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If you have sold or transferred all your shares in China COSCO Holdings Company Limited, you should at once hand this circular 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.

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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)

MAJOR TRANSACTION
NEW SHIPBUILDING AGREEMENTS

A letter from the Board is set out on pages 5 to 9 of this circular. This circular is published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.chinacosco.com).

* *For identification purpose only*

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DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Changxing Shipbuilding”	Shanghai Jiangnan-Changxing Shipbuilding Co., Ltd.* (上海江南長興造船有限責任公司), a company established and existing under the laws of the PRC and a subsidiary of CSSC
“Chengxi Shipyard”	Chengxi Shipyard Co., Ltd.* (中船澄西船舶修造有限公司), a company established and existing under the laws of the PRC and a subsidiary of CSSC
“China Shipbuilding Trading”	China Shipbuilding Trading Company Limited* (中國船舶工業貿易有限公司), a company established and existing under the laws of the PRC and the major platform for foreign trade and cooperation of CSSC
“Company”	China COSCO Holdings Company Limited* (中國遠洋控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
“COSCO”	China Ocean Shipping (Group) Company* (中國遠洋運輸(集團)總公司), a Chinese state-owned enterprise and the controlling Shareholder currently owning an aggregate of approximately 52.80% of the total registered capital of the Company (including A Shares and H Shares)
“COSCO Asset Management”	COSCO Asset Management Limited (中遠資產管理有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“COSCO Entities” or “COSCO Entity”	COSCO Haerbin Shipping Limited, COSCO Changchun Shipping Limited, COSCO Shenyang Shipping Limited, COSCO Shijiazhuang Shipping Limited and/or COSCO Zhengzhou Shipping Limited, all of which are single-vessel holding companies and wholly-owned subsidiaries of COSCO Asset Management, and hence wholly-owned subsidiaries of the Company
“COSCO Pacific”	COSCO Pacific Limited 中遠太平洋有限公司, a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange (Stock Code: 1199), and an indirect non-wholly owned subsidiary of the Company

DEFINITIONS

“CSSC”	China State Shipbuilding Corporation* (中國船舶工業集團公司), a company established and existing under the laws of the PRC
“CSSC Huangpu Wenchong”	CSSC Huangpu Wenchong Shipbuilding Company Limited* (中船黃埔文沖船舶有限公司), a company established and existing under the laws of the PRC
“December 2013 Shipbuilding Agreements”	the shipbuilding agreements dated 30 December 2013 and entered into between Prosperity Investment (or its nominee) as buyer and China Shipbuilding Trading and CSSC Huangpu Wenchong as sellers for the construction and sale of four 64,000 DWT bulk carriers, details of which were disclosed in the announcement of the Company dated 30 December 2013
“Director(s)”	the director(s) of the Company
“DWT”	deadweight tons
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“January Shipbuilding Agreements”	the shipbuilding agreements dated 28 January 2014 and entered into between each of COSCO Nanjing Shipping Limited, COSCO Kunming Shipping Limited, COSCO Guiyang Shipping Limited, COSCO Hangzhou Shipping Limited and COSCO Wuhan Shipping Limited as buyer and China Shipbuilding Trading and Changxing Shipbuilding as sellers for the construction and sale of five 9,400 TEU container vessels, details of which were disclosed in the announcement of the Company dated 28 January 2014
“Jiangnan Shipyard”	Jiangnan Shipyard (Group) Co., Ltd.* (江南造船(集團)有限公司), a company established and existing under the laws of the PRC and a subsidiary of CSSC
“July Shipbuilding Agreements”	the shipbuilding agreements dated 11 July 2014 and entered into between: (i) Prosperity Investment (or its nominee) as buyer and China Shipbuilding Trading and Chengxi Shipyard as sellers for the construction and sale of four 38,800 DWT bulk carriers; and (ii) Prosperity Investment (or its nominee) as buyer and China Shipbuilding Trading and Chengxi Shipyard as sellers for the construction and sale of four 63,800 DWT bulk carriers, details of which were disclosed in the announcement of the Company dated 11 July 2014

DEFINITIONS

“June Shipbuilding Agreements”	the shipbuilding agreements dated 13 June 2014 and entered into between: (i) Prosperity Investment as buyer and China Shipbuilding Trading and CSSC Huangpu Wenchong as sellers for the construction and sale of four 64,000 DWT bulk carriers; and (ii) Prosperity Investment as buyer and China Shipbuilding Trading and Jiangnan Shipyard as sellers for the construction and sale of two 78,000 DWT bulk carriers, details of which were disclosed in the announcement of the Company dated 13 June 2014
“Latest Practicable Date”	18 September 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shipbuilding Agreements”	the shipbuilding agreements dated 17 September 2014 entered into between the relevant COSCO Entity as buyer and China Shipbuilding Trading and Changxing Shipbuilding as sellers for the construction and sale of five 14,500 TEU container vessels
“PRC”	the People’s Republic of China
“Previous Shipbuilding Agreements”	collectively, the December 2013 Shipbuilding Agreements, the January Shipbuilding Agreements, the June Shipbuilding Agreements and the July Shipbuilding Agreements
“Previous Shipbuilding Announcements”	the announcements of the Company dated 30 December 2013, 28 January 2014, 13 June 2014 and 11 July 2014 in relation to, among other things, the Previous Shipbuilding Agreements
“Prosperity Investment”	Prosperity Investment 2011 Limited, a corporation incorporated and existing under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) (including A share(s) and H share(s) of the Company) of RMB1.00 each in the total registered capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shipbuilding Agreements”	collectively, the Previous Shipbuilding Agreements and the New Shipbuilding Agreements

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“TEU”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of twenty feet, height of eight feet and six inches and width of eight feet
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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LETTER FROM THE BOARD



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. MA Zehua² (*Chairman*)
Mr. LI Yunpeng¹ (*Vice Chairman*)
Ms. SUN Yueying²
Mr. SUN Jiakang¹
Mr. YE Weilong¹
Mr. WANG Yuhang²
Mr. JIANG Lijun¹ (*President*)
Dr. FAN HSU Lai Tai, Rita³
Mr. KWONG Che Keung, Gordon³
Mr. Peter Guy BOWIE³
Mr. YANG, Liang Yee Philip³

Registered Office:

2nd Floor, 12 Yuanhang Business Centre
Central Boulevard and
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Tianjin Port Free Trade Zone
Tianjin, the PRC

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

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

¹ *Executive Director*

² *Non-executive Director*

³ *Independent Non-executive Director*

23 September 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION — NEW SHIPBUILDING AGREEMENTS

INTRODUCTION

Reference is made to: (i) the Previous Shipbuilding Announcements; and (ii) the announcement of the Company dated 17 September 2014 in relation to, among other things, the Shipbuilding Agreements.

* *For identification purpose only*

LETTER FROM THE BOARD

The Board is pleased to announce that on 17 September 2014, the COSCO Entities, each being a single-vessel holding company of COSCO Asset Management, as buyers entered into the New Shipbuilding Agreements with China Shipbuilding Trading and Changxing Shipbuilding as sellers for the construction and sale of five 14,500 TEU container vessels at an aggregate consideration of US\$618,000,000.

For information purposes, this circular contains, among other things, (i) details of the New Shipbuilding Agreements; (ii) certain financial information of the Group; and (iii) such other information as required under the Listing Rules.

NEW SHIPBUILDING AGREEMENTS

Date

17 September 2014

Parties

- (a) COSCO Entities (as buyers); and
- (b) China Shipbuilding Trading and Changxing Shipbuilding (as sellers).

Subject matter

Pursuant to the New Shipbuilding Agreements, China Shipbuilding Trading and Changxing Shipbuilding have agreed to build, launch, equip and complete at the shipyard of Changxing Shipbuilding and to sell and deliver to the COSCO Entities five 14,500 TEU container vessels at an aggregate consideration of US\$618,000,000.

