

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**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1199)**

### **DISCLOSEABLE TRANSACTION**

#### **AGREEMENT IN RELATION TO THE ESTABLISHMENT OF A SINO-FOREIGN EQUITY JOINT VENTURE IN NANSHA, THE GUANGDONG PROVINCE OF THE PRC**

The Board wishes to announce that on 16 April 2005 the Company (through COSCO Ports (Nansha)) entered into the JV Heads of Agreement with the PRC Partner in relation to the establishment of the JV Company to construct, own and operate the Container Terminal.

The registered capital of the JV Company will be RMB1,403,171,000, which will be contributed by COSCO Ports (Nansha) and the PRC Partner as to 56% and 44% respectively. The total investment amount of the JV Company will be RMB4,009,060,000.

### **1. THE JV HEADS OF AGREEMENT**

**(a) Date:**

16 April 2005

**(b) Parties:**

COSCO Ports (Nansha)

The PRC Partner

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the PRC Partner and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

**(c) Business Activities of the JV Company:**

Upon its establishment, the JV Company will be engaged in the construction and operation of the Container Terminal.

**(d) Total Investment Amount and Registered Capital:**

The total investment amount of the JV Company will be RMB4,009,060,000.

The registered capital of the JV Company will be RMB1,403,171,000, of which:

- (i) 56% (being RMB785,775,800) will be contributed in cash in US\$ equivalent by COSCO Ports (Nansha); and
- (ii) 44% (being RMB617,395,200) will be contributed in cash in RMB by the PRC Partner, unless COSCO Ports (Nansha) and the PRC Partner agree to contributions in kind.

It is currently intended that the Group's capital contribution to the JV Company will be financed through its internal resources.

The timing of the contributions will be in accordance with the terms of the joint venture contract in relation to the JV Company to be entered into and the laws and regulations of the PRC.

Pursuant to the JV Heads of Agreement, the difference between the total investment amount and the amount of registered capital will be met by bank borrowings. If required by the JV Company, the parties to the JV Heads of Agreement will provide guarantees to the banks in respect of the loans in proportion to their equity interests in the JV Company.

Pursuant to the JV Heads of Agreement, COSCO Ports (Nansha) will procure the allocation of parts of its shares to new shareholders of COSCO Ports (Nansha) ("Consortium Members"), so that the Consortium Members will have an effective interest of not less than 13% in the JV Company. The Consortium Members should be the world's top ten container shipping companies or other companies, which can provide business supports to the container terminal in Nansha. The directors of the Company intend that the consideration for such allocation would, at least, reflect the relevant portion of the Company's cost of investment in COSCO Ports (Nansha). In respect of such allocation, the Company will comply with the relevant requirements of the Listing Rules (if applicable).

**(e) Term of Cooperation:**

30 years from the date of issue of the business licence of the JV Company. The term may be extended by agreement between the parties.

**(f) Distribution of Profits:**

Net profits of the JV Company, after deducting contributions to various funds (such as the reserve fund, the workers and staff bonus and welfare fund and the business development fund), will generally be distributed to COSCO Ports (Nansha) and the PRC Partner in proportion to their equity interests in the JV Company.

**(g) Effect of the JV Heads of Agreement:**

The JV Heads of Agreement forms the basis of the joint venture contract and other documents in relation to the JV Company to be signed between COSCO Ports (Nansha) and the PRC Partner. The JV Heads of Agreement will cease to have effect on the day on which the joint venture contract and articles of association in respect of the JV Company take effect (as approved by the PRC authorities).

## **2. REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JV COMPANY**

As one of the world's leading container-related conglomerates, the Company has an integrated range of activities spanning container leasing, container terminals, logistics, container manufacturing and other investments. The Board considers the proposed construction and operation of the Container Terminal to be a good opportunity to expand the Company's container terminal network in the PRC.

The amount of registered capital of the JV Company to be contributed by COSCO Ports (Nansha) was determined after arm's length negotiations between the parties to the JV Heads of Agreement. The Board believes that the terms of the JV Heads of Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **3. GENERAL**

Applying the relevant percentage ratios set out in Rule 14.07 of the Listing Rules, the entering into of the JV Heads of Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

The PRC Partner is principally engaged in international and domestic container terminal operation.

A circular containing, inter alia, further details of the JV Heads of Agreement will be dispatched to the shareholders of the Company as soon as practicable.

## **DEFINITION**

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

“Board”	the board of Directors
“Company”	COSCO Pacific Limited
“connected person”	has the meaning ascribed to it under the Listing Rules and references to “connected” and “independent” shall be construed accordingly
“Container Terminal”	the proposed container terminal at Nansha Port Phase II in the Guangdong province of the PRC comprising six berths with a quay length of approximately 2,100 metres
“COSCO Ports (Nansha)”	COSCO Ports (Nansha) Limited, a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“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
“JV Heads of Agreement”	the agreement entered into between COSCO Ports (Nansha) and the PRC Partner on 16 April 2005 in relation to the establishment of the JV Company

“JV Company”	a sino-foreign equity joint venture company proposed to be incorporated in the PRC to carry out the construction and operation of the Container Terminal
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“PRC Partner”	Guangzhou Port Container Comprehensive Development Co., Ltd. (廣州港集裝箱綜合發展有限公司), a company established in the PRC and a wholly-owned subsidiary of Guangzhou Port Group Co., Ltd. (廣州港集團有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

As at the date of this announcement, the Board comprises 18 executive directors, namely, Capt. WEI Jiