

# COSCO INTERNATIONAL HOLDINGS LIMITED

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.*



**COSCO Pacific Limited**

**(中遠太平洋有限公司)**

*(Incorporated in Bermuda with limited liability)*



**COSCO International  
Holdings Limited**

**(中遠國際控股有限公司)**

*(Incorporated in Bermuda with limited liability)*

## **CONNECTED TRANSACTION**

### **TENANCY AGREEMENT**

In pursuance to a tenancy agreement (the “Tenancy Agreement”) dated 7th March 2001, COSCO Pacific Management Company Limited (中遠太平洋管理有限公司) (“the Tenant”) has agreed to rent from Wing Thye Holdings Limited (“the Landlord”) a portion of the premises situate at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (“the Property”) for a term of three years commencing with retrospective effect from 4th December 2000. The monthly rental is HK\$465,023.20 exclusive of rates and management fees payable by the Tenant.

The Landlord is a wholly-owned subsidiary of COSCO International Holdings Limited (中遠國際控股有限公司) (“COSCO International”).

The Tenant is a wholly-owned subsidiary of COSCO Pacific Limited (中遠太平洋有限公司) (“COSCO Pacific”).

COSCO (Hong Kong) Group Limited (中遠(香港)集團有限公司) (“COSCO HK”) is a controlling shareholder of both COSCO International and COSCO Pacific.

Accordingly, the Tenancy Agreement is a Connected Transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **TENANCY AGREEMENT**

# COSCO INTERNATIONAL HOLDINGS LIMITED

## **A. PARTIES**

Landlord: Wing Thye Holdings Limited, a wholly-owned subsidiary of COSCO International.

Tenant: COSCO Pacific Management Company Limited (中遠太平洋管理有限公司), a wholly-owned subsidiary of COSCO Pacific.

COSCO HK is the controlling shareholder of both COSCO International and COSCO Pacific.

## **B. PROPERTY**

Portion of the 49th Floor of COSCO Tower, 183 Queen's Road Central, Hong Kong

## **C. TERM OF TENANCY**

3 years commencing from 4th December 2000. The Tenancy Agreement does not contain renewal clauses.

## **D. RENTAL (exclusive of rates and management fees payable by the Tenant)**

The monthly rental is HK\$465,023.20 for a term of 3 years and the aggregate amount of the rental for the whole term of the tenancy is HK\$16,740,835.20.

## **E. GUARANTEE**

COSCO HK shall provide a guarantee in such sum representing rentals for three months (HK\$1,395,069.60) to the Landlord as security for the due payment of rentals and other monies payable by the Tenant.

## **USE OF PROPERTY**

COSCO Pacific intends to continue to occupy the Property on a long term basis as the head office of itself and its subsidiaries ("COSCO Pacific Group") and as its principal place of business in Hong Kong. Since the head office of COSCO HK and some of the member companies of COSCO HK are located at COSCO Tower, the directors of COSCO Pacific are of the view that by taking up the Property as the head office of the COSCO Pacific Group at

## COSCO INTERNATIONAL HOLDINGS LIMITED

COSCO Tower, it would provide synergy and convenience to the operation of the COSCO Pacific Group and the COSCO HK group of companies.

### **BASIS UPON WHICH THE RENTAL AND THE CONSIDERATION WERE DETERMINED**

The rental payable under the Tenancy Agreement and the terms and conditions of the Tenancy Agreement were arrived at after arm's length negotiations between the Landlord and the Tenant conducted through COSCO International and COSCO Pacific.

In negotiating the rental under the Tenancy Agreement, the directors of COSCO International and COSCO Pacific made reference to an independent opinion given by DTZ Debenham Tie Leung Limited, a professional valuer engaged by COSCO International and COSCO Pacific, in their letter dated 6th March 2001 that the rent of HK\$465,023.20 per month exclusive of rates and management fees for the Property is at market level and is fair and reasonable.

The directors (including independent non-executive directors) of COSCO International and COSCO Pacific considered that the Tenancy Agreement has been entered into on normal commercial terms and the transaction is fair and reasonable and in the interests of COSCO International and COSCO Pacific and their respective shareholders.

### **CONNECTED TRANSACTION**

The Landlord is a wholly-owned subsidiary of COSCO International. The Tenant is a wholly owned subsidiary of COSCO Pacific. COSCO HK is the controlling shareholder of both COSCO International and COSCO Pacific, controlling as at the date hereof approximately 60.01% of the entire issued share capital of COSCO International and approximately 53.75% of the entire issued share capital of COSCO Pacific.

Therefore, the transaction contemplated under the Tenancy Agreement constitutes a connected transaction under the Listing Rules because COSCO HK, COSCO International, COSCO Pacific, the Landlord and the Tenant are all connected persons.

However, since the total consideration under the Tenancy Agreement, being HK\$16,740,835.20 is less than 3% of the net asset value of COSCO International (HK\$1,705,491,000 being an aggregate of the net asset value as shown in the accounts of COSCO International as at 31st December 1999 and the retained profit for the six months ended 30th June 2000 as shown in the interim results of COSCO International announced on 8th September 2000) and is also less than 3% of the net asset value of COSCO Pacific (HK\$7,993,960,000 being an aggregate of the net

## COSCO INTERNATIONAL HOLDINGS LIMITED

asset value as shown in the accounts of COSCO Pacific as at 31st December 1999 and the retained profit for the six months ended 30th June 2000 as shown in the interim results of COSCO Pacific announced on 6th September 2000), COSCO International and COSCO Pacific are only required to, in pursuance to Rule 14.25 (1) of the Listing Rules, disclose the transaction by way of a press notice and the inclusion of certain information in relation to the transaction described herein in their next published annual reports and accounts.

### **COSCO INTERNATIONAL**

The principal activities of COSCO International and its subsidiaries are infrastructure investment, property investment and development, building construction and civil engineering, high technology and environmental protection industry.

### **COSCO PACIFIC**

The principal activities of COSCO Pacific Group are container leasing and container terminal operations.

### **GENERAL**

Further information on the transaction as contemplated in the Tenancy Agreement will be set out in the next published annual report and accounts of COSCO International and COSCO Pacific.

By Order of the Board  
**COSCO Pacific Limited**  
**LEE Yip Wah, Peter**  
*Company Secretary*

By Order of the Board  
**COSCO International Holdings Limited**  
**WAI Ching Sum**  
*Company Secretary*

Hong Kong, 8th March 2001

Please also refer to the published version of this announcement in the SCMP dated 9/3/2001.