Consideration and payment terms

The consideration for each 14,500 TEU container vessel is US\$123,600,000 and the aggregate consideration for the purchase of five 14,500 TEU container vessels is US\$618,000,000.

The consideration is subject to adjustment in the event of: (i) delay in delivery of any 14,500 TEU container vessel; (ii) deficiency in the actual speed of any 14,500 TEU container vessel; (iii) excessive fuel consumption; or (iv) deficiency in the actual deadweight of any 14,500 TEU container vessel.

Under each of the New Shipbuilding Agreements, the relevant COSCO Entity shall pay the consideration of US\$123,600,000 in installments in accordance with construction progress of the relevant 14,500 TEU container vessel.

LETTER FROM THE BOARD

Delivery

Delivery of the five 14,500 TEU container vessels is scheduled to be made from 2017 to 2018, subject to the advancement and delay of time for delivery clauses in each of the New Shipbuilding Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW SHIPBUILDING AGREEMENTS

The Company entered into the New Shipbuilding Agreements in order to upgrade the fleets of the container vessels of the Group and improve the competitiveness of its shipping fleet as a whole. The consideration payable by the Group under the New Shipbuilding Agreements was arrived at after arm's length negotiations between the parties. The consideration was determined principally based on the prevailing market price for the construction and sale of similar vessels in the PRC. The Directors (including the independent non-executive Directors) consider that the terms of the New Shipbuilding Agreements are fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

The Company will finance the consideration payable under the New Shipbuilding Agreements from internal resources and bank borrowings.

FINANCIAL EFFECTS OF THE NEW SHIPBUILDING AGREEMENTS

Based on current facts and circumstances, it is estimated that the entering into of the New Shipbuilding Agreements and the transactions contemplated thereunder by the Group, with a total consideration of US\$618,000,000, would constitute capital commitments of the Group by the same amount immediately after entering into the New Shipbuilding Agreements. The Group would have to incur cash outflow to settle these capital commitments according to the payment schedules as stipulated in the New Shipbuilding Agreements.

The Directors do not expect that the entering into of the New Shipbuilding Agreements would have any adverse financial impact on the earnings, assets and liabilities of the Group.

INFORMATION ABOUT THE GROUP

The Company was established in the PRC on 3 March 2005. The Group provides a wide range of container shipping, dry bulk shipping, terminal and container leasing services covering the whole shipping value chain for both international and domestic customers.

INFORMATION ABOUT THE PARTIES TO THE NEW SHIPBUILDING AGREEMENTS

Each of the COSCO Entities is a single-vessel holding company and a wholly-owned subsidiary of COSCO Asset Management.

COSCO Asset Management is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. It is principally engaged in asset management and investment holdings.

LETTER FROM THE BOARD

To the best of the knowledge of the Directors, China Shipbuilding Trading is a company established in the PRC principally engaged in military products trading, international marketing of civilian vessels, import of technologies, equipment and materials, export of electromechanical products such as marine equipments and international engineering contracting. It is the major platform for foreign trade and cooperation of CSSC.

To the best of the knowledge of the Directors, Changxing Shipbuilding is a company established in the PRC principally engaged in the business of shipbuilding. Changxing Shipbuilding is the major platform of CSSC in Changxing, Jiangnan in the PRC.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of China Shipbuilding Trading, Changxing Shipbuilding and their respective ultimate beneficial owner is an independent third party and not a connected person (as defined in the Listing Rules) of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The New Shipbuilding Agreements and the Previous Shipbuilding Agreements constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the New Shipbuilding Agreements, though calculated on a standalone basis only exceed 5% but are less than 25%, when aggregated with the Previous Shipbuilding Agreements, exceed 25% but are less than 100%, the entering into of the New Shipbuilding Agreements constitutes a major transaction for the Company and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquires, no Shareholder has a material interest in the New Shipbuilding Agreements and accordingly, no Shareholder is required to abstain from voting on the New Shipbuilding Agreements. COSCO, being the controlling Shareholder holding 5,394,262,344 Shares (representing approximately 52.80% of the total registered capital of the Company as at the Latest Practicable Date), has given its written approval to the entering into of the New Shipbuilding Agreements and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Accordingly, no physical general meeting will be held by the Company for approving the entering into of the New Shipbuilding Agreements.

