectively of the profit attributable to the equity holders of the Company. Though the investment return of the new terminal investments and container leasing business to be undertaken by the Group subsequent to the Disposal may not, in the short term, sufficiently cover the forgone profit contribution to be brought by CIMC to the Group as a result of the Disposal, the Directors consider that the medium-to-long term benefit expected to be derived from the redeployment of financial resources from the Disposal can outweigh the short-term uncertainty. It is our view also that there are strategic reasons strongly in support of the Disposal so that the Group can focus on its core businesses of container terminal and container leasing where it has majority control to enhance its profitability in the long term.

Net assets

Upon Completion, the Group's net assets will be (i) increased by the amount of the Consideration less the estimated other transaction costs payable; and (ii) offset by the decrease in the unaudited net assets of the Group's share of net assets of the 21.80% equity interest in CIMC as at the date of Completion.

Working capital

Upon Completion, it is expected to have significant increase in the cash position of the Group.

Conclusion

Taking into account of the above, we consider the Disposal is in the interest of the Company and the Shareholders as a whole.

OPINION

In arriving at our opinion, we have considered the principal factors and reasons discussed above, in particular,

(i) the reasons for, and benefits of, the Disposal;

(ii) the terms of the Agreement; and

(iii) the expected financial impact on the Group as a result of the Disposal.

Having considered the above principal factors and based on the information provided and the representations made to us, we are of the opinion that the terms of the Agreement are at arm's length negotiation, on normal commercial terms and are fair and reasonable, and that the Disposal is in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Disposal.

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

1. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's strategy is to further strengthen its position as the global industry leader in terminal and container leasing businesses.

In 2012, the Group remains as the world's fifth largest operator of container terminals. Looking ahead, the Group will continue to implement its long-term terminal development strategy in the following ways: (i) obtaining controlling interest in new terminals and increasing investments in existing terminals so that the Group can participate more effectively in the operation and management of its project companies, thereby enhancing the Group's equity throughput, revenue and profits; (ii) diversification in terminal investments through (a) diversifying into feeder ports to better capture the international and domestic cargo growth in China, and explore opportunities to expand into emerging markets such as South East Asia, Africa and South America, as well as transshipment hub ports in Europe and/or North America and (b) developing as a diversified terminal operator by expanding into bulk cargo terminals, oil terminals and special cargo terminals; and (iii) expansion of global terminal networks and increasing investment in leading ports in China with a view to enhancing its leadership as a top global terminal operator.

In relation to its container leasing business, the Group continues its leading position and was ranked as the world's fourth largest container leasing company in 2012. In view of the stable cashflow contribution from the container leasing business, the Group plans to further expand its container leasing fleet in the future, thereby enhancing and strengthening the profitability and cashflow position of the Group.

Despite the challenges that may be faced by the Group against the backdrop of uncertainties remaining in future global economic growth and capital market, the Group will strengthen its marketing and sales, cost-control and management functions and adopt a prudent financial management policy. The Group believes the Disposal is supportive of the Group's overall strategy as the cash proceeds will not only strengthen the Group's cashflow position for providing working capital funds for its existing business but also enable the Group to capture any future acquisition or investment opportunities in terminal and container leasing businesses.

2. INDEBTEDNESS OF THE GROUP

Borrowings

At the close of business on 31st March 2013, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had total borrowings of approximately US$3,207.9 million. Details of the total borrowings are summarised below:

	US$ million
Current:	
Short-term bank loans	90.2
Current portion of long-term bank loans	460.9
Notes payables	306.1
Amounts due to non-controlling shareholders of subsidiaries	115.1
Amount due to a jointly controlled entity	23.9
Non-current:	
Long-term bank loans, net of current portion	1,794.0
Notes payables	295.8
Loans from non-controlling shareholders of subsidiaries	121.9
Total	3,207.9

Apart from a secured long-term bank loan of US$198.7 million, all other borrowings are unsecured without guarantees.

Pledge of Assets

At the close of business on 31st March 2013, the Group pledged its property, plant and equipment with a total carrying amount of approximately US$18.1 million, and the Company's investment in a subsidiary amounted to US$105.4 million as securities for a banking facility granted to the Group.

Contingent liabilities and financial guarantee

At the close of business on 31st March 2013, the financial guarantee issued by the Group for an associate's utilised banking facilities was approximately US$23.7 million.

As disclosed in the sub-section headed "7. Litigation" in Appendix III to this circular, a statement of claim was issued on 19th October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. against the Company and Piraeus Container Terminal S.A. ("**Piraeus Terminal**"), a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The Directors and management of the Company, having taken legal advice, are of the view that the Company and Piraeus Terminal have good rebuttal to the arguments set forth in the appeal document. Nonetheless, it is not possible to predict the final outcome of this litigation with certainty. No provision has been made for the claims. For details regarding the claims, please refer to the sub-section headed "7. Litigation" in Appendix III to this circular.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the Group, as at the close of business on 31st March 2013, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry, taking into account the expected completion of the Disposal and the financial resources available to the Group, the Group has sufficient working capital to meet its present requirements for at least the next 12 months from the date of this circular.

4. 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 2012, being the date to which the latest published audited consolidated financial statements of the Company were made up.

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from DTZ Debenham Tie Leung Limited, an independent valuer, in connection with its opinion of market value of the interest in COSCO Container Industries Limited as at 22nd April 2013.

DTZ 戴德梁行
a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

24th May 2013

The Board of Directors
COSCO Pacific Limited
49th Floor, COSCO Tower,
183 Queen's Road Central,
Hong Kong

Dear Sirs,

Re: Market valuation of whole equity interest in COSCO Container Industries Limited 中遠集裝箱工業有限公司 (hereinafter refer as "the **COSCO Container Interest**")

INSTRUCTIONS, PURPOSE & DATE OF VALUATION

In accordance with the instruction of COSCO Pacific Limited (hereinafter refer as the "**Company**"), we have carried out a valuation of the market value of the COSCO Container Interest, a wholly-owned subsidiary of the Company. We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the COSCO Container Interest as at 22nd April 2013. We understand that the valuation will be used for disclosure purpose.

We are informed that COSCO Container Industries Limited (hereinafter refer as "**COSCO Container**") holds 16.23% equity interest in A Share and 5.57% equity interest in H Share of China International Marine Containers (Group) Co., Ltd. 中國國際海運集裝箱(集團)股份有限公司 (A Share Stock Code: 000039) (H Share Stock Code: 2039) ("**CIMC Interest**"). COSCO Container has no other major assets or business operations.

STATUS OF VALUER AND CONFLICTS OF INTEREST

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. Finally, we confirm that we have undertaken the valuation acting as an External Valuer. We confirm that we have no pecuniary or other interest that could conflict with valuation of the COSCO Container Interest.

We further confirm that we have no current, anticipated or previous recent involvement with the COSCO Container Interest and/or parties to the transaction and therefore do not consider that any conflict arises in preparing the advice requested.

DEFINITION OF MARKET VALUE

Our valuation of the COSCO Container Interest represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

COMPLIANCE WITH THE HKIS VALUATION STANDARDS

We confirm that the valuation has complied with the requirements set out in The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

SCOPE OF WORK AND LIMITATIONS

In performing the valuation, we have relied to a considerable extent on the financial information provided to us by the Company. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of COSCO Container Interest and other pertinent data concerning the COSCO Container Interest. We have also collected the public information as available in the market. We have not independently verified any of the information which has been provided to us. We have had no reason to doubt the truth and accuracy of the information provided to us which are material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

The valuation of an interest in a business enterprise requires consideration of all pertinent factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in the appraisal included but were not limited to, the following:

- the nature of the business and the history of the enterprises from its inception;
- the financial conditions of the business;
- the economic outlook in general; and

- its operating results;

In valuing the COSCO Container Interest, we have not ascertained the titles or the ownership of the COSCO Container Interest but we have relied on the advice given by the Company on the PRC and Hong Kong law regarding the Company's interest in COSCO Container.

ASSUMPTIONS

The key assumptions adopted in arriving at our valuation are as follows:

- the current financial, economic and political conditions which prevail in Hong Kong and the PRC and in the neighboring cities/countries and which are material to the revenues generated by the businesses will remain unchanged;

- the conditions in which the business is being operated and which are material to revenue and costs of businesses will remain unchanged;

- the current taxation and legislation of COSCO Container will remain unchanged;

- inflation and interest rates will remain unchanged from the rates prevailing at the date of valuation; and

- competent management, key personnel and technical staff will be maintained to support the ongoing operation of COSCO Container.

APPROACH TO VALUATION

In arriving at our opinion on the market value of the COSCO Container Interest, we have adopted the asset-based approach to arrive at our opinion of the market value.

Asset-based Approach is a mean of estimating the value of a business interest using methods based on the market value of individual business assets less liabilities.

In our valuation, as agreed with the Company, the identifiable assets for us to value are CIMC Interest. As discussed with the Company, for other assets and liabilities, we have no comment and made no adjustment to the management accounts provided the Company. For the valuation of CIMC Interest, we have adopted the market approach known as the price/earnings ("**P/E**") multiple methodology and the price/book ("**P/B**") multiple methodology to assess the market value of CIMC Interest.

