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

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

**If you have sold or transferred** all your shares in **China COSCO Holdings Company Limited**, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser and transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**中國遠洋控股股份有限公司**

**China COSCO Holdings Company Limited\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock code : 1919)

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF SHAREHOLDING INTEREST IN  
CHONG HING BANK LIMITED**

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



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A letter from the Board is set out from pages 5 to 14 of this circular.

A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 36 of this circular.

A notice convening the EGM of the Company to be held at Conference Room, Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC, at 4:00 p.m. or so soon thereafter as the A Shares class meeting of the Company shall have been concluded or adjourned on 23 October 2007 is set out on pages 49 to 50 of this circular. Form of proxy for use at the EGM is enclosed.

Whether or not you propose to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon. If you intend to attend the EGM, you are required to complete and return the notice of attendance to Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 3 October 2007. The proxy form should be returned to Computershare Hong Kong Investor Services Limited not less than 24 hours before the time appointed for the meetings or any adjourned meetings thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

\* *The Company is registered as an overseas company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name "China COSCO Holdings Company Limited".*

14 September 2007

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## DEFINITIONS

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

“Announcement”	announcement published by the Company dated 24 August 2007
“A Shares”	A share(s) of RMB1.00 each in the issued share capital of the Company listed on the Shanghai Stock Exchange
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Bank”	Chong Hing Bank Limited, a company incorporated in Hong Kong with limited liability whose shares are listing on the Main Board of the Stock Exchange
“Bank Share(s)”	ordinary share(s) of HK\$0.50 each in the capital of the Bank
“Bauhinia 97”	Bauhinia 97 Limited, a company incorporated in the Cayman Islands with limited liability and a wholly owned subsidiary of COSCO Pacific
“Board”	board of Directors
“Company”	China COSCO Holdings Company Limited, a joint stock limited company incorporated in the PRC with limited liability, of which its H Shares are listed on the Stock Exchange and its A Shares are listed on The Shanghai Stock Exchange, and an indirect holding company of COSCO Pacific
“Completion”	completion of the sale and purchase of the Sale Shares and Sale Loan pursuant to and in accordance with the Sales and Purchase Agreement
“Consideration”	cash consideration for the Sale Shares and the Sale Loan
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“COSCO”	China Ocean Shipping (Group) Company, a company established under the laws of the PRC and the ultimate controlling shareholder of the Company
“COSCO Group”	COSCO and its associates (unless otherwise stated, excluding the Group and the COSCO Pacific Group)

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## DEFINITIONS

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“COSCO Investments”	COSCO Investments Limited, a company incorporated in the British Virgin Islands with limited liability and registered under Part XI of the Companies Ordinance of Hong Kong which holds 8.93% of the issued share capital of COSCO Pacific as at the Latest Practicable Date and an indirect subsidiary of the Company
“COSCO Pacific”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange, and a subsidiary of the Company
“COSCO Pacific Group”	COSCO Pacific and its subsidiaries
“COSCO Pacific Investment”	COSCO Pacific Investment Holdings Limited, a limited liability company incorporated in Hong Kong which holds 42.12% of the issued share capital of COSCO Pacific as at the Latest Practicable Date and an indirect subsidiary of the Company
“DBS”	DBS Asia Capital Limited, a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder
“Director(s)”	director(s) of the Company
“Disposal”	disposal by COSCO Pacific of the Sale Shares and Sale Loan to the Purchaser pursuant to the Sale and Purchase Agreement
“EGM”	extraordinary general meeting of the Company to be convened for the purpose of considering by the Independent Shareholders the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“H Shares”	H share(s) of RMB1.00 each in the issued share capital of the Company listed on the Stock Exchange
“HKMA”	Hong Kong Monetary Authority
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	independent board committee of the Board consisting of three independent non-executive Directors including Ms. Li Boxi, Mr. Tsao Wen King, Frank and Mr. Alexander Reid Hamilton
“Independent Financial Adviser”	DBS
“Independent Shareholders”	Shareholders other than COSCO and its associates
“Latest Practicable Date”	10 September 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Purchaser”	COSCO (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of COSCO
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	conditional sale and purchase agreement dated 24 August 2007 entered into between COSCO Pacific and the Purchaser in relation to the sale and purchase of the Sale Shares and Sale Loan
“Sale Loan”	unsecured and non-interest bearing loan outstanding and owing from Bauhinia 97 to COSCO Pacific and repayable on demand as at the date of Completion
“Sale Shares”	two ordinary shares of US\$1.00 each in the issued share capital of Bauhinia 97
“SGM”	special general meeting of COSCO Pacific to be convened to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Shares(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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## LETTER FROM THE BOARD

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中國遠洋控股股份有限公司

**China COSCO Holdings Company Limited\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code : 1919)**

*Directors:*

Mr. WEI Jiafu<sup>1</sup> (Chairman and CEO)  
Mr. ZHANG Fusheng<sup>2</sup> (Vice Chairman)  
Mr. CHEN Hongsheng<sup>1</sup> (President)  
Mr. LI Jianhong<sup>2</sup>  
Mr. Xu Lirong<sup>2</sup>  
Mr. Zhang Liang<sup>2</sup>  
Ms. SUN Yueying<sup>2</sup>  
Ms. LI Boxi<sup>3</sup>  
Mr. TSAO Wen King, Frank<sup>3</sup>  
Mr. Alexander Reid HAMILTON<sup>3</sup>  
Mr. CHENG Mo Chi<sup>3</sup>

<sup>1</sup> Executive Director

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

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

*Registered office:*

3rd Floor, No.1 Tongda Square  
Tianjin Port Free Trade Zone,  
Tianjin 300461, the PRC

*Head office and principal place  
of business in Hong Kong:*

49th Floor  
COSCO Tower  
183 Queen's Road Central  
Hong Kong

14 September 2007

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF SHAREHOLDING INTEREST  
IN CHONG HING BANK LIMITED**

**I. INTRODUCTION**

Reference is made to the Announcement in relation to the entering into of the Sale and Purchase Agreement and the Disposal. Pursuant to the Sale and Purchase Agreement, COSCO Pacific agreed to sell and the Purchaser agreed to purchase (a) the Sale Shares, representing the entire issued share capital of Bauhinia 97; and (b) the rights of and benefits in the Sale Loan, for an aggregate cash consideration of HK\$2,088 million.

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## LETTER FROM THE BOARD

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The Disposal constitutes a discloseable transaction for the Company under the Listing Rules as the asset ratio of the Company for the Disposal exceeds 5% but is less than 25%. As COSCO is a substantial shareholder and a connected person of the Company and COSCO Pacific, and the Purchaser is a wholly owned subsidiary of COSCO and thus an associate of COSCO, the Disposal also constitutes a connected transaction for the Company and COSCO Pacific under the Listing Rules and is, accordingly, subject to the approval of the Independent Shareholders at the EGM and the approval of the independent shareholders of COSCO Pacific at the SGM, respectively.

The purposes of this circular are to provide, among other things, (i) further information in relation to the Sale and Purchase Agreement and the Disposal; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM.

### II. THE SALE AND PURCHASE AGREEMENT DATED 24 AUGUST 2007

#### Parties:

**Vendor** : COSCO Pacific

**Purchaser** : the Purchaser, an indirect wholly owned subsidiary of COSCO, the controlling Shareholder

#### Assets being disposed of:

- a) the Sale Shares, representing the entire issued share capital of Bauhinia 97; and
- b) the rights of and benefits in the Sale Loan. For reference purpose, based on the unaudited management accounts of Bauhinia 97 for the six months ended 30 June 2007, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, the Sale Loan amounted to approximately US\$169.6 million (equivalent to approximately HK\$1,322.7 million) as at 30 June 2007.

Pursuant to the Sale and Purchase Agreement, the interim dividend for the six months ended 30 June 2007 in respect of the 87 million Bank Shares held by Bauhinia 97 shall belong to and be kept in Bauhinia 97.

Please refer to the section headed “Information on Bauhinia 97 and the Bank” for further details.

#### Cash Consideration:

HK\$2,088 million in cash in aggregate for the Sale Shares and the Sale Loan, which shall be payable in full upon Completion. The Consideration is on a dollar for dollar basis in respect of the Sale Loan with the remainder attributable to the Sale Shares, and no adjustment will be required in respect of any subsequent changes in the amount of the Sale Loan prior to Completion.



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## LETTER FROM THE BOARD

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The Consideration was determined after commercial negotiations between the parties at arm's length basis and with reference to the strategic value of the investment in the Bank, the recent financial performance of the Bank, the recent trading performance of the Bank Shares, the comparable precedent transactions and the price to book ratio of 1.68 times the unaudited net asset value of the Bank as at 30 June 2007.

The Consideration translates to an implied valuation of HK\$24.00 per Bank Share held by Bauhinia 97 (calculated by dividing the Consideration by the 87 million Bank Shares held by Bauhinia 97) which represents:

- a) a premium of approximately 33.19% over the closing share price of HK\$18.02 per Bank Share as quoted on the Stock Exchange on 24 August 2007, being the date of the Sale and Purchase Agreement (the "Last Trading Day");
- b) a premium of approximately 29.66% over the average closing share price of approximately HK\$18.51 per Bank Share as quoted on the Stock Exchange over the last 30 trading days up to and including the Last Trading Day;
- c) a premium of approximately 25.39% over the average closing share price of approximately HK\$19.14 per Bank Share as quoted on the Stock Exchange over the last 180 trading days up to and including the Last Trading Day;
- d) a premium of approximately 38.57% over the closing share price of HK\$17.32 per Bank Share as quoted on the Stock Exchange on the Latest Practicable Date;
- e) an implied price earnings ratio of approximately 20.69 times the earnings per Bank Share of approximately HK\$1.16 for the year ended 31 December 2006; and
- f) a premium of approximately 68.42% over the unaudited net asset value of approximately HK\$14.25 per Bank Share as at 30 June 2007.

### **Conditions precedent:**

Completion of the Sale and Purchase Agreement is conditional upon the following conditions having been fulfilled or waived in accordance with the Sale and Purchase Agreement on or before 31 March 2008:

- a) the passing by the Independent Shareholders at the EGM (at which COSCO and its associates shall abstain from voting) of an ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder;
- b) the passing by the independent shareholders of COSCO Pacific at the SGM (at which the Company and its associates shall abstain from voting) of an ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder;

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## LETTER FROM THE BOARD

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- c) the granting of the written consent by HKMA pursuant to section 70 of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) to the Purchaser becoming a minority shareholder controller (as defined under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) of the Bank by virtue of the acquisition of the Sale Shares pursuant to the Sale and Purchase Agreement (subject to any conditions which may be imposed by HKMA, to which neither the Purchaser nor COSCO Pacific may unreasonably object); and
- d) if so required, the obtaining of all such other regulatory approvals and government consents of any relevant jurisdiction as may be necessary for the entering into of the Sale and Purchase Agreement and/or for Completion.

If the aforesaid conditions have not all been fulfilled by 31 March 2008 or such other day as COSCO Pacific and the Purchaser shall agree, the Sale and Purchase Agreement shall lapse and neither COSCO Pacific nor the Purchaser shall have any claim against the other party except in respect of any antecedent claim or breach.

### Completion:

Completion of the Sale and Purchase Agreement shall take place on the second business day after the fulfillment of the above conditions (or such other date as may be agreed by COSCO Pacific and the Purchaser).

### III. INFORMATION ON BAUHINIA 97 AND THE BANK

#### Bauhinia 97

Bauhinia 97 is a company incorporated in the Cayman Islands. It is an investment holding company and a wholly owned subsidiary of COSCO Pacific. Bauhinia 97 has no business operation other than its holding of the 87 million Bank Shares, representing 20% of the entire issued share capital of the Bank as at the Latest Practicable Date. Upon Completion, Bauhinia 97 will cease to be a subsidiary of COSCO Pacific.

The following table sets out the summarised financial information of Bauhinia 97 (which has included Bauhinia 97's share of net assets and results of the Bank under the equity method) as extracted from the management accounts of Bauhinia 97, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, for the years ended 31 December 2005 and 31 December 2006 and for the six months ended 30 June 2007:

#### (Unaudited)

	For the year ended 31 December			
	2005		2006	
	US\$'000	HK\$'000	US\$'000	HK\$'000
	(equivalent)		(equivalent)	
Profit before and after taxation	<u>10,023</u>	<u>78,183</u>	<u>12,777</u>	<u>99,661</u>

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## LETTER FROM THE BOARD

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### As at 31 December 2006

	<i>US\$'000</i>	<i>HK\$'000</i> (equivalent)
Net asset value	<u>474</u>	<u>3,697</u>

### As at 30 June 2007

	<i>US\$'000</i>	<i>HK\$'000</i> (equivalent)
Net asset value	<u>8,144</u>	<u>63,523</u>

### The Bank

The Bank is a company incorporated in Hong Kong and a bank licenced by the HKMA pursuant to the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, and is listed on the Main Board of the Stock Exchange. The Bank and its subsidiaries are principally engaged in the business of retail and commercial banking and financial services.

The following table sets out the summarised financial information of the Bank, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, as extracted from its published audited financial statements for the years ended 31 December 2005 and 31 December 2006 and its published unaudited financial statements for the six months ended 30 June 2007:

### (Audited)

	<b>For the year ended 31 December</b>	
	<b>2005</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	468,801	570,914
Profit after taxation	<u>397,983</u>	<u>503,144</u>

### As at 31 December 2006

	<i>HK\$'000</i>
Net asset value	<u>6,051,730</u>

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## LETTER FROM THE BOARD

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(Unaudited)

As at 30 June 2007

HK\$'000

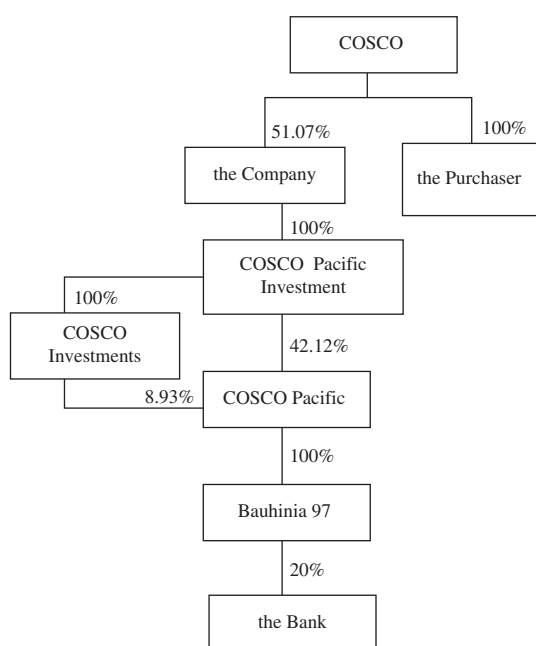
Net asset value

6,198,912

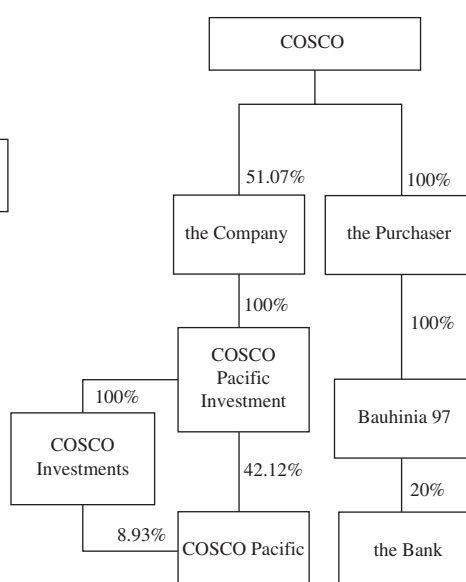
### IV. SIMPLIFIED CORPORATE STRUCTURE

The following sets out the simplified corporate structures in respect of the shareholding of the Company, COSCO Pacific, Bauhinia 97 and the holding of 20% shareholding interest in the Bank as at the Latest Practicable Date and immediately after Completion:

**As at the Latest Practicable Date**



**Immediately after Completion**



### V. BACKGROUND TO, AND REASONS FOR, THE DISPOSAL

COSCO is the controlling Shareholder. Accordingly, members of the COSCO Group (other than the Company and its subsidiaries) are connected persons of the Company.

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

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## LETTER FROM THE BOARD

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

The COSCO Pacific Group acquired the 87 million Bank Shares in 1997, representing 20% of the issued share capital of the Bank as at the Latest Practicable Date and has held its investment in the Bank as a long-term investment since then. Over the past ten years, the COSCO Pacific Group has continuously modified and refined its corporate strategies with a view to enhancing its enterprise value for its shareholders. The COSCO Pacific Group has adopted a vision to transform its business model by becoming a leading global port operator and by focusing on ports as the principal earnings driver. As such, the COSCO Pacific Group's holding in the 20% shareholding interest in the Bank has become a non-core investment. The Disposal provides an opportunity for the COSCO Pacific Group to divest its non-core investment and the cash consideration from the Disposal will be used for investments in its core businesses. The COSCO Pacific Group intends to apply the Consideration primarily to new and existing terminal investments. However, no negotiations or agreements on specific new terminal investment to which the Consideration may be applied have been finalized as at the Latest Practicable Date.

The Directors are of the opinion that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The directors of COSCO Pacific are of the opinion that the Sale and Purchase Agreement is on normal commercial terms and in the ordinary and usual course of business of the COSCO Pacific Group, and its terms are fair and reasonable and in the interests of COSCO Pacific and the shareholders of COSCO Pacific as a whole.

## VI. FINANCIAL EFFECTS OF THE DISPOSAL

### Earnings

The profit attributable to the 20% shareholding interest in the Bank as reflected in the audited financial statements of the COSCO Pacific Group for the year ended 31 December 2006 amounted to approximately US\$12.8 million (equivalent to approximately HK\$99.8 million), representing approximately 4.3% of the COSCO Pacific's profit after taxation for the year and approximately 3% of the Group's profit after taxation for the year. The Bank will cease to be an associated company of COSCO Pacific following the Completion.

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## LETTER FROM THE BOARD

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The directors of COSCO Pacific expect that the COSCO Pacific Group will realise an estimated gain of approximately US\$89.9 million (equivalent to approximately HK\$701.2 million) from the Disposal. The estimated gain on the Disposal is calculated with reference to the Consideration and the share of net assets of the 20% shareholding interest of the Bank as at 30 June 2007 as reflected in the unaudited condensed consolidated financial statements of the COSCO Pacific Group. The actual gain on the Disposal will be subject to change as the amount will be calculated based on the COSCO Pacific Group's share of net assets of the Bank as of the date of the Completion.

### **Assets and liabilities**

Upon Completion, the COSCO Pacific Group's interest in associated companies will decrease by approximately US\$177.8 million (equivalent to approximately HK\$1,386.8 million) (being the COSCO Pacific Group's share of net assets of the Bank as at 30 June 2007), which accounted for approximately 5.1% of the COSCO Pacific Group's consolidated total assets as at 30 June 2007 and approximately 3% of the Group's consolidated total assets as at 30 June 2007. COSCO Pacific will receive the Consideration of HK\$2,088 million in cash. The cash receipt of the Consideration is intended to be used for the purpose as further described in the paragraph headed "Background to, and reasons for, the Disposal" above.

Taking into account all of the above, it is estimated that the consolidated total assets and net assets of the COSCO Pacific Group will be increased by approximately US\$89.9 million (equivalent to approximately HK\$701.2 million). The Disposal should have no significant effect on the Group's liabilities and the COSCO Pacific Group's liabilities.

### **VII. LISTING RULES IMPLICATIONS**

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules as the asset ratio of the Company for the Disposal exceeds 5% but is less than 25%. The Disposal also constitutes a major transaction for COSCO Pacific under the Listing Rules as the asset ratio of the COSCO Pacific for the Disposal exceeds 25% but is less than 75%. As COSCO is a substantial shareholder and a connected person of the Company and COSCO Pacific, and the Purchaser is a wholly owned subsidiary of COSCO and thus an associate of COSCO, the Disposal also constitutes a connected transaction for the Company and COSCO Pacific under the Listing Rules and is, accordingly, subject to the approval of the Independent Shareholders at the EGM and the approval of the independent shareholders of COSCO Pacific at the SGM, respectively.

COSCO (which holds approximately 51.07% of the total issued share capital of the Company as at the Latest Practicable Date) and its associates will abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the votes of the Independent Shareholders will be taken by poll. An independent board committee comprising Li Boxi, Tsao Wen King, Frank and Alexander Reid Hamilton, all being independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. DBS has been appointed as the Independent Financial Adviser to provide its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### VIII. EGM

A notice of the EGM to be held on 23 October 2007 at Conference Room, Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC at which the relevant resolution will be proposed to approve the Sale and Purchase Agreement and the transactions contemplated thereunder is posted on the website of the Stock Exchange and the Company on 5 September 2007 and a copy of which is set out on pages 49 to 50 of this Circular.

A proxy form for use at the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete and return the notice of attendance to Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18/F, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 3 October 2007. The proxy form should be returned to Computershare Hong Kong Investor Services Limited not less than 24 hours before the time appointed for the meetings or any adjourned meetings thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should they so wish.

### IX. PROCEDURES FOR DEMANDING A POLL

Pursuant to article 74 of the articles of association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or after any vote by the show of hands) demanded:

- a) by the chairman of the meeting; or
- b) by at least two shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- c) by any shareholder or shareholders (including proxy) holding individually or holding in aggregate of 10% or more of the shares carrying the right to vote at the meeting.

### X. RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Sale and Purchase Agreement are of normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM. The text of the letter from the Independent Board Committee is set out on page 15 to 16 of this circular.

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## LETTER FROM THE BOARD

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### XI. GENERAL

The Group is one of the leading global providers of integrated container shipping services of international and domestic customers. The Group's business include the provision of a wide range of container shipping, container terminal, container leasing and freight forwarding and shipping agency services across the container shipping value chain.

### XII. ADDITIONAL INFORMATION

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

By Order of the Board  
**China COSCO Holdings Company Limited**  
**Zhang Yongjian**  
*Joint Company Secretary*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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中國遠洋控股股份有限公司

**China COSCO Holdings Company Limited\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code : 1919)**

14 September 2007

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE DISPOSAL OF SHAREHOLDING INTEREST  
IN CHONG HING BANK LIMITED**

We refer to the circular issued by the Company to Shareholders dated 14 September 2007 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are of normal commercial terms and are fair and reasonable and the Disposal is in the best interests of the Company and the Shareholders as a whole.

DBS Asia Capital Limited has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the Disposal. The text of the letter of advice from the Independent Financial Adviser containing their recommendation and the principal factors they have taken into account in arriving at their recommendation are set out from pages 17 to 36 of the Circular.

Independent Shareholders are recommended to read the letter of advice from the Independent Financial Adviser, the letter from the Board contained in this Circular as well as the additional information set out in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Sale and Purchase Agreement and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the Sale and Purchase Agreement are of normal commercial terms and are fair and reasonable and the Disposal is in the best interests of the Company and the Shareholders as a whole. We therefore recommend that the Independent Shareholders vote in favour of the relevant resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

Independent Board Committee

**LI BOXI**

**TSAO WEN KING, FRANK**

**ALEXANDER**

**REID HAMILTON**

Independent non-executive Directors

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## LETTER FROM DBS

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*The following is the text of the letter of advice from DBS, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of the discloseable and connected transaction in relation to the disposal of shareholding interest in Chong Hing Bank Limited by COSCO Pacific, which has been prepared for the purpose of inclusion in this circular.*



14 September 2007

*To the Independent Board Committee  
and Independent Shareholders*

*China COSCO Holdings Company Limited*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF SHAREHOLDING INTEREST IN CHONG HING BANK LIMITED**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Group's disposal of the Sale Shares, representing the entire issued share capital of Bauhinia 97 as well as its rights of and benefits in the Sale Loan to the Purchaser. Bauhinia 97 is an investment holding company which holds a 20% shareholding interest in the Bank. Further details of the Disposal are set out in the letter from the Board (the "Letter from the Board") in the circular of the Company to its Shareholders dated 14 September 2007 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Disposal constitutes a discloseable transaction for the Company under the Listing Rules as the asset ratio of the Company for the Disposal exceeds 5% but is less than 25%. The Disposal also constitutes a major transaction for COSCO Pacific under the Listing Rules as the asset ratio of COSCO Pacific for the Disposal exceeds 25% but is less than 75%. As COSCO is a controlling shareholder and a connected person of the Company and COSCO Pacific, and the Purchaser is a wholly owned subsidiary of COSCO and thus an associate of COSCO, the Disposal also constitutes a connected transaction for the Company and COSCO Pacific under the Listing Rules and is, accordingly, subject to the approval of the Independent Shareholders at the EGM and the approval of the independent shareholders of COSCO Pacific at the SGM, respectively.

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## LETTER FROM DBS

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Our scope of work under this engagement is to assess whether the terms of the Disposal are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution to be proposed at the EGM in respect of the Disposal.

### BASIS OF OUR OPINION

In arriving at our opinion, we have relied on the information, opinions and facts supplied, and representations made to us, by the Directors and the directors of COSCO Pacific, advisers and representatives of the Company (including those contained or referred to in the Circular) and COSCO Pacific. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate in all respects at the time they were made and continue to be so at the date of dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the directors of COSCO Pacific. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have been advised by the Directors and the directors of COSCO Pacific and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or other prospects of the Company or any of its respective subsidiaries or associates.

### BACKGROUND AND TERMS OF THE DISPOSAL

On 24 August 2007, COSCO Pacific entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which COSCO Pacific agreed to sell and the Purchaser agreed to purchase:-

- (a) the Sale Shares, representing the entire issued share capital of Bauhinia 97; and
- (b) the rights of and benefits in the Sale Loan

for the Consideration of HK\$2,088 million.

The Consideration was determined following commercial negotiations between the parties on an arm's length basis and with reference to the strategic value of the investment in the Bank, the recent financial performance of the Bank, the recent trading performance of the Bank Shares, the comparable precedent transactions and the price to book ("P/B") ratio of 1.68 times of the unaudited net asset value of the Bank as at 30 June 2007.

The Consideration translates to an implied valuation of HK\$24.00 per Bank Share (the "Selling Price") held by Bauhinia 97 (calculated by dividing the Consideration by the 87,000,000 Bank Shares held by Bauhinia 97).

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## LETTER FROM DBS

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For further details on the terms of the Disposal, your attention is drawn to the “Letter from the Board”.

### PRINCIPAL FACTORS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and Independent Shareholders in respect of the Disposal, we have considered the following principal factors:

#### 1. Background of Bauhinia 97 and the Bank

##### **Bauhinia 97**

Bauhinia 97 is a company incorporated in the Cayman Islands. It is an investment holding company and a subsidiary of the Group. Bauhinia 97 has no business operation other than its holding of 87,000,000 Bank Shares, representing 20% of the entire issued share capital of the Bank as at the Latest Practicable Date. Upon Completion, Bauhinia 97 will cease to be a subsidiary of the Group.

The following table sets out the summarised financial information of Bauhinia 97 (which has included Bauhinia 97’s share of net assets and results of the Bank under the equity method) as extracted from the management accounts, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, for the years ended 31 December 2005 and 2006 and for the six months ended 30 June 2007:

(Unaudited)	Year ended 31 December			
	2005		2006	
	<i>US\$'000</i>	<i>HK\$'000</i> <i>equivalent</i>	<i>US\$'000</i>	<i>HK\$'000</i> <i>equivalent</i>
Profit before and after taxation	<u>10,023</u>	<u>78,179</u>	<u>12,777</u>	<u>99,661</u>
As at 31 December 2006				
	<i>US\$'000</i>		<i>HK\$'000</i> <i>equivalent</i>	
Net asset value	<u>474</u>		<u>3,697</u>	
As at 30 June 2007				
	<i>US\$'000</i>		<i>HK\$'000</i> <i>equivalent</i>	
Net asset value	<u>8,144</u>		<u>63,523</u>	

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## LETTER FROM DBS

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### **Net asset value**

The increase in the net asset value of Bauhinia 97 as at 30 June 2007 as compared to 31 December 2006 was mainly due to the share of net profit of the Bank for the six months period ended 30 June 2007.

### **The Bank**

The Bank is a company incorporated in Hong Kong and a bank licensed by the HKMA pursuant to the Banking Ordinance, Chapter 155 of the Laws of Hong Kong and is listed on the Main Board of the Stock Exchange. The Bank and its subsidiaries are principally engaged in the business of retail and commercial banking and financial services.

Out of ten banks which are listed on the Stock Exchange and have operations mainly in banking and predominantly with operations in Hong Kong, the Bank ranked ninth out of the ten banks in terms of total assets.

## **2. Business Overview**

### **Hong Kong's banking sector performance overview**

According to the half-yearly monetary and financial stability report released by HKMA in June 2007, the profits of retail banks continued to grow in the first three months of 2007, with a broad-based improvement in incomes outpacing the increase in general and administrative expenses. Capitalisation and liquidity remained strong, and asset quality further improved. High liquidity due to capital inflows, coupled with limited lending opportunities, has contributed to further intensification of price competition, in particular in the mortgage market and the increased holding of debt instruments and expansion of unsecured consumer loans.

According to a research letter issued by HKMA in 2007, a study was carried out in assessing the determinants of banks' profitability. The findings suggested that larger banks are generally more cost efficient than smaller banks, and larger banks are more capable of sustaining operations in a lower interest rate margin environment. The analysis further suggested that larger banks may be able to exert pricing pressures on smaller banks.

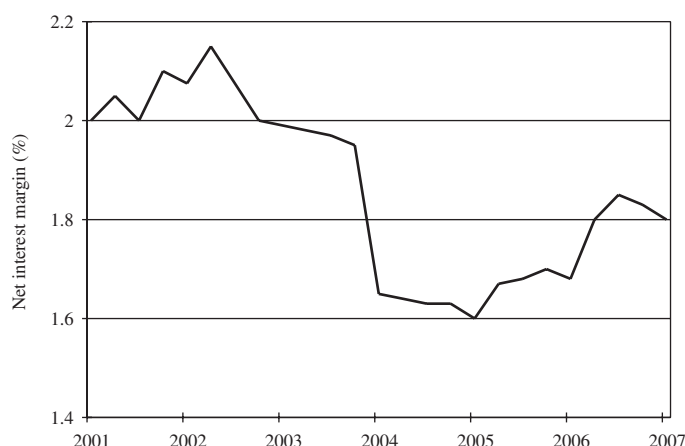
Chart 1 below shows the net interest margin of banks in Hong Kong from January 2001 to March 2007. We note that there was a downward trend in the net interest margin in the Hong Kong banking sector since late 2006.

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## LETTER FROM DBS

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**Chart 1 — Net interest margin of banks in Hong Kong from January 2001 to March 2007**



Source: HKMA

### *Profitability*

Retail bank profitability, measured by pre-tax operating profit as a percentage of total assets, improved in the first three months of 2007. Underpinning this was growth in both net interest income and non-interest income. These more than offset higher general and administrative expenses arising from a significant increase in staff and rental expenses.

The increase in net interest income was due mainly to a general expansion of interest-bearing assets, including loans and advances to customers and negotiable debt instruments held, which outweighed the decline in net interest margins. For non-interest income, the increase was partly due to the strong rise in trading income.

### *Capitalisation*

The aggregate consolidated capital adequacy ratio of locally incorporated banks stood at 13.6% at the end of March 2007, which was strong and well above the minimum international standard of 8%.

### *Liquidity and funding*

In the first quarter of 2007, the average liquidity ratio of retail banks stood at 50.1%, substantially higher than the regulatory minimum of 25%.

The liquidity level of banks also depends on the extent to which customer deposits are used to finance illiquid loans. At the end of March 2007, the Hong Kong dollar loan-to-deposit ratio was at 75.7% for the banking sector as a whole, and at 70.6% for retail banks. Such a structure suggests that liquidity risk may not be a major concern.

### *Asset quality*

The asset quality of the banking sector continued to improve during the first three months of 2007. The proportion of classified loans in total loans reached a record low. This is in line with the continued growth of the domestic economy, which has supported corporate profitability and household income. As at March 2007, the classified loan ratio was 1.00%.

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## LETTER FROM DBS

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### 3. The Bank's historical financial performance

Table 1 below sets out the Bank's consolidated income statement for the three years ended 31 December 2004, 2005 and 2006, as well as for the six months ended 30 June 2006 and 30 June 2007.

**Table 1 — The Bank's consolidated income statement**

	<b>Audited</b>			<b>Unaudited</b>	
	<b>Year ended</b>			<b>Six months ended</b>	
	<b>31 December</b>			<b>30 June</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2006</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CONSOLIDATED INCOME STATEMENT</b>					
Interest income	990,813	1,719,338	2,740,518	1,336,416	1,548,667
Interest expense	(341,316)	(966,486)	(1,911,979)	(895,020)	(1,102,498)
Net interest income	649,497	752,852	828,539	441,396	446,169
Other operating income	268,053	217,129	301,689	137,128	196,048
Operating income	917,550	969,981	1,130,228	578,524	642,217
Operating expenses	(457,214)	(493,129)	(591,537)	(278,623)	(309,018)
Operating profit	460,336	476,852	538,691	299,901	333,199
Impairment allowances on loans and advances	(51,175)	(67,807)	(59,801)	(38,289)	(41,109)
Other income	8,775	56,180	58,478	27,983	40,219
Share of results of jointly controlled entities	11,319	3,576	33,546	6,391	23,587
PROFIT BEFORE TAX	429,255	468,801	570,914	295,986	355,896
Taxation	(69,398)	(70,818)	(67,770)	(47,145)	(55,164)
<b>PROFIT FOR THE YEAR/PERIOD</b>	<b>359,857</b>	<b>397,983</b>	<b>503,144</b>	<b>248,841</b>	<b>300,732</b>

*Source:* The Bank's audited financial results for the year ended 31 December 2005 and 31 December 2006 and unaudited financial results for the six months ended 30 June 2007



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### **Net interest income**

The Bank recorded steady interest income growth over the last three and a half year period. Interest income grew 15.9% for the six months ended 30 June 2007 (“1H2007”) compared to the six months ended 30 June 2006 (“1H2006”). Interest income grew 59.4% and 73.5% for the year ended 31 December 2006 (“FY2006”) and year ended 31 December 2005 (“FY2005”) compared to FY2005 and the year ended 31 December 2004 (“FY2004”) respectively. Interest income growth has largely been driven by aggressive lending as the Bank scales up its operations to increase its market share. However, growth has slowed down over the years as the Bank faces continued pricing pressures on its loans given the increasingly competitive landscape it operates in. Its aggressive mortgage loan pricing and active participation in low-cost large corporate syndicated loans has resulted in margin contraction over the years.

Interest expense also grew over the period. Interest expense was 23.2% higher in 1H2007 when compared to 1H2006. Interest expense grew 97.8% and 183.2% in FY2006 and FY2005 when compared to FY2005 and FY2004 respectively. Interest expense growth has largely been driven by escalating funding costs as a result of aggressive deposit taking.

Net interest income grew only 1.1% in 1H2007 from 1H2006. Net interest income grew 10.1% and 15.9% in FY2006 and FY2005 when compared to FY2005 and FY2004 respectively. The slowing net interest income growth can be attributed to higher funding expenses due to aggressive deposit taking, aggressive pricing stance on loans and changing asset mix to lower-margin products.

### **Operating profit**

The Bank recorded steady operating income growth over the last three and a half years. Operating income grew 11.0% in 1H2007 from 1H2006. Operating income grew 16.5% and 5.7% in FY2006 and FY2005 compared to FY2005 and FY2004 respectively. Besides growth in net interest income, operating income growth was also partly bolstered by growing non-interest income, due in part to a buoyant capital market as well as better cross-selling performance at the retail banking business.

Operating expenses also grew over the period. Operating expenses was 10.9% higher in 1H2007 when compared to 1H2006. Operating expenses grew 20.0% and 7.9% in FY2006 and FY2005 when compared to FY2005 and FY2004 respectively. The growth in operating expenses is a result of aggressive network expansion, higher staff costs and re-branding costs.

With both operating income and operating expenses climbing as a result of an expansion in its operations, the Bank registered stable operating profit growth over the period. Operating profit was 11.1% higher in 1H2007 when compared to 1H2006. Operating profit grew 13.0% and 3.6% in FY2006 and FY2005 when compared to FY2005 and FY2004 respectively.

## LETTER FROM DBS

Table 2 below sets out the Bank's consolidated balance sheet as at 31 December 2004, 31 December 2005, 31 December 2006 and 30 June 2007.

**Table 2 — The Bank's consolidated balance sheet**

CONSOLIDATED BALANCE SHEET	2004 <i>HK\$' 000</i>	Audited As at 31 December		Unaudited As at 30 June
		2005 <i>HK\$' 000</i>	2006 <i>HK\$' 000</i>	2007 <i>HK\$' 000</i>
<b>Assets</b>				
Cash and short-term funds	13,606,947	11,798,479	16,256,859	15,688,740
Placements with banks and other financial institutions	1,544,695	2,029,416	2,638,461	4,158,230
Advances and other accounts	20,246,034	24,508,061	27,497,020	28,558,976
Other assets	<u>5,963,555</u>	<u>11,637,796</u>	<u>16,637,559</u>	<u>18,055,268</u>
<b>TOTAL ASSETS</b>	<u>41,361,231</u>	<u>49,973,752</u>	<u>63,029,899</u>	<u>66,461,214</u>
<b>Liabilities</b>				
Deposits and balances of banks and other financial institutions	1,559,633	2,263,504	528,993	1,040,782
Deposits from customers	33,951,631	41,506,292	54,675,232	57,464,598
Other liabilities	<u>290,316</u>	<u>370,820</u>	<u>1,773,944</u>	<u>1,756,922</u>
<b>Total liabilities</b>	<u>35,801,580</u>	<u>44,140,616</u>	<u>56,978,169</u>	<u>60,262,302</u>
<b>Shareholders' equity</b>	<u>5,559,651</u>	<u>5,833,136</u>	<u>6,051,730</u>	<u>6,198,912</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>41,361,231</u>	<u>49,973,752</u>	<u>63,029,899</u>	<u>66,461,214</u>
<b>KEY RATIOS</b>				
Loan-deposit ratio	51.7%	50.9%	44.9%	44.3%
Non performing loans	3.9%	2.7%	1.2%	1.0%
Capital adequacy ratio	20.0%	15.2%	15.6%	15.6%

*Source:* The Bank's audited financial results for FY2005 and FY2006 and unaudited financial results for 1H2007

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## LETTER FROM DBS

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### **Loans and deposits**

As the Bank rolled out its expansion plans to scale up its presence and gain market share, both loan and deposit base recorded growth over the last three and a half years. Loans grew 3.9%, 12.2% and 21.1% in 1H2007, FY2006 and FY2005 from FY2006, FY2005 and FY2004 respectively. Deposits grew 5.1%, 31.7% and 22.3% in 1H2007, FY2006 and FY2005 from FY2006, FY2005 and FY2004 respectively.

As deposit growth outstrips loan growth, the loan-deposit ratio has correspondingly fallen over the period. Loan-deposit ratio fell from 51.7% in FY2004 to 44.3% in 1H2007. The loan-deposit ratio of the banking sector has declined in general due to funds from worldwide entering Hong Kong to invest in the stock market. In addition, the Bank adopted an aggressive network expansion strategy opening eight new branches in 2006 to attract more deposits, and therefore, lowering the loan-deposit ratio.

### **Asset quality**

The Bank reported strong improvements in non performing loans figures over the period. Level of non performing loans fell from 3.9% in FY2004 to 1.0% in 1H2007. The improving asset quality was attributable to slower new non-performing loans formation in a generally favourable credit environment and growing economy in Hong Kong for the three and a half year period ended 30 June 2007.

### **Capital adequacy**

The Bank reported consistent capital adequacy ratio over the period. It reported a capital adequacy ratio of 15.6%, 15.6%, 15.2% and 20.0% in 1H2007, FY2006, FY2005 and FY2004 respectively. At all times, the Bank's capital adequacy ratio was above the minimum 10% required of all banks incorporated in Hong Kong.

## **4. Reasons for the Disposal**

COSCO is the controlling shareholder of the Company. Accordingly, members of the COSCO Group (other than the Company and its subsidiaries) are connected persons of the Company.

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

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

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The COSCO Pacific Group acquired 87 million Bank Shares in 1997, representing 20% of the issued share capital of the Bank as at the Latest Practicable Date, and has held its investment in the Bank as long-term investment since then. Over the past 10 years, the COSCO Pacific Group has continuously modified and refined its corporate strategies with a view to enhancing its enterprise value for its Shareholders. The COSCO Pacific Group has adopted a vision to transform its business model by becoming a leading global port operator and by focusing on ports as the principal earnings driver. As such, the COSCO Pacific Group's holding in the 20% equity interest in the Bank has become a non-core investment. The Disposal provides an opportunity for the COSCO Pacific Group to divest its non-core investment and the cash consideration from the Disposal will be used for investments in its core businesses. The COSCO Pacific Group intends to apply the Consideration primarily to new and existing terminal investments. However, no negotiations or agreements on specific new terminal investment to which the Consideration may be applied have been finalised as at the Latest Practicable Date.

As mentioned in the section headed "Business Overview" above, the findings from HKMA suggested that larger banks are generally more cost efficient and are more capable of sustaining operations in a lower interest rate margin environment. Larger banks may be able to exert pricing pressures on smaller banks. Due to the recent downward trend in net interest margin in Hong Kong, the Bank may be exposed to higher pricing pressures and competition.

Although the financial performance of the Bank was on an upward trend for the past few years, its return on assets ("ROA") of 0.9% and return on equity ("ROE") of 8.5% for the year ended 31 December 2006 lags behind the average of the Selected Comparable Banks (as defined in the section headed "Comparison with selected publicly-listed banks in Hong Kong" below) average of 1.3% and 13.2% respectively. Furthermore, taking into account the Consideration and the dividend received by the Group over the years, we note that the internal rate of return for the Disposal for COSCO Pacific Group is approximately 3.8% per annum. This return is lower than the COSCO Pacific Group's ROA of 10.0% and ROE of 14.4% for the year ended 31 December 2006.

Having considered the factors discussed above, we concur with the Board that the Disposal provides an opportunity for the Group to divest its non-core investment and put resources in investments in its core business, which might be able to generate returns higher than the investment return from the Bank.

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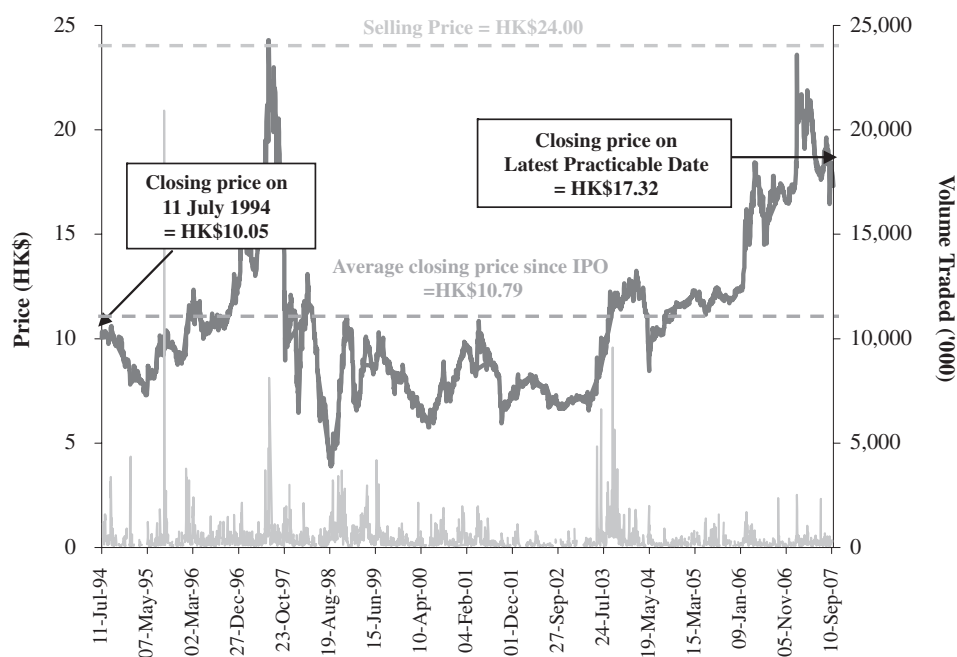
## LETTER FROM DBS

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### 5. Historical share price performance of the Bank Shares and trading liquidity

We have compared the Selling Price with the historical share price performance of the Bank Shares. We set out below a chart highlighting the Selling Price relative to the daily closing prices of the Bank Shares since the date of the Bank's initial public offering ("IPO") on 11 July 1994 to the Latest Practicable Date.

**Chart 2 — Daily closing prices of the Bank Shares from IPO to the Latest Practicable Date**



Source: Bloomberg

Since the Bank's IPO on 11 July 1994 and up to the Latest Practicable Date, the closing prices of the Bank Shares traded within a range of HK\$3.65 and HK\$27.60, and at an average of HK\$10.79. The Selling Price is within the Bank Shares' historical trading range and is at a significant premium of 122.4% over the Bank Shares' average trading price of HK\$10.79 since IPO.

In addition, we note that since the Bank's IPO on 11 July 1994 and up to the Latest Practicable Date, the Bank Shares trading price has only exceeded the Selling Price on five trading days, the prices were HK\$24.95 on 10 July 1997, HK\$24.30 on 11 July 1997 and 14 July 1997, HK\$27.60 on 15 July 1997 and HK\$24.20 on 15 January 2007.

We have further compared the Selling Price with the closing price as at the Latest Practicable Date as well as the average of the last closing prices of the Bank Shares over different observation periods prior to the date of the announcement ("Announcement Date"), as set out in Table 3 below.

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## LETTER FROM DBS

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**Table 3 — Selling Price versus average closing price of the Bank Shares**

	Average closing price (HK\$)	Premium/ (discount) of Selling Price over/ to average closing price
Closing price as at the Latest Practicable Date	17.32	38.6%
Closing price on Announcement Date	18.02	33.2%
Average closing price for the last 30 trading days prior to the Announcement Date	18.51	29.7%
Average closing price for the last 180 trading days prior to the Announcement Date	19.14	25.4%
Closing price on 11 July 1994	10.05	138.8%
Average closing price since 11 July 1994	10.79	122.4%

*Source: Bloomberg*

We note from the above table that the Selling Price is at a premium to the average closing prices of the Bank Shares across all observation periods.

The average daily trading volume of the Bank Shares since IPO and up to the Latest Practicable Date is approximately 382,000 shares, which is equivalent to approximately 0.09% of the Bank's issued share capital as at the Latest Practicable Date. The relatively low trading volume of the Bank Shares implies that the Group is unlikely to be able to sell a significant number of Bank Shares in the open market without depressing the market price of the Bank Shares. We are of the view that the Disposal provides an opportunity for the Group to realise its investment in the Bank in full at the Selling Price.

### 6. Comparison with selected publicly-listed banks in Hong Kong

When performing analysis on the valuation multiples implied by the Selling Price, we selected banks in Hong Kong that meet the following criteria in our study as being comparable to the Bank:-

- (a) Listed on the Main Board of the Stock Exchange;
- (b) Pure core banking operations with minimal activities in other businesses;
- (c) Majority of operations in Hong Kong with minimal activities in other geographic segments;  
and
- (d) Market capitalisation below HK\$50 billion.

## LETTER FROM DBS

We note that there were several banks in Hong Kong listed on the Main Board of the Stock Exchange with market capitalisation substantially above the Bank's market capitalisation as implied by the Selling Price. In order to present a more representative set of valuation multiples for comparison purposes, we have excluded those banks with market capitalisation in excess of HK\$50 billion. Larger capitalisation companies typically possess operating characteristics which are very different from smaller capitalisation companies. These characteristics include, but are not limited to, scale of operations, asset base, financial and operating risk profiles, track record, shareholders base and growth potential. The banks with market capitalisations of less than HK\$50 billion ("Selected Comparable Banks") as at the Latest Practicable Date are considered to be more comparable with the Bank when conducting our comparable company analysis.

Table 4 sets out the trading valuation multiples of Selected Comparable Banks as at the Latest Practicable Date.

**Table 4 — Trading valuation multiples of Selected Comparable Banks as at the Latest Practicable Date**

Company	Market Capitalisation (HK\$m)	Last Price (HK\$)	Valuation Multiples		Key Financial Ratios			Capital adequacy ratio
			P/B (x)	P/E (Historical) (x)	ROA	ROE	Dividend Yield	
<b>Chong Hing Bank Limited (Implied by Selling Price)</b>	<b>10,440</b>	<b>24.00</b>	<b>1.68</b>	<b>20.69</b>	<b>0.9%</b>	<b>8.5%</b>	<b>2.6%</b>	<b>15.6%</b>
<b>Chong Hing Bank Limited (Actual)</b>	<b>7,534</b>	<b>17.32</b>	<b>1.22</b>	<b>14.97</b>	<b>0.9%</b>	<b>8.5%</b>	<b>3.6%</b>	<b>15.6%</b>
<b>Banks with market capitalisation below HK\$50 billion:</b>								
CITIC International Financial Holdings Ltd	33,498	5.82	1.66	29.75	1.3%	11.3%	2.3%	17.1%
Wing Hang Bank Ltd	27,635	93.70	2.84	16.64	1.5%	18.9%	3.0%	15.2%
Industrial and Commercial Bank of China Asia Ltd	20,878	18.32	1.75	16.76	1.0%	12.4%	3.6%	16.0%
Wing Lung Bank	18,389	79.20	1.57	11.45	2.0%	14.9%	4.3%	16.0%
Dah Sing Banking Group Ltd	15,108	16.22	1.62	12.63	1.2%	13.3%	4.3%	16.6%
Fubon Bank Hong Kong Ltd	5,099	4.35	1.27	15.99	0.6%	8.5%	4.1%	16.8%
<b>High</b>			<b>2.84</b>	<b>29.75</b>	<b>2.0%</b>	<b>18.9%</b>	<b>4.3%</b>	<b>17.1%</b>
<b>Average</b>			<b>1.78</b>	<b>17.14</b>	<b>1.3%</b>	<b>13.2%</b>	<b>3.6%</b>	<b>16.3%</b>
<b>Median</b>			<b>1.64</b>	<b>16.11</b>	<b>1.3%</b>	<b>12.9%</b>	<b>3.9%</b>	<b>16.3%</b>
<b>Low</b>			<b>1.27</b>	<b>11.45</b>	<b>0.6%</b>	<b>8.5%</b>	<b>2.3%</b>	<b>15.2%</b>

Source: Thomson ONE Banker, Bloomberg, company announcements, company latest published annual reports, company financial results announcements

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## LETTER FROM DBS

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*Notes:*

1. P/B ratio is calculated based on the banks' latest available financial results as at the Latest Practicable Date
2. P/E (historical) ratio is calculated based on the banks' latest available full year financial results as at the Latest Practicable Date

Table 5 sets out the premium/ (discount) of the Bank's valuation as implied by the Selling Price over/ to the Selected Comparable Banks' trading valuation.

**Table 5 — Premium/ (discount) of valuation implied by Selling Price over/ to Selected Comparable Banks' trading valuation**

	<b>P/B ratio of 1.68 times</b>		<b>P/E (historical) ratio of 20.69 times</b>	
	<b>Selected Comparable Banks' trading range (x)</b>	<b>Premium/ (discount) of valuation implied by Selling Price</b>	<b>Selected Comparable Banks' trading range (x)</b>	<b>Premium/ (discount) of valuation implied by Selling Price</b>
High	2.84	(40.8)%	29.75	(30.5)%
Average	1.78	(5.6)%	17.14	20.7%
Low	1.27	32.1%	11.45	80.7%

The Selling Price of HK\$24.00 represents an implied P/B ratio of 1.68 times. We note from Table 5 that this is within the Selected Comparable Banks' trading P/B ratio range of 1.27 times to 2.84 times. We also note that the implied P/B ratio of 1.68 times represents a 5.6% discount to the Selected Comparable Banks' average trading P/B ratio of 1.78 times.

The Selling Price of HK\$24.00 represents an implied P/E (historical) ratio of 20.69 times. We note from Table 5 that this is within the Selected Comparable Banks' trading P/E (historical) ratio range of 11.45 times to 29.75 times. We also note that the implied P/E (historical) ratio of 20.69 times represents a 20.7% premium over the Selected Comparable Banks' average trading P/E (historical) ratio of 17.14 times. We wish to highlight that P/E (historical) ratio can be distorted by among others, different accounting practices, leverage and changes in capital.

Furthermore, we note that the dividend yield and the capital adequacy ratio of the Bank are generally in line with the Selected Comparable Banks.



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The ROA and ROE of the Bank were amongst the lowest of the Selected Comparable Banks. In view of the low ROA and ROE, the P/B and P/E ratios implied by the Selling Price should be compared against the low end of the range. The P/B and P/E ratios implied by the Selling Price were 32.1% and 80.7% higher than the low end of the range respectively.

### 7. Precedent transaction analysis

In considering the fairness and reasonableness of the Selling Price, we have made reference to the terms of recent merger and takeover transactions in the banking sector in Hong Kong. Accordingly, we have reviewed transactions (“Selected Precedent Transactions”) for which information is publicly available involving the acquisition of banks that operate in the Hong Kong banking sector announced and completed within the last six years from the Latest Practicable Date.

It was noted that most of the Selected Precedent Transactions were for the acquisition of a controlling stake, thus, the pricing should include a control premium. However, the Group’s stake in the Bank is a minority one and therefore, no control premium can be commanded.

We have compared the valuation multiples implied by the Selling Price with the valuation multiples at which the Selected Precedent Transactions were completed. In particular, we have studied the P/B ratio and P/E ratio, the primary parameters used to value banks on a transaction multiples basis.

Table 6 below sets out the valuation multiples at which the Selected Precedent Transactions were done.

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**Table 6 — Selected Precedent Transactions**

Target	Acquiror	Deal Information			Valuation Multiples	
		Date of Announcement	Deal Value (HK\$ m)	Shareholding Acquired %	P/B (x) <sup>1</sup>	P/E (Historical) (x) <sup>2</sup>
<b>Chong Hing Bank Limited</b>	<b>COSCO (Hong Kong) Group</b>	<b>24-Aug-07</b>	<b>2,088</b>	<b>20.0%</b>	<b>1.68</b>	<b>20.69</b>
CITIC International Financial Holdings	Banco Bilbao Vizcaya Argentaria, S.A.	22-Nov-06	4,872	15.2%	2.02	16.89
Bank of America (Asia) Ltd	China Construction Bank Corp	24-Aug-06	9,710	100.0%	1.32	18.08
Asia Commercial Bank Ltd	Public Bank/ JCG Holdings Ltd	14-Feb-06	4,500	100.0%	2.50	42.91
Wing Lung Bank Ltd	Wu Jieh Yee Co Ltd	2-Apr-04	1,231	10.0%	1.43	14.33
International Bank of Asia Ltd	Fubon Financial Holding Co	8-Sep-03	3,239	75.1%	1.15	19.14
Fortis Bank Asia HK	Industrial and Commercial Bank of China (Asia) Ltd	31-Dec-03	2,424	100.0%	1.18	24.56
Chekiang First Bank Ltd	Wing Hang Bank Ltd	5-Jul-03	4,800	100.0%	1.22	23.17
HKCB Holdings Ltd	CITIC Ka Wah Bank Limited	1-Nov-01	4,200	100.0%	1.26	41.87
<b>High</b>					<b>2.50</b>	<b>42.91</b>
<b>Average</b>					<b>1.51</b>	<b>25.12</b>
<b>Median</b>					<b>1.29</b>	<b>21.15</b>
<b>Low</b>					<b>1.15</b>	<b>14.33</b>

*Source:* Thomson ONE Banker, company announcements, company latest published annual reports, company financial results announcements

*Notes:*

1. P/B ratio is calculated based on the target's latest available financial results as at date of announcement of transaction
2. P/E (historical) ratio is calculated based on the target's latest available full year financial results as at date of announcement of transaction

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Table 7 sets out the premium/ (discount) of the Bank's valuation implied by the Selling Price over/ to the valuation multiples at which Selected Precedent Transactions were completed.

**Table 7 — Premium/ (discount) of valuation implied by Selling Price over/ to valuation multiples at which Selected Precedent Transactions were completed**

	<b>P/B ratio of 1.68 times</b>		<b>P/E (historical) ratio of 20.69 times</b>	
	<b>Selected Comparable Banks' Trading Range (x)</b>	<b>Premium/ (discount) of valuation implied by Selling Price</b>	<b>Selected Comparable Banks' Trading Range (x)</b>	<b>Premium/ (discount) of valuation implied by Selling Price</b>
High	2.50	(32.8)%	42.91	(51.8)%
Average	1.51	11.3%	25.12	(17.6)%
Low	1.15	46.7%	14.33	44.4%

The Selling Price of HK\$24.00 represents an implied P/B ratio of 1.68 times. We note from Table 7 that this is within the Selected Precedent Transactions' transacted P/B ratio range of 1.15 times to 2.50 times. We also note that the implied P/B ratio of 1.68 times represents a 11.3% premium over the Selected Precedent Transactions' average transacted P/B ratio of 1.51 times.

The Selling Price of HK\$24.00 represents an implied P/E (historical) ratio of 20.69 times. We note from Table 7 that this is within the Selected Precedent Transactions' transacted P/E (historical) ratio range of 14.33 times to 42.91 times. We also note that the implied P/E (historical) ratio of 20.69 times represents a 17.6% discount to the Selected Precedent Transactions' average transacted P/E (historical) ratio of 25.12 times.

Consideration of transactions involving acquisitions of controlling stakes of companies may include control premium. Therefore, valuation of those acquisitions may be higher than the valuations of acquisitions of minority stakes of companies. However, we note that the transaction P/B and P/E (historical) ratios of a recent transaction between China Construction Bank Corp and Bank of America (Asia) Ltd, where 100% of the equity interest was acquired by China Construction Bank Corp are lower than the P/B and P/E (historical) ratios implied by the Selling Price of the Disposal even with a control premium.

As for the recent transaction between Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") and CITIC International Financial Holdings ("CIFH") in November 2006, the P/B ratio was higher than the P/B ratio implied by the Selling Price. We note that the market capitalisation of CIFH was HK\$34 billion as at the Latest Practicable Date, four times higher than that of the Bank. Its scale of operations is also much larger than the Bank. Apart from the basic retail and commercial banking business, CIFH is engaged in a broad spectrum of other non-banking financial

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businesses, including investment management and advisory, asset management and direct investments. In addition, CIFH holds a 15% strategic stake in China CITIC Bank Corporation Limited, the seventh largest commercial bank in the PRC. Hence, the acquisition could provide BBVA with exposure to the fast-growing PRC market.

### 8. Other considerations

#### Original purchase price

COSCO Pacific paid an average purchase price of HK\$20.03 per Bank Share for its 20% stake in the Bank in 1997. The Selling Price of HK\$24.00 is 19.8% higher than its original purchase price. COSCO Pacific, and therefore, the Group, will stand to gain HK\$3.97 for each Bank Share.

#### Investment returns

From COSCO Pacific's investment in the Bank in 1997 to the Latest Practicable Date, COSCO Pacific has received dividend totaling HK\$444 million for the past ten years, which represents an average annual dividend per share of approximately HK\$0.51. Based on COSCO Pacific's average purchase price of HK\$20.03 per Bank Share, this represents an internal rate of return of approximately 3.8% per annum.

### 9. Financial effects of the Disposal on the Group

#### Net profit

The profit attributable to the 20% shareholding interest in the Bank accounted for a profit of approximately US\$12.8 million (equivalent to approximately HK\$99.8 million) in the audited financial statements of the COSCO Pacific Group for the year ended 31 December 2006, which in turn accounted for the same amount less the relevant minority interest of US\$ 6.3 million (equivalent to approximately HK\$ 48.9 million) which amounted to US\$ 6.5 million (equivalent to approximately HK\$ 50.9 million) in the audited financial results of the Group for the year ended 31 December 2006. The profit attributable to the Group's effective interest of 10.2% in the Bank will cease to be equity accounted for in the financial results of the Group following Completion.

Furthermore, as mentioned in the circular of COSCO Pacific dated 14 September 2007, the directors of COSCO Pacific expect that the COSCO Pacific Group will realise an estimated gain of approximately US\$89.9 million (equivalent to approximately HK\$701.2 million) from the Disposal. The estimated gain from the Disposal attributable to the Group is calculated with reference to the gain from the Disposal by the COSCO Pacific Group less the minority interest of COSCO Pacific Group. Accordingly, the estimated gain attributable to the Group will amount to US\$ 45.9 million (equivalent to approximately HK\$ 358.0 million). The actual gain on the Disposal will be subject to change as the amount will be calculated based on the Group's share of net assets of the Bank as of the date of Completion.

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### Net asset

As mentioned in the circular of COSCO Pacific dated 14 September 2007, upon Completion, the net assets of COSCO Pacific Group's will be increased by approximately US\$89.9 million (equivalent to approximately HK\$701.2 million). The Group has an effective interest of 51.04% in COSCO Pacific, it is estimated that the net assets of the Group will be increased by approximately US\$45.9 million (equivalent to approximately HK\$358.0 million). The Disposal should have no significant effect on the Group's liabilities.

### Cash position

The Consideration of HK\$2,088 million for the Disposal will be settled in cash following the completion of the Sale and Purchase Agreement. According to the Group's audited consolidated financial statements for the year ended 31 December 2006, the Group had RMB7,795,855,000 in bank balances and cash, or equivalent to HK\$7,639,937,900 as at 31 December 2006. The Consideration of HK\$2,088 million represents 119.0% of the Group's bank balances and cash as at 31 December 2006. Therefore, it is expected to have a significant increase in the cash position of the Group upon Completion.

### RECOMMENDATION

In assessing the fairness and reasonableness of the terms of the Disposal, we have taken into consideration the principal factors and reasons set forth in this letter, in particular the following:-

- taking into account the Consideration and the dividend received by the COSCO Pacific Group over the years, the internal rate of return for the investment in the Bank Shares is approximately 3.8% per annum. This return is lower than COSCO Pacific Group's ROA of 10.0% and ROE of 14.4%;
- The Disposal provides an opportunity for the Group to divest its non-core investment and the Consideration from the Disposal can be used for investments in its core businesses, which might be able to generate returns higher than the investment return from the Bank;
- save for the five trading days since IPO of the Bank Shares, the Selling Price of HK\$24.00 is higher than the price at which the Bank Shares have traded since IPO and up to the Latest Practicable Date. In addition, the Selling Price represents a substantial premium of 25.4% to 138.8% over the average closing price of the various observation periods set out in Table 3;
- the average daily trading volume of the Bank Shares since IPO and up to the Latest Practicable Date has been relatively low. Therefore, we are of the view that the Disposal provides an opportunity for the Group to realise its investment in the Bank in full at the Selling Price;

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- the P/B and P/E (historical) ratios implied by the Selling Price are within the trading range of the Selected Comparable Banks. The ROA and ROE of the Bank were amongst the lowest of the Selected Comparable Banks. In view of the low ROA and ROE, the P/B and P/E (historical) ratios implied by the Selling Price should be compared against the low end of the range, which were 1.27 and 11.45 respectively. The P/B and P/E (historical) ratios implied by the Selling Price were 32.1% and 80.7% higher than the low end of the range respectively; and
- the P/B and P/E (historical) ratios implied by the Selling Price are within the range of the transacted valuation multiples of the Selected Precedent Transactions. Furthermore, the P/B ratio of 1.68 times implied by the Selling Price is at a 11.3% premium over the Selected Precedent Transactions' average transacted P/B ratio while the P/E (historical) ratio of 20.69 times implied by the Selling Price is at a 17.6% discount to the Selected Precedent Transactions' average transacted P/E (historical) ratio. We are of the view that the slight discount in terms of P/E (historical) ratio is justified given that the Company is disposing a 20% stake which will not provide the Purchaser with control of the Bank. Save for two transactions, all Selected Comparable Transactions involve disposal of a majority or 100% stake in the target. Transactions which involve disposal of a controlling stake will normally command a higher selling price given that a control premium involved. In addition, the P/E (historical) ratio implied by the Selling Price is higher than the P/E (historical) ratio of the two transactions which involved disposal of a minority stake in the target.

**Based on the above, we are of the opinion that the terms of the Disposal are fair and reasonable, and the Disposal is in the interests of the Company and its shareholders as a whole, based on conditions prevailing as at the Latest Practicable Date. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Disposal.**

Yours faithfully,  
For and on behalf of  
**DBS ASIA CAPITAL LIMITED**

**George Hongchoy**  
*Managing Director*

**1. RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**2. DISCLOSURE OF INTERESTS****(a) Directors' and Supervisors' Interests in the Shares, Underlying Shares and Debentures**

Save as disclosed in this section, as at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Company to be notified to the Company and the Stock Exchange.

**(i) Long positions in the shares, underlying shares and debentures of the Company:**

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of interest</b>	<b>Number of H shares of the Company</b>	<b>Percentage of total issued H shares of the Company</b>
Mr. Tsao Wen King, Frank	Beneficial owner	Family	234,000	0.009%
<b>Name of Supervisor</b>			<b>Number of A shares of the Company</b>	
Li Yungpeng	Beneficial owner	Family	3,000	0.00005%

## APPENDIX

## GENERAL INFORMATION

- (ii) Long positions in shares, underlying shares and debentures of associated corporations of the Company:

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of ordinary shares	Percentage of total issued share capital
COSCO Pacific	Tsao Wen King, Frank	Beneficial owner	Personal	50,000	0.002%
COSCO Corporation (Singapore) Limited	Wei Jiafu	Beneficial owner	Personal	1,900,000	0.08%
COSCO Corporation (Singapore) Limited	Li Jianhong	Beneficial owner	Personal	1,300,000	0.06%
COSCO Corporation (Singapore) Limited	Sun Yueying	Beneficial owner	Personal	1,400,000	0.06%

- (iii) Long positions in the underlying shares of equity derivatives of the Company:

A share appreciation rights plan (the “Share Appreciation Rights Plan”) was adopted by the Company, which was designed to align the interests of directors, supervisors and senior management of the Company with the Company’s operating results and the Company’s share value. The issuance of share appreciation rights does not involve any issuance of new shares.