RECOMMENDATIONS

The Directors are of the view that the terms of the New Shipbuilding Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for approving the New Shipbuilding Agreements, the Board would recommend the Shareholders to vote in favor of the resolution to approve the New Shipbuilding Agreements at such general meeting.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular. This circular is issued for the Shareholders' information.

Yours faithfully,
By order of the Board
China COSCO Holdings Company Limited
Guo Huawei
Joint Company Secretary

1. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking ahead, the “weak recovery, low growth” trend of the global economy is expected to continue. The economic growth of all economies has slowed down and the foundation for economic recovery is unsolid. The shipping industry is still hovering at low levels. The shipping enterprises will still be faced with various pressures and challenges such as insufficient direct demand, high costs, tight capital and narrowed efficiency space.

Confronted with tough challenges, the Group will continue to concentrate its efforts on the construction of its core system capability. By closely adhering to the major task of “increasing income, controlling costs, refining management, ensuring security”, the Group will focus on two lines of principal businesses, namely container transportation and bulk cargo transportation. The Group will spare no efforts in market expansion and continue to reinforce controls on costs, exert itself to promote the improvement in the efficiency of its principal operations and continuously increase the earnings contribution from terminals, container leasing and relevant industries. Meanwhile, the Group will fully seize the strategic opportunities arising from the transformation and upgrade of China’s economy, deepen system and mechanism reforms, focus on risk avoidance, to ensure the stable and sustainable development of its businesses.

In respect of container shipping, the Group will continue to upgrade its fleet structure, enhance the global marketing network, explore the emerging markets and increase customer base, expand alliance cooperation, improve the composition of markets, cargo flow, cargo sources and customers, further enhance cost control efforts and improve resource allocation ability and utilization efficiency. Meanwhile, cross-integration of the traditional industry and e-commerce business will continue, the Group will explore to build up a shipping e-commerce business community to create early opportunities for achieving a successful future.

In respect of dry bulk shipping, the Group will continue to pursue its philosophy of stable operation, adhere to its “large-scale customer” strategy, coupled with the principle of “Combining fleet structure adjustment to supplier structure and customer structure” for optimizing the transportation capacity structure. Meanwhile, the layout of global networks will be further improved to enhance the proportion of basic supply.

2. INDEBTEDNESS OF THE GROUP**BORROWINGS**

As at 31 July 2014, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had total borrowings of approximately RMB91,667 million. Details of the total borrowings are summarised below:

	<i>RMB million</i>
Bank loans — secured	22,184
Bank loans — unsecured	50,968
Loans from COSCO Finance Company Limited — unsecured	222
Finance lease obligations — secured	64
Notes — unsecured	16,769
Loans from non-controlling shareholders of subsidiaries — unsecured	<u>1,460</u>
Total	<u><u>91,667</u></u>

As at 31 July 2014, notes with total carrying amount of RMB6,081 million were guaranteed by an irrevocable standby letter of credit issued by Bank of China Limited, Beijing Branch.

PLEDGE OF ASSETS

As at 31 July 2014, the Group pledged its property, plant and equipment and bank accounts with total carrying amounts of approximately RMB35,521 million and RMB273 million respectively to banks for its secured bank loans and finance lease obligations.

FINANCIAL GUARANTEE

As at 31 July 2014, the financial guarantee issued by the Group for an associate's utilised banking facilities was approximately RMB110 million.

CONTINGENT LIABILITIES

The Group is involved in a number of claims, including but not limited to, the claims arising from damage to vessels during transportation, damage to goods, delay in delivery, collision of vessels, early termination of vessel chartering contracts and non-payment of professional fees of certain terminal investment. As at 31 July 2014, the Group was unable to ascertain the likelihood and amounts of the above mentioned claims. However, based on the advice of legal counsel and/or information available to the Group, the Directors are of the opinion that the related claims amounts should not be material to the Group as a whole. For details of the material claims as at the Latest Practicable Date, please refer to the paragraph headed "4. Litigation" in Appendix II to this circular.