In our opinion, on the basis of the information made available to us, the market value of CIMC Interest as at 22nd April 2013 was reasonably stated at the amount of RMB7,696,305,261 (RENMINBI SEVEN BILLION SIX HUNDRED NINETY SIX MILLION THREE HUNDRED FIVE THOUSAND TWO HUNDRED SIXTY ONE ONLY) as summarized below:

CIMC Interest	No. of Share	Market Value as at 22nd April 2013	Market Value as at 22nd April 2013
16.23% equity interest in A Share	432,171,843 A Shares	RMB13.86 per A Share	RMB5,988,808,440
5.57% equity interest in H Share	148,320,037 H Shares	HK$14.46 per H Share	HK$2,144,513,558 Equivalent to RMB1,707,496,821
Grand Total			**RMB7,696,305,261**

Based on above valuation result of CIMC Interest and the management account of COSCO Container as at 31st March 2013 (we are advised by the Company that the management account of COSCO Container as at 31st March 2013 is applicable to 22nd April 2013); we have arrived at our opinion of the COSCO Container Interest as at 22nd April 2013.

CURRENCY AND EXCHANGE RATE

Unless otherwise stated, all sums stated in our valuation are in US$ or RMB. In addition, the exchange rate adopted in our valuation is US$1=RMB$6.1818 which was the approximate exchange rate prevailing as at the date of valuation and there has been no significant fluctuation in such rates between that date and the date of this letter.

REMARKS

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While we have exercised our professional judgment in arriving at the appraisal, you are urged to consider carefully the nature of such assumptions which are disclosed in this report and should exercise caution when interpreting this report.

Our opinion of the market value of the subject in this report is valid only for the stated purpose and only for the effective date of the appraisal. No responsibility is taken for any changes in the market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or conditions, which occur subsequent to the date hereof.

VALUATION

Based on the valuation for CIMC Interest, the valuation of COSCO Container Interest is shown as below:

	(Unaudited) Consol *US$*	(Unaudited) Consol *RMB*	(Market Value) Consol *RMB*
NON-CURRENT ASSET			
Investment in CIMC	811,848,652	5,018,685,999	7,696,305,261
CURRENT ASSETS			
Other receivables	7,394	45,710	45,710
LONG TERM LIABILITIES			
Amount due to the Company	346,983,721	2,144,983,967	2,144,983,967
Deferred taxation	25,212,992	155,861,672	155,861,672
Net Asset Value	439,659,333	2,717,886,070	5,395,505,332
100% equity interest			RMB5,395,505,332 Equivalent to US$872,804,900

Note:

1) As advised by the Company, the amount due to the Company (US$346,983,721) refers to Sale Loan (the unsecured, non-interest bearing and on-demand loan outstanding and owing from COSCO Container to the Company).

CONCLUSION

In our opinion, on the basis of the information made available to us, the market value of COSCO Container Interest as at 22nd April 2013 was reasonably stated at the amount of US$872,804,900 (UNITED STATE DOLLARS EIGHT HUNDRED SEVENTY TWO MILLION EIGHT HUNDRED FOUR THOUSAND NINE HUNDRED ONLY or equivalent to RMB5,395,505,332 (RENMINBI FIVE BILLION THREE HUNDRED NINETY FIVE MILLION FIVE HUNDRED FIVE THOUSAND THREE HUNDRED THIRTY TWO ONLY).

We have added the Sale Loan to the COSCO Container Interest together for reference as below:

	US$	*Equivalent to RMB*
100% equity interest	US$872,804,900	RMB5,395,505,332
Sale Loan *(Please see Note 1)*	US$346,983,721	RMB2,144,983,967
Total	**US$1,219,788,621**	**RMB7,540,489,299**

In our opinion, on the basis of the information made available to us, the market value of COSCO Container Interest plus Sale Loan as at 22nd April 2013 was reasonably stated at the amount of US$1,219,788,621 (UNITED STATE DOLLARS ONE BILLION TWO HUNDRED NINETEEN MILLION SEVEN HUNDRED EIGHTY EIGHT THOUSAND SIX HUNDRED TWENTY ONE ONLY or equivalent to RMB7,540,489,299 (RENMINBI SEVEN BILLION FIVE HUNDRED FORTY MILLION FOUR HUNDRED EIGHTY NINE THOUSAND TWO HUNDRED NINETY NINE ONLY).