As at the Latest Practicable Date, the share appreciation rights held by the Directors and Supervisors are set out below:

Name of Director/ Supervisor	Capacity	Nature of interest	Exercise Price	Number of share appreciation rights outstanding as at the Latest Practicable Date	Approximate % of issued share capital of the H Shares as at the Latest Practicable Date	Note
WEI Jiafu	Beneficial owner	Personal	HK\$3.195	900,000	0.03%	(1)
			HK\$3.588	900,000	0.03%	(2)
			HK\$9.540	880,000	0.03%	(3)
ZHANG Fusheng	Beneficial owner	Personal	HK\$3.195	800,000	0.03%	(1)
			HK\$3.588	800,000	0.03%	(2)
			HK\$9.540	780,000	0.03%	(3)
CHEN Hongsheng	Beneficial owner	Personal	HK\$3.195	700,000	0.03%	(1)
			HK\$3.588	700,000	0.03%	(2)
			HK\$9.540	680,000	0.03%	(3)
LI Jianhong	Beneficial owner	Personal	HK\$3.195	600,000	0.02%	(1)
			HK\$3.588	600,000	0.02%	(2)



# APPENDIX

# GENERAL INFORMATION

Name of Director/ Supervisor	Capacity	Nature of interest	Exercise Price	Number of share appreciation rights outstanding as at the Latest Practicable Date	Approximate % of issued share capital of the H Shares as at the Latest Practicable Date	Note
			HK\$9.540	580,000	0.02%	(3)
XU Lirong	Beneficial owner	Personal	HK\$3.195	500,000	0.02%	(1),(6)
			HK\$3.588	500,000	0.02%	(2),(6)
			HK\$9.540	580,000	0.02%	(3),(6)
ZHANG Liang	Beneficial owner	Personal	HK\$9.540	580,000	0.02%	(3),(6)
SUN Yueying	Beneficial owner	Personal	HK\$3.195	600,000	0.02%	(1)
			HK\$3.588	600,000	0.02%	(2)
			HK\$9.540	580,000	0.02%	(3)
WANG Futian	Beneficial owner	Personal	HK\$3.195	300,000	0.01%	(1),(5)
			HK\$3.588	600,000	0.02%	(2),(5)
MA Zehua	Beneficial owner	Personal	HK\$3.195	600,000	0.02%	(1),(5)
			HK\$3.588	600,000	0.02%	(2),(5)
MA Guichuan	Beneficial owner	Personal	HK\$3.588	400,000	0.02%	(2),(5)
LI Yunpeng	Beneficial owner	Personal	HK\$3.195	600,000	0.02%	(1)
			HK\$3.588	600,000	0.02%	(2)
			HK\$9.540	580,000	0.02%	(3)
WU Shuxiong	Beneficial owner	Personal	HK\$3.195	500,000	0.02%	(1)
			HK\$3.588	500,000	0.02%	(2)
			HK\$9.540	480,000	0.02%	(3)
Ma Jianhua	Beneficial owner	Personal	HK\$9.540	480,000	0.02%	(3)
LI Zonghao	Beneficial owner	Personal	HK\$3.195	300,000	0.01%	(1)
			HK\$3.588	300,000	0.01%	(2)
			HK\$9.540	280,000	0.01%	(3)

## Notes:

- The share appreciation rights were granted by the Company in units with each unit representing one H share of the Company pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 16 December 2005), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK\$3.195 per unit according to its terms between 16 December 2007 and 15 December 2015.
- The share appreciation rights were granted by the Company in units with each unit representing one H share of the Company pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 5 October 2006), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK\$3.588 per unit according to its terms between 5 October 2008 and 4 October 2016.

- (3) The share appreciation were granted by the company in units with each unit representing one H share of the Company pursuant to the Share Appreciation Rights Plan. At each of the last day of the third, fourth, fifth and sixth anniversary of the date of grant (i.e. 4 June 2007), the total number of the share appreciation rights exercisable shall not exceed 25%, 50%, 75% and 100%, respectively, of each of the total share appreciation rights granted. The share appreciation rights are exercisable at HK\$9.540 per unit according to its terms between 4 June 2009 and 3 June 2017.
- (4) Since the Company approved, at the 2007 annual general meeting, the special distribution proposal of “issuing 1.5 bonus shares for every 10 existing shares of par value RMB1.00” and authorised the Board of Directors to make corresponding adjustment to the exercise method (including exercise price) of the outstanding share appreciation rights. The 26th board meeting of the Company approved the adjustment of the share price by 1.5 times to the outstanding share appreciation rights of 2005 and 2006 as at 12 April, 2007 when calculating their exercise gains. During the period, 10,000 2005 share appreciation rights lapsed and no 2006 share appreciation rights lapsed or cancelled.
- (5) Mr. Wang Futian, Mr. Ma Zehua and Mr. Ma Guichuan resigned as non-executive directors of the Company on 22 January 2007.
- (6) Mr. Xu Lirong and Mr. Zhang Liang were appointed as non-executive directors of the Company on 15 May 2007.

- (iv) Long positions in underlying shares of equity derivatives of associated corporations of the Company:

The share options granted to the Directors and Supervisors by the associated corporations of the Company as at the Latest Practicable Date are set out as below:

Named of associated corporation	Name of Director/Supervisor	Capacity	Nature of interest	Exercise price	Number of share option outstanding as at the Latest Practicable Date	Percentage of total issued share capital of associate corporation as at the Latest Practicable Date		Note
COSCO Pacific	WEI Jiafu	Beneficial owner	Personal	HK\$13.75	1,000,000	0.04%	(1)	
	ZHANG Fusheng	Beneficial owner	Personal	HK\$13.75	1,000,000	0.04%	(1)	
	CHEN Hongsheng	Beneficial owner	Personal	HK\$13.75	1,000,000	0.04%	(1)	
	LI Jianhong	Beneficial owner	Personal	HK\$13.75	1,000,000	0.04%	(1)	
	SUN Yueying	Beneficial owner	Personal	HK\$13.75	1,000,000	0.04%	(1)	
	MA Zehua	Beneficial owner	Personal	HK\$13.75	1,000,000	0.04%	(1),(6)	
	LI Yunpeng	Beneficial owner	Personal	HK\$13.75	1,000,000	0.04%	(1)	
COSCO International Holdings Limited	WEI Jiafu	Beneficial owner	Personal	HK\$ 0.57	1,800,000	0.12%	(2),(3)	
				HK\$ 1.37	1,200,000	0.08%	(2),(4)	
	LI Jianhong	Beneficial owner	Personal	HK\$ 0.57	1,800,000	0.12%	(2),(3)	
				HK\$ 1.37	1,200,000	0.08%	(2),(4)	
COSCO Corporation (Singapore)	WEI Jiafu	Beneficial owner	Personal	S\$ 1.23	1,100,000	0.04%	(5)	
	LI Jianhong	Beneficial owner	Personal	S\$ 1.23	700,000	0.03%	(5)	
	SUN Yueying	Beneficial owner	Personal	S\$ 1.23	700,000	0.03%	(5)	

*Notes:*

- (1) The share options were granted by COSCO Pacific during the period from 25 November 2004 to 16 December 2004 under the 2003 Share Option Scheme at an exercisable price of HK\$13.75. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 25 November 2004 to 16 December 2004.
- (2) The share options were granted by COSCO International Holdings Limited ("COSCO International"), an associated corporation of the Company.
- (3) These share options were granted on 26 November 2003 pursuant to the share option scheme approved by shareholders of COSCO International on 17 May 2002 (the "Share Option Scheme of COSCO International") and can be exercised at HK\$0.57 per share at any time between 23 December 2003 and 22 December 2008.

- (4) These share options were granted on 2 December 2004 pursuant to the Share Option Scheme of COSCO International and can be exercised at HK\$1.37 per share at any time between 29 December 2004 and 28 December 2014.
- (5) The share options were granted by COSCO Corporation (Singapore) Limited on 21 February 2006 and can be exercised at S\$1.23 per share at any time between 21 February 2007 and 20 February 2011.
- (6) Mr. Ma Zehua resigned as a non-executive director of the Company on 22 February 2007.

Save as disclosed above, as at Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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.

**(b) Competing Interests**

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or Supervisors nor their respective associates have any interest in any business, which competes or may compete, either directly or indirectly, with the business of the Group.

**(c) Directors' Interests in Assets of the Group**

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.

**(d) Directors' Interests in Contracts of the Group**

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

## 4. SUBSTANTIAL SHAREHOLDERS

So far as was known to the Director, as at the Latest Practicable Date, shareholders who had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity and nature of interest	Number of H shares/Percentage of total issued share capital of the H Shares						Note
		Long position	%	Short position	%	Lending Pool	%	
Temasek Holdings (Private) Limited	Interest of controlled corporation	306,741,500	11.89	—	—	—	—	(1)
Temasek Capital (Private) Limited	Interest of controlled corporation	306,741,500	11.89	—	—	—	—	(1)
Seletar Investments Pte Ltd	Interest of controlled corporation	306,741,500	11.89	—	—	—	—	(1)
Singapex Investments Pte Ltd	Beneficial owner	272,536,000	10.56	—	—	—	—	(2)
Mr. Li Ka-Shing	Founder of discretionary trusts and interest of controlled corporations	275,294,000	10.56	—	—	—	—	(3)
Li Ka-Shing Unity Trustee Company Limited (“TUT1”)	Trustee	275,294,000	10.56	—	—	—	—	(3)
Li Ka-Shing Unity Corporation Company Limited (“TDT1”)	Trustee and beneficiary of a trust	275,294,000	10.56	—	—	—	—	(3)
Li Ka-Shing Unity Trustcorp Limited (“TDT2”)	Trustee and beneficiary of a trust	275,294,000	10.56	—	—	—	—	(3)
Cheung Kong (Holdings) Limited (“CKH”)	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Hutchison Whampao Limited (“HWL”)	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Hutchison International Limited (“HIL”)	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Hutchison Whampao Properties Limited (“HWPL”)	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Cactus Holdings Limited (“Cactus”)	Interest of controlled corporation	275,294,000	10.56	—	—	—	—	(3)
Northpier Enterprises Limited (“Northpier”)	Interest of controlled corporation	137,647,000	5.33	—	—	—	—	(3)
Vember Lord Limited (“Vember Lord”)	Beneficial owner	137,647,000	5.33	—	—	—	—	(3)
Yanter Services Limited (“Yanter”)	Interest of controlled corporation	137,647,000	5.33	—	—	—	—	(3)
Rhine Office Investments Limited (“Rhine Office”)	Beneficial owner	137,647,000	5.33	—	—	—	—	(3)
UBS AG	Beneficial owner and interest of controlled corporation	184,356,945	7.14	3,693,980	0.14	—	—	(4)

## APPENDIX

## GENERAL INFORMATION

JP Morgan Chase & Co (“JP Morgan”)	Interest of controlled corporation	181,914,581	7.05	—	—	130,294,481	5.05	(5)
Morgan Stanley	Interest of controlled corporation	135,773,113	5.26	55,447,426	2.15	—	—	(6)

### Notes:

- (1) The three references to 306,741,500 shares relate to the same block of shares in the Company comprising:
- (a) 272,536,000 shares held by Singapex Investments Pte Ltd, a wholly owned subsidiary of Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd; and
  - (b) 34,205,500 shares held by Aranda Investments Pte Ltd, a wholly owned subsidiary of Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd.