3. WORKING CAPITAL

The Directors are of the view that, after due and careful enquiry, taking into account the expected completion of the New Shipbuilding Agreements and the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital to meet its present requirements for at least the next 12 months from the date of this circular.

4. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2013 have been set out on pages 130 to 259 of the 2013 annual report of the Company which was posted on 29 April 2014 on the website of the Stock Exchange (<http://www.hkexnews.hk>). Please also see below quick link to the 2013 annual report of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0429/LTN20140429508.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2012 have been set out on pages 143 to 253 of the 2012 annual report of the Company which was posted on 18 April 2013 on the website of the Stock Exchange (<http://www.hkexnews.hk>). Please also see below quick link to the 2012 annual report of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0418/LTN20130418267.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2011 have been set out on pages 143 to 303 of the 2011 annual report of the Company which was posted on 23 April 2012 on the website of the Stock Exchange (<http://www.hkexnews.hk>). Please also see below quick link to the 2011 annual report of the Company:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0423/LTN20120423104.pdf>

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' and Supervisors' interests or short positions in the Shares

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 Issuers as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(i) Long positions in the Shares, underlying Shares and debentures of the Company

Name of Director	Capacity	Nature of interests	Number of Shares	Class of Shares	Approximate percentage of total issued share capital in the class	Approximate percentage of total issued share capital of the Company
FAN HSU Lai Tai, Rita	Beneficial owner	Personal	10,000	H Share	0.0004%	0.00009%
Peter Guy BOWIE	Beneficial owner	Personal	15,000	H Share	0.0006%	0.00010%
LI Yunpeng	Beneficial owner	Family	3,000	A Share	0.00004%	0.00003%

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

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of Shares	Approximate percentage of total issued share capital
COSCO Corporation (Singapore) Limited	SUN Yueying	Beneficial owner	Personal	600,000	0.030%
COSCO Pacific	KWONG Che Keung, Gordon	Beneficial owner	Personal	250,000	0.009%

(iii) *Long position in the underlying shares of equity derivative 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 the Directors, Supervisors and senior management of the Company with the operating results and share value of the Company. 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 Directors and Supervisors are set out below:

Name of Director/Supervisor	Capacity	Nature of interest	Outstanding share appreciation rights	Approximate percentage of issued share capital of H Shares	Note
LI Yunpeng	Beneficial owner	Personal	450,000	0.017%	(1)
			600,000	0.023%	(2)
			580,000	0.022%	(3)
SUN Yueying	Beneficial owner	Personal	450,000	0.017%	(1)
			600,000	0.023%	(2)
			580,000	0.022%	(3)
SUN Jiakang	Beneficial owner	Personal	375,000	0.015%	(1)
			500,000	0.019%	(2)
			480,000	0.019%	(3)
YE Weilong	Beneficial owner	Personal	480,000	0.019%	(3)
FU Xiangyang	Beneficial owner	Personal	100,000	0.004%	(1)
			90,000	0.003%	(2)
			85,000	0.003%	(3)
MA Jianhua	Beneficial owner	Personal	480,000	0.019%	(3)
GAO Ping	Beneficial owner	Personal	100,000	0.004%	(1)
			90,000	0.003%	(2)
			85,000	0.003%	(3)

Notes:

- (1) The share appreciation rights were granted by the Company in units with each unit representing one H Share 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.
- (2) The share appreciation rights were granted by the Company in units with each unit representing one H Share 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 rights were granted by the Company in units with each unit representing one H Share 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.

