
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares of **COSCO Pacific Limited**, you should at once hand this circular and the accompanying election form to the purchaser or the transferee or to the bank, the registered dealer in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

Directors:

Mr. LI Yunpeng² (*Chairman*)

Dr. WANG Xingru¹ (*Vice Chairman & Managing Director*)

Mr. WAN Min²

Mr. HE Jiale¹

Mr. FENG Jinhua¹

Mr. FENG Bo¹

Mr. WANG Haimin²

Mr. WANG Wei²

Dr. WONG Tin Yau, Kelvin¹

Mr. YIN Weiyu¹

Mr. CHOW Kwong Fai, Edward³

Mr. Timothy George FRESHWATER³

Dr. FAN HSU Lai Tai, Rita³

Mr. Adrian David LI Man Kiu³

General Counsel & Company Secretary:

Ms. HUNG Man, Michelle

¹ Executive Director

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³ Independent Non-executive Director

Registered Office:

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Principal Place of Business:

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183 Queen's Road Central

Hong Kong

19th June 2012

To the shareholders of COSCO Pacific Limited

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME
IN RELATION TO THE FINAL DIVIDEND
FOR THE YEAR ENDED 31ST DECEMBER 2011**

1. INTRODUCTION

On 27th March 2012, it was announced that the directors (the “**Directors**”) of COSCO Pacific Limited (the “**Company**”) recommended the payment of a final dividend of HK17.4

cents per share of HK\$0.10 each in the Company (the “**Share(s)**”) for the year ended 31st December 2011 (the “**Final Dividend**”), with an option to receive new fully paid Shares in lieu of cash (the “**Scrip Dividend Scheme**”). The Final Dividend was approved at the annual general meeting of the Company held on 17th May 2012 (the “**AGM**”). The Final Dividend is payable to shareholders of the Company (the “**Shareholders**”) whose names appeared on the register of members of the Company on 28th May 2012 (the “**Record Date**”). The register of members was closed from 23rd May 2012 to 28th May 2012 (both dates inclusive). To rank for the Final Dividend, all completed transfer forms, accompanied by the relevant share certificates, had to be lodged with the Company’s Hong Kong branch registrar and transfer office for registration not later than 4:30 p.m. on 22nd May 2012.

The Scrip Dividend Scheme

Shareholders whose names appeared on the register of members of the Company on the Record Date (except Shareholders with registered addresses in the United States of America or any of its territories or possessions (the “**US Shareholders**”)) (the “**Qualifying Shareholders**”) will have a right to choose to receive new fully paid Shares instead of the whole or part of their cash dividend for the year ended 31st December 2011 under the Scrip Dividend Scheme (the “**Scrip Shares**”).

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Qualifying Shareholders in relation thereto.

2. PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, the Qualifying Shareholders have the following choices in respect of the Final Dividend:

- (i) cash of HK17.4 cents for each Share held on the Record Date; or
- (ii) an allotment of Scrip Shares (the number of which is determined as explained below); or
- (iii) partly in cash and partly in the form of the Scrip Shares.

For the purpose of calculating the number of the Scrip Shares to be allotted pursuant to the Scrip Dividend Scheme, the market value of the Scrip Shares has been fixed at HK\$9.206 per Share, which is the average of the closing prices per Share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days up to and including 29th May 2012 (“**Average Closing Price**”). Accordingly, the number of the Scrip Shares which the Qualifying Shareholders will receive in respect of the existing Shares registered in their names as at the Record Date will be calculated as follows:

$$\begin{array}{rcccl} & & \text{Number of existing} & & \\ & & \text{Shares held on the} & & \\ \text{Number of the} & & \text{Record Date and elected} & & \text{HK\$0.174 (Final Dividend per Share)} \\ \text{Scrip Shares to} & = & \text{for the Scrip Shares (as} & \times & \hline & & \text{applicable)} & & \text{HK\$9.206 (Average Closing Price)} \\ \text{be received} & & & & \end{array}$$

Based on the above, a maximum number of 51,254,653 Scrip Shares, representing approximately 1.89% of the existing issued share capital of the Company as at 28th May 2012 and approximately 1.86% of the then issued share capital of the Company as enlarged by the issue of the Scrip Shares, could be issued. **The last day and time on which the Qualifying Shareholders will be entitled to elect their desired form of the Final Dividend is 4:30 p.m. on Friday, 6th July 2012.** The number of the Scrip Shares to be issued to each Qualifying Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares in respect of alternatives (ii) and (iii) above will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will, when they are issued, rank pari passu in all respects with the existing Shares of the Company except that they will not be entitled to the Final Dividend.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Directors consider that the Scrip Dividend Scheme is beneficial to both Shareholders and the Company as it will enable Shareholders to further participate in the equity capital of the Company and the Company to retain cash for its operation.

4. CONDITIONS OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon (i) the Shareholders passing an ordinary resolution at the AGM declaring the Final Dividend; and (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme.