We attach herewith the Executive summary.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Business Valuer registered with
the Hong Kong Business Valuation Forum
MSc, MRICS, MHKIS
Director

Executive Summary

Market Valuation of whole equity interest in COSCO Container Industries Limited 中遠集裝箱工業有限公司

Prepared for	:	COSCO Pacific Limited
Purpose	:	Disclosure purpose
Date of Valuation	:	22nd April 2013
Valuation Report no.	:	F13-000338-01
Approach To Valuation	:	Asset-based Approach
Currency and Exchange rate	:	US$1=RMB6.1818
Market Value of whole equity interest in COSCO Container Industries Limited	:	US$872,804,900 (UNITED STATE DOLLARS EIGHT HUNDRED SEVENTY TWO MILLION EIGHT HUNDRED FOUR THOUSAND NINE HUNDRED ONLY or equivalent to RMB5,395,505,332 (RENMINBI FIVE BILLION THREE HUNDRED NINETY FIVE MILLION FIVE HUNDRED FIVE THOUSAND THREE HUNDRED THIRTY TWO ONLY)
Market Value of whole equity interest in COSCO Container Industries Limited plus Sale Loan	:	US$1,219,788,621 (UNITED STATE DOLLARS ONE BILLION TWO HUNDRED NINETEEN MILLION SEVEN HUNDRED EIGHTY EIGHT THOUSAND SIX HUNDRED TWENTY ONE ONLY or equivalent to RMB7,540,489,299 (RENMINBI SEVEN BILLION FIVE HUNDRED FORTY MILLION FOUR HUNDRED EIGHTY NINE THOUSAND TWO HUNDRED NINETY NINE ONLY)

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 INTEREST OF DIRECTORS

(a) As at the Latest Practicable Date, the interest 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 interest 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 interest	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 *(HK$)*	Number of share options outstanding as at the Latest Practicable Date	Percentage of total issued share capital as at the Latest Practicable Date	Exercisable period	Notes
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)

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 on 18th 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.

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

(iii) Long positions in the shares of associated corporations

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of H shares held as at the Latest Practicable Date	Percentage of total issued H share capital of the associated corporation as at the Latest Practicable Date
China COSCO Holdings Company Limited	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 Holdings Company Limited	Mr. LI Yunpeng	Interest of spouse	Family	3,000	0.00004%
	Mr. WAN Min	Beneficial Owner	Personal	35,000	0.0005%
	Mr. QIU Jinguang	Beneficial Owner	Personal	6,400	0.00008%

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 *(HK$)*	Number of share options outstanding as at the Latest Practicable Date	Percentage of total issued share capital of the associated corporation as at the Latest Practicable Date
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	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
			(HK$)			
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. 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)

Notes:

(1) The share appreciation rights were granted by China COSCO, an associated corporation of the Company and a company listed on the Stock Exchange and the Shanghai Stock Exchange, in units with each unit representing one H share of China COSCO, on 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	Vice President
Mr. WAN Min	Vice President
Mr. FENG Jinhua	Chief Financial Officer
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
Mr. TANG Runjiang	General Manager of the Finance 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. 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 interest 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' INTEREST 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 INTEREST 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 2012, 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. FENG Jinhua, Mr. FENG Bo, Mr. WANG Haimin, Mr. WANG Wei and Mr. TANG Runjiang held directorships and/or senior management positions in COSCO and/or COSCO Container Lines Company Limited and their respective associates and/or other companies which have interest in container terminals (the "**Container Terminal Interest**").

The Board is of the view that the Group is capable of carrying on its businesses independently of the Container Terminal Interest. 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 interest of the Group.

7. LITIGATION

As disclosed under the section headed "Financial Review – Financial Position – Contingent liabilities" of the Company's annual report for the financial year ended 31st December 2012, a statement of claim was issued on 19th October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("**ADK**") against the Company and Piraeus Container Terminal S.A. ("**Piraeus Terminal**"), a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. ADK has claimed approximately Euro 5,800,000 (equivalent to approximately US$7,400,000) in total. The Company and Piraeus Terminal have defended all material claims at the trial hearing held on 30th November 2010.

The Court of First Instance of Athens has issued and pronounced judgment on the case and has dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and has awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$38,000) against the plaintiff (ADK). The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law. The hearing of this appeal before the Court of Appeals of Athens has been re-scheduled from 13th November 2012 to 26th November 2013 due to the strike called by the Association of the Justices of the Greek courts.

The Directors and management of the Company, having taken legal advice, are of the view that the Company and Piraeus Terminal have good rebuttal to the arguments set forth in the appeal document. Nonetheless, it is not possible to predict the final outcome of this litigation with certainty.