(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:

Name of associated corporation	Name of Director/ Supervisor	Capacity	Nature of interest	Outstanding share options	Approximate percentage of total issued share capital	<i>Note</i>
COSCO International Holdings Limited	SUN Jiakang	Beneficial owner	Personal	800,000	0.053%	(1)
COSCO Pacific	SUN Jiakang	Beneficial owner	Personal	700,000	0.02%	(2)

Notes:

- (1) These share options were granted on 2 December 2004 pursuant to the share option scheme of COSCO International Holdings Limited, an associated corporation of the Company, and can be exercised at HK\$1.37 per share at any time between 29 December 2004 and 28 December 2014.
- (2) These share options were granted during the period from 25 November 2004 to 16 December 2010 pursuant to the share option scheme of COSCO Pacific, an associated corporation of the Company, and can be exercised at HK\$13.75 per share at any time between 1 December 2004 and 30 November 2014.

(b) Competing Interests

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

(c) Directors' and Supervisors' Interests in assets of the Group

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or Supervisors nor their respective associates had any direct or indirect interests in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, any member of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(d) Directors' and Supervisors' interests in contracts or arrangements of the Group

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

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had entered or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

Particulars of the litigations or claims of material importance pending or threatened against any member of the Group as at the Latest Practicable Date are set out as follows:

Plaintiff	Defendant	Other parties involved	Nature	Brief description	Amount involved	Status	Judgment and effects	Execution of judgment
COSCO Container Lines Company Limited	Ural Container Company (烏拉爾集裝箱運輸公司)	Nil	Ships collision	On 23 February 2012, Zhen He collided with MOL MANEUVER in the open seas of Hong Kong, which resulted in serious damage of Zhen He and the goods on board. The Company has filed a litigation to Guangzhou Maritime Court, and the court has accepted the case and the first hearing was held.	RMB105 million	The Court has accepted the case and the first hearing was held during which the evidence was exchanged. The parties are waiting for the second hearing.	—	—
Aronis-Drettas-Karlaftis Consultant Engineers S.A. (“ADK”)	COSCO Pacific and Piraeus Container Terminal S.A. (“PCT”)	—	Litigation	ADK filed a lawsuit to the Court of First Instance of Athens according to Article 677 of the Greek Code of Civil Procedure regarding the engineering fee under the Greek Civil Court. The merit of ADK was that COSCO Pacific and PCT failed to pay for the relevant Civil construction works conducted by ADK pursuant to their instruction. In this case, ADK required COSCO Pacific and PCT to pay the service fee according to the terms of the engagement letter and did not ask for compensation on the default of contract. ADK required COSCO Pacific and PCT to pay the professional fee for services provided by ADK in the relevant period regarding the following works: (i) preparation of the design of terminal and tendering document of terminal construction; (ii) provision of construction management services and other relevant works after winning the bid; and (iii) previous supervision and coordination of outsourcing units, namely P. Karpouzoglou and ATLANTIS (Note: In the opinion of the Greek lawyer, PCT had paid for the work in item (iii) on 20 October 2010).	Approximately EUR5.8 million	The first hearing was held on 30 November 2010. The Court of First Instance of Athens has made a judgement and dismissed all claims against COSCO Pacific and PCT, and determined that the plaintiff (ADK) shall pay a total of EUR30,000 as part of the legal expenses to COSCO Pacific and PCT. The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law. The hearing of this appeal was first scheduled to take place on 13 November 2012 but was then postponed to 26 November 2013 due to the strike called by the Association of the Justices of the Greek courts. Subsequently, the hearing was further adjourned by the Court of Appeals of Athens to 21 October 2014 at the request of ADK. According to the rules of Greek Civil Procedure, the hearing cannot be adjourned again, except only if the courts are closed for whatever reason on 21 October 2014.	The litigation has not ended and it is currently unable to accurately predict the outcome.	—

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

5. MATERIAL CONTRACTS

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

- (a) a subscription agreement dated 26 November 2012 and entered into between (i) COSCO Finance (2011) Limited (“**COSCO Finance (2011)**”), a wholly-owned subsidiary of the Company, as the issuer, (ii) the Company and (iii) BOCI Asia Limited and The Hongkong and Shanghai Banking Corporation Limited as the initial subscribers in relation to the issuance of the US\$1,000,000,000 4.00% credit enhanced bonds issued by COSCO Finance (2011);
- (b) a keepwell deed dated 3 December 2012 and entered into between (i) the Company as keepwell provider, (ii) COSCO Finance (2011) as the issuer and (iii) The Hongkong and Shanghai Banking Corporation Limited as trustee in relation to the US\$1,000,000,000 4.00% credit enhanced bonds issued by COSCO Finance (2011);
- (c) a subscription agreement dated 24 January 2013 and entered into between (i) COSCO Pacific Finance (2013) Company Limited (“**CPL Finance (2013)**”), a non-wholly-owned subsidiary of COSCO Pacific, as the issuer, (ii) COSCO Pacific as the guarantor and (iii) BOCI Asia Limited, Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc and UBS AG, Hong Kong Branch together as the joint lead managers in relation to the issue of US\$300,000,000 4.375% guaranteed notes due 2023 by CPL Finance (2013);
- (d) an agreement dated 24 January 2013 and entered into between COSCO Pacific (China) Investments Co., Ltd. (“**CP (China)**”), a non-wholly-owned subsidiary of COSCO Pacific, and COSCO pursuant to which COSCO agreed to sell and CP (China) agreed to acquire 39.04% equity interest in Taicang International Container Terminal Co., Ltd. Completion of the acquisition is subject to the satisfaction of certain conditions precedent set out in the agreement. The consideration for the transaction as approved by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC was approximately RMB323,109,000;
- (e) an agreement dated 25 February 2013 and entered into between Xiamen Ocean Gate Container Terminal Co., Ltd. (“**Xiamen Ocean Gate**”), a non-wholly owned subsidiary of COSCO Pacific, and Xiamen Haicang Investment Group Co., Ltd. (“**Xiamen Haicang**”), pursuant to which Xiamen Haicang agreed to sell and Xiamen Ocean Gate agreed to acquire 100% equity interest in Xiamen Haitou Tongda Terminal Co., Ltd. for a consideration of RMB205,864,000;

- (f) an equity transfer agreement dated 27 March 2013 and entered into between the Company as seller and COSCO as purchaser in respect of the sale and transfer of 100% equity interest in COSCO Logistics Co., Ltd. (中國遠洋物流有限公司) at a consideration of RMB6.74 billion;
- (g) a sale and purchase agreement dated 20 May 2013 and entered into between COSCO Pacific, a non-wholly-owned subsidiary of the Company, as the vendor, Long Honour Investments Limited as the purchaser and COSCO (Hong Kong) Group Limited as the guarantor in relation to the disposal of the entire issued share capital of COSCO Container Industries Limited and the assignment of the unsecured, non-interest bearing and on-demand loan outstanding and owing from COSCO Container Industries Limited to COSCO Pacific as at the date of completion of the transactions contemplated thereunder;
- (h) an equity transfer agreement dated 29 August 2013 and entered into between Qingdao Ocean Shipping Co., Ltd. (青島遠洋運輸有限公司) (“**COSCO Qingdao**”), a wholly-owned subsidiary of the Company, as the transferor and Yuehon Investment Limited (裕航投資有限公司) (“**Yuehon**”) as the transferee in relation to the sale and transfer of 81% equity interest in COSCO (Qingdao) Asset Management Co., Ltd. (青島遠洋資產管理有限公司), a wholly-owned subsidiary of COSCO Qingdao, at a consideration of RMB2,058.04 million (the “**Qingdao Management Disposal**”);
- (i) a guarantee agreement dated 29 August 2013 and entered into among COSCO Qingdao, COSCO (as the guarantor) and Yuehon in relation to the Qingdao Management Disposal;
- (j) an equity transfer agreement dated 29 August 2013 and entered into between COSCO Container Lines Co., Ltd. (中遠集裝箱運輸有限公司) (“**COSCON**”), a wholly-owned subsidiary of the Company, as the transferor and Ling Hui Investments Limited (領惠投資有限公司) (“**Ling Hui**”) as the transferee in relation to the sale and transfer of 81% equity interest in Shanghai Tianhongli Asset Management CO., Ltd. (上海天宏力資產管理有限公司) (“**Shanghai Tianhongli**”) at a consideration of RMB1,689.36 million (the “**Shanghai Tianhongli Disposal**”);
- (k) a guarantee agreement dated 29 August 2013 and entered into among COSCON, COSCO (as the guarantor) and Ling Hui in relation to the Shanghai Tianhongli Disposal;
- (l) an entrust management services master agreement dated 29 August 2013 and entered into between the Company and COSCO in relation to the engagement of the Company and its subsidiaries or associates by COSCO in providing entrusted management services over the shareholding, assets and related decisions of COSCO’s non-listed wholly-owned subsidiaries or directly controlled entities (excluding commonly controlled entities);
- (m) a joint venture agreement dated 16 December 2013 and entered into among (i) Qingdao Port International Co., Ltd. (青島港國際股份有限公司), (ii) Mighty Star Investment Limited, (iii) COSCO Pacific (China) Investment Co., Ltd. (中遠太平洋(中國)投資有限公司) (“**COSCO Pacific Investment**”), a wholly-owned subsidiary of COSCO Pacific, and (iv) IMC Qingdao Port Investment Pte. Ltd. in relation to the establishment of Qingdao Port

Dongjiakou Ore Terminal Co., Ltd. (青島港董家口礦石碼頭有限公司) with the registered capital of RMB1.4 billion in which COSCO Pacific Investment would have an equity interest amounting to 25%;

- (n) a subscription agreement dated 13 March 2014 and entered into by, among others, (i) COSCO-HPHT ACT Limited (“**COSCO-HPHT ACT**”), a joint venture which is 50% held by each of COSCO Ports ACT Limited (“**COSCO Ports (ACT)**”), a wholly-owned subsidiary of COSCO Pacific, and Sea Prime Holdings Limited (“**Sea Prime**”), a wholly-owned subsidiary of Hutchison Port Holdings Trust (“**HPHT**”), and (ii) Asia Container Terminals Holdings Limited (“**ACTH**”), pursuant to which ACTH has agreed to allot and issue to COSCO-HPHT ACT 800 new ordinary shares in the capital of ACTH at a total consideration of HK\$2,216,000,000; and
- (o) a shareholders’ agreement dated 13 March 2014 and entered into among (i) Sea Prime, (ii) Hutchison Port Holdings Management Pte. Limited (“**HPHMPL**”) (as the trustee-manager of HPHT), (iii) COSCO Ports (ACT), a wholly owned subsidiary of COSCO Pacific, (iv) COSCO Pacific and (v) COSCO-HPHT ACT, pursuant to which Sea Prime and COSCO Ports (ACT) agreed to provide funding or other form of financial assistance to COSCO-HPHT ACE under certain circumstances and COSCO Pacific agreed to provide guarantee and indemnity to Sea Prime in relation to the obligations of COSCO Ports (ACT) under such shareholders’ agreement.

6. MISCELLANEOUS

- (1) The joint company secretaries of the Company are Dr. GUO Huawei and Ms. HUNG Man, Michelle. Dr. GUO Huawei is a senior economist. Ms. HUNG Man, Michelle is a practicing solicitor of the High Court of the Hong Kong and is qualified to practice law in England and Wales.
- (2) The registered office of the Company is located at 2nd Floor, Building 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Airport Economic Zone, Tianjin, the PRC. The head office and principal place of business of the Company in Hong Kong is located at 49/F, COSCO Tower, 183 Queen’s Road Central, Hong Kong.
- (3) The Hong Kong H share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

7. DOCUMENTS FOR INSPECTION

A copy of the following documents will be made available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2012 and 2013;
- (c) the Previous Shipbuilding Agreements;
- (d) the New Shipbuilding Agreements;
- (e) the material contracts referred to in the paragraph headed "5. Material Contracts" in this appendix;
- (f) the circular of the Company dated 12 September 2014 in relation to the new financial services agreement entered into between COSCO Finance Co., Ltd. (中遠財務有限責任公司) and COSCO Pacific; and
- (g) this circular.