Each of Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd is taken to have a duty of disclosure in relation to the said shares of the Company by virtue of their deemed interests in the shares under the SFO.

- (2) This relates to 272,536,000 shares in the Company directly and beneficially held by Singapex Investments Pte Ltd as described in Note (1)(a) above.
- (3) The nine references to 275,294,000 shares relate to the same block of shares in the Company comprising 137,647,000 shares directly held by each of Vember Lord and Rhine Office respectively.

Li Ka-Shing Unity Holdings Limited (“Unity Holdings”), of which each of Mr. Li Ka-Shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust (“UT1”), together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH. Certain subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, Unity Holdings also owns the entire issued share capital of TDT1 as trustee of the Li Ka-Shing Unity Discretionary Trust (“DT1”) and TDT2 as trustee of another discretionary trust (“DT2”). Each of TDT1 and TDT2 holds units in UT1.

HWL holds the entire issued share capital of HIL, HIL holds the entire issued share capital of HWPL, which in turn holds the entire issued share capital of Cactus, which in turn holds the entire issued capital of Rhine Office and Vember Lord indirectly, through Yanter and Northpier respectively.

By virtue of the SFO, each of Mr. Li Ka-Shing (being the settlor and may be regarded as founder of DT1 and DT2 for the purpose of the SFO), TDT1, TDT2, TUT1, CKH, HWL, HIL, HWPL, Cactus, Yanter and Northpier is deemed to be interested in the share capital of the Company held by Rhine Office and Vember Lord as a substantial shareholder of the Company.

- (4) The 184,356,945 shares relate to the shares in the Company comprising:
- (a) 92,052,541 shares held by UBS AG;

(b) 18,278,854 shares of which UBS AG has a security interest; and

(c) 74,025,550 shares held by certain wholly-owned subsidiaries of UBS AG, including UBS Global Asset Management (UK) Ltd., UBS Fund Management (Switzerland) AG, UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Americas) Inc., UBS Global Asset Management (Hong Kong) Limited, UBS Global Asset Management (Singapore) Limited and UBS Global Asset Management (Japan) Ltd., UBS Global Asset Management (Canada) Co., UBS O'Conner LLC and UBS Securities LLC.

UBS AG is holding a short position in 1,453,980 shares of the Company and UBS Securities LLC is holding a short position in 2,240,000 shares of the Company.

(5) The 181,914,581 shares relate to the shares in the Company directly held by the following entities of JP Morgan: JPMorgan Chase Bank, N.A., J.P. Morgan Whitefrains Inc., JF Asset Management Limited and JF International Management Inc.. The 130,294,481 shares are held in the capacity of approved lending agent/custodian corporation by JPMorgan.

(6) The 135,773,113 shares relate to the shares in the Company directly held by Morgan Stanley Investment Management Company, Morgan Stanley & Co., International plc., Morgan Stanley Hong Kong Securities Limited, Morgan Stanley Asset & Investment Trust Management Co., Limited, MSDW Equity Finance Services I (Cayman) Limited, Morgan Stanley Capital (Luxemburg) S.A. and Morgan Stanley & Co., Inc. being related entities of Morgan Stanley. Morgan Stanley Hong Kong Securities Limited, MSDW Equity Finance Services I (Cayman) Limited, Morgan Stanley Capital (Cayman Islands) Limited and Morgan Stanley & Co., Inc. are holding a short position in 55,447,426 shares of the Company.

As at the Latest Practicable Date, so far as was known to the Directors, the shareholder having interests in the A Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity and nature of interest	Number of A shares/Percentage of total issued share capital of the Company's A shares					
		Long position	%	Short position	%	Lending Pool	%
COSCO	Beneficial owner	4,554,869,787	51.07	—	—	—	—

Notes:

(1) The table below shows the position held by the Directors in COSCO as at the Latest Practicable Date:

Names	Positions
Mr. WEI Jiafu	President and CEO
Mr. Zhang Fusheng	Secretary of the CPC sub-committee and Executive Vice President
Mr. CHEN Hongsheng	Executive Vice President
Mr. LI Jianhong	Executive Vice President
Mr. Xu Lirong	Executive Vice President
Mr. Zhang Liang	Executive Vice President
Ms. SUN Yueying	Chief Financial Officer

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there was no person (other than a Director, Supervisor or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors has a service contract with any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

## **6. LITIGATION**

Save as disclosed hereinbelow, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries:

- (a) The Group was involved in a personal injury case in which a truck was involved in a traffic accident in Illinois, the United States of America, resulting in death and injury of a number of individuals in 2003. The Directors considered that the exposure liable to the Group, if any, is fully covered by the Group's insurance policies.
- (b) The Group is subject to other claims in respect of a number of litigations currently under way. These litigations are incidental to the Group's business operations, including but not limited to claims arising from damages during transportation, loss of goods, delay in delivery or collision of vessels. As at the Latest Practicable Date, the Group is unable to ascertain the likelihood and amounts of the respective claims. However, the Directors are of the opinion that either the Group's insurance coverage will be adequate to cover any final claim to be settled or the final claims amounts will be insignificant to the Group.

## **7. CONSENT**

As at the Latest Practicable Date, DBS Asia Capital Limited has given and has not withdrawn its consent to the issue of this circular with the inclusion herein of its letter(s) of advice or report and/or valuation certificate and/or opinion and/or references to its names in the form and context in which they appear.



**8. QUALIFICATION OF EXPERT**

The following is the qualification of the professional adviser who has given their opinion or advice or report which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
DBS Asia Capital Limited	A deemed registered institution under SFO permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

DBS Asia Capital Limited does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

DBS Asia Capital Limited does not have any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 December 2006, the date to which the latest published audited consolidated financial statements of the Group were made up.

**9. MATERIAL ADVERSE CHANGE**

As at Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2006, the date to which the latest published audited consolidated financial statements of the Group were made up. The Directors are also of the view that the working capital available to the Group is sufficient.

**10. MISCELLANEOUS**

- (1) The joint company secretaries of the Company are Mr. Zhang Yongjian and Mr. Ng Kam Tsun, Jeffrey. Mr. Zhang Yongjian is a senior economist and Mr. Ng Kam Tsun, Jeffrey is a member of CPA (Australia) and Hong Kong Institute of Certified Public Accountants.
- (2) The qualified accountant of the Company is Ms. He Xinmei who is a member of The American Institute of Certified Public Accountants.
- (3) The registered office of the Company is located at 3rd Floor, No.1 Tongda Square, Tianjin Port Free Trade Zone, Tianjin 300461, the PRC. The head office and principal place of business of the Company is located at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.
- (4) The Hong Kong H share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (5) The English text of the circular shall prevail over the Chinese text.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any business day (except Saturdays and public holidays) at Paul, Hastings, Janofsky & Walker at 22nd Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong, from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2005 and 2006;
- (c) the letter from the Independent Board Committee dated 14 September 2007, the text of which is set out in this circular;
- (d) the letter from the Independent Financial Adviser dated 14 September 2007, the text of which is set out in this circular;
- (e) the letter of consent from DBS Asia Capital Limited; and
- (f) the Sale and Purchase Agreement.

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## NOTICE OF EGM

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中國遠洋控股股份有限公司

**China COSCO Holdings Company Limited\***

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock code : 1919)

### Notice of EGM

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of China COSCO Holdings Company Limited (the “Company”) will be held at Conference Room, Ocean Plaza, 158 Fuxingmennei Avenue, Xicheng District, Beijing, the PRC at 4:00 p.m. or so soon thereafter as the A shares class meeting of the Company shall have been concluded or adjourned on 23 October 2007 for the purposes of considering and, if thought fit, passing the following resolution (with or without modifications):

“THAT

- (a) the agreement dated 24 August 2007 between COSCO Pacific Limited and COSCO (Hong Kong) Group Limited for the sale and purchase of the entire issued share capital in and the outstanding loan due from Bauhinia 97 Limited (the “Agreement”) (copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose) and all the transactions contemplated thereby be and are hereby approved; and
- (b) the entering into of the Agreement by COSCO Pacific Limited be and is hereby approved, confirmed and ratified.”

By Order of the Board of Directors  
**China COSCO Holdings Company Limited**  
**ZHANG Yongjian**  
*Joint Company Secretary*

Beijing, the PRC

5 September 2007

*Notes:*

1. According to the Articles of Association of the Company, resolutions at general meetings of the Company will be determined by a show of hands unless a poll is required under the Listing Rules or demanded before or after any vote by show of hands. A poll may be demanded by the chairman of the meeting or at least two shareholders entitled to vote, present in person or by proxy, or by one or more shareholders present in person or by proxy representing 10% or more

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## NOTICE OF EGM

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of all shares carrying the voting rights at the meeting singly or in aggregate. Irrespective of whether the voting is carried out by show of hands or by poll, the votes counted will be based on the number of shares represented by such votes.

2. The register of H shares members of the Company will be closed from 24 September 2007 to 23 October 2007, both days inclusive, during which period no transfer of H shares of the Company will be affected. Holders of H shares and A shares of the Company whose names appear on the register of members of the Company as at the close of business at 4:30 p.m. on 21 September 2007 are entitled to attend the meeting.
3. A shareholder entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not to be a shareholder of the Company.
4. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) must be deposited at the Company's H share registrar, Computershare Hong Kong Investor Services Limited (address: Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong) for holders of H Shares not less than 24 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of a proxy form will not preclude a shareholder from attending and voting in person at the meeting if he so wishes.
6. Shareholders whose name appear in the register of members of the Company on 21 September 2007 are entitled to attend and vote at the meeting.
7. Shareholders who intend to attend this meeting in person or by proxy should return the reply slip to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, for holders of H Shares not later than 20 days before the date of this meeting, i.e. 3 October 2007.
8. Shareholders or their proxies attending the meeting shall produce their identity documents.
9. As at the date of this notice, the executive directors of the Company are Mr. WEI Jiafu (Chairman and CEO) and Mr. CHEN Hongsheng (President); the non-executive directors of the Company are Mr. ZHANG Fusheng (Vice Chairman), Mr. LI Jianhong, Mr. XU Lirong, Mr. ZHANG Liang and Ms. SUN Yueying; and the independent non-executive directors of the Company are Ms. LI Boxi, Mr. TSAO Wen King, Frank, Mr. Alexander Reid HAMILTON and Mr. CHENG Mo Chi.

\* *The Company is registered as an overseas company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name "China COSCO Holdings Company Limited".*