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

8. EXPERTS AND CONSENTS

(a) The followings are the qualification of the experts who have 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
DTZ Debenham Tie Leung Limited	an independent valuer

(b) As at the Latest Practicable Date, each of AIM and DTZ Debenham Tie Leung Limited 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, each of AIM and DTZ Debenham Tie Leung Limited did not have any direct or indirect interest in any asset which had been, since 31st December 2012, 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) Each of AIM and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letter each dated 24th May 2013 (as set out on pages 15 to 44 and Appendix II respectively of and made for incorporation in this circular) and references to its name in the form and context in which it respectively appears.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date:

(a) a conditional capital subscription agreement (the "**Subscription Agreement**") dated 22nd November 2011 and entered into between (i) the Company, (ii) Florens Capital Management Company Limited ("**Florens Capital**"), a then wholly owned subsidiary of the Company, and (iii) COSCO (Cayman) Fortune Holding Co., Ltd. ("**Fortune Holding**") pursuant to which, inter alia, Fortune Holding or its wholly owned subsidiary as nominated by it would subscribe for 1,000 shares of HK$1.00 each in the share capital of Florens Capital (the "**Subscription Shares**") for cash at the subscription price of HK$1,000 in aggregate and advance a shareholder's loan of US$50,000,000 to Florens Capital. The Subscription Shares represented 50% of the issued share capital of Florens Capital as enlarged by the issue of the Subscription Shares;

(b) a subscription agreement dated 24th January 2013 and entered into between (i) COSCO Pacific Finance (2013) Company Limited ("**CPL Finance (2013)**"), a wholly owned subsidiary of the Company, as the issuer, (ii) the Company as the guarantor and (iii) BOCI Asia Limited, Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc and UBS AG, Hong Kong Branch together as the joint lead managers in relation to the issue of US$300,000,000 4.375% guaranteed notes due 2023 by CPL Finance (2013);

(c) an agreement dated 24th January 2013 and entered into between COSCO Pacific (China) Investments Co., Ltd. ("**CP (China)**"), a wholly owned subsidiary of the Company, and COSCO pursuant to which COSCO agreed to sell and CP (China) agreed to acquire 39.04% equity interest in Taicang International Container

Terminal Co., Ltd. Completion of the acquisition is subject to the satisfaction of certain conditions precedent set out in the agreement. The consideration for the transaction as approved by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC was approximately RMB323,109,000; and

(d) an agreement dated 25th February 2013 and entered into between Xiamen Ocean Gate Container Terminal Co., Ltd. ("**Xiamen Ocean Gate**"), a non-wholly owned subsidiary of the Company, and Xiamen Haicang Investment Group Co., Ltd. ("**Xiamen Haicang**") pursuant to which Xiamen Haicang agreed to sell and Xiamen Ocean Gate agreed to acquire 100% equity interest in Xiamen Haitou Tongda Terminal Co., Ltd. for a consideration of RMB205,864,000.

10. 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 Bye-laws of the Company;

(b) the Agreement;

(c) the material contracts referred to in the paragraph headed "9. Material Contracts" in this appendix;

(d) the annual reports of the Group for the two financial years ended 31st December 2011 and 31st December 2012;

(e) the written consents from the experts referred to in the paragraph headed "8. Experts and Consents" in this appendix;

(f) the letter from AIM dated 24th May 2013 setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the Disposal, the text of which is set out in pages 15 to 44 of this circular;

(g) the valuation report prepared by DTZ Debenham Tie Leung Limited dated 24th May 2013, the text of which is set out in Appendix II to this circular; and

(h) this circular.

11. 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, 13th June 2013, at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following as ordinary resolution of the Company:

ORDINARY RESOLUTION

THAT:

(a) the entering into of the conditional sale and purchase agreement dated 20th May 2013 (the "**Agreement**") between the Company as the Vendor, Long Honour Investments Limited as the Purchaser and COSCO (Hong Kong) Group Limited as the Guarantor in relation to the disposal of the entire issued share capital of COSCO Container Industries Limited and the assignment of the unsecured, non-interest bearing and on-demand loan outstanding and owing from COSCO Container Industries Limited to the Company as at the date of completion of the transactions contemplated thereunder as described in the circular of the Company dated 24th May 2013 (the "**Circular**") (a copy of the 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; and

(b) the director(s) of the Company be and are hereby authorised for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorise 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 Agreement and the transactions contemplated thereunder and as they may in their discretion consider to be in the interest of the Company.

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

Hong Kong, 24th May 2013

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.