The condition set out in sub-paragraph (i) of this Section 4 has been satisfied. If the condition set out in sub-paragraph (ii) of this Section 4 is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Forms (as defined below) will be void. In such a case, the Final Dividend will then be paid wholly in cash.

5. EFFECT OF THE SCRIP DIVIDEND SCHEME

The Qualifying Shareholders should note that the Scrip Shares to be issued under the Scrip Dividend Scheme may give rise to disclosure requirements under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Qualifying Shareholders who are in any doubt as to how these provisions may affect them as a result of the Scrip Shares are recommended to seek their own professional advice.

6. ELECTION FORM

A form of election in relation to the Scrip Dividend Scheme (the “Election Form”) is enclosed for use by Qualifying Shareholders who wish to receive the Final Dividend wholly in the form of the Scrip Shares or partly in cash and partly in the form of the Scrip Shares in lieu of cash. Please read carefully the instructions below and the instructions printed on the Election Form.

(a) To receive only cash dividend

If you wish to receive only cash for the Final Dividend, you do not need to take any action. Therefore, please DO NOT return the Election Form.

(b) To receive only scrip dividend for the Final Dividend

If you wish to receive only Scrip Shares for the Final Dividend, please just SIGN, DATE and RETURN the Election Form.

(c) To receive part cash dividend and part scrip dividend for the Final Dividend

If you wish to receive your entitlement to the Final Dividend partly in cash and partly in Scrip Shares, please ENTER in Box C of the Election Form the number of Shares which you held on the Record Date for which you require the Final Dividend to be paid in Scrip Shares. Then SIGN, DATE and RETURN the Election Form.

If you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding on the Record Date, you will be deemed to have elected to receive only Scrip Shares in respect of ALL the Shares registered in your name on the Record Date. Therefore, you will receive only Scrip Shares for the Final Dividend.

The Election Form has not been sent to the US Shareholders.

The Election Form should be completed in accordance with the instructions printed thereon and returned, so that they are received by the Company's Hong Kong branch registrar and transfer office, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 6th July 2012. Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant Qualifying Shareholder's dividend being paid wholly in the form of cash. No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Final Dividend may, after the relevant Election Forms are signed and returned to the Company's Hong Kong branch registrar and transfer office, be in any way withdrawn, revoked, superseded or altered.

7. SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

This circular will not be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than Hong Kong.

US Shareholders will not be permitted to participate in the Scrip Dividend Scheme and they will receive the Final Dividend wholly in cash. Having obtained and taken into consideration a legal opinion in respect of that jurisdiction, the Directors considered such exclusion to be necessary and expedient pursuant to Rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange. US Shareholders are therefore not "Qualifying Shareholders" for the purposes of the Scrip Dividend Scheme. No Election Form is being sent to such Shareholders.

For the avoidance of doubt, the Scrip Shares are not being offered to the public and the Election Form is not transferable.

Save for US Shareholders, all Shareholders resident outside Hong Kong should consult their professional advisers as to whether or not they are permitted to participate in the Scrip Dividend Scheme or whether any government or other consents are required or other formalities need to be observed. No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to

elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities. Persons who receive Scrip Shares in lieu of the cash dividend must also comply with any restrictions on the resale of the Shares which may apply outside Hong Kong.

8. LISTING AND DEALINGS

Application has been made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme.

It is expected that the relevant dividend warrants and share certificates will be posted to the Shareholders at the risk of those entitled thereto on or about Friday, 20th July 2012, and dealings of the Scrip Shares on the Stock Exchange are expected to commence on Monday, 23rd July 2012.

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System (“CCASS”). All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Dealings in the Shares may be settled through CCASS and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The Shares of the Company are only listed on the Stock Exchange. No part of the share capital of the Company is listed or dealt in on any other stock exchange and the Company is not currently seeking to list its securities on any other stock exchange.

9. ADJUSTMENTS IN RELATION TO SHARE OPTIONS GRANTED

In accordance with the terms of the share option scheme of the Company adopted by the Shareholders on 23rd May 2003 and amended with the approval of the Shareholders on 5th December 2005 (the “**Share Option Scheme**”), the Scrip Shares may or may not result in adjustments to the subscription price of and/or the number of Shares subject to the share options which had been granted during the life of the Share Option Scheme as such share options or part thereof remain unexercised. If and when any adjustments have to be made, the Company will give due notification to the relevant optionholders of the Company according to the Share Option Scheme.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 13th July 2012:

- (a) memorandum of association and bye-laws of the Company;
- (b) The Companies Act 1981 of Bermuda; and
- (c) annual report of the Company for each of the financial year ended 31st December 2009, 2010 and 2011.

11. RECOMMENDATION AND ADVICE

Whether or not it is to your advantage to receive cash or the Scrip Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the sole responsibility of each Shareholder. If you are in any doubt as to what to do, you should consult your professional advisers.

Shareholders who are trustees are recommended to take professional advice as to whether the choice of the Scrip Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Yours faithfully,
For and on behalf of the Board
WANG Xingru
Vice Chairman & Managing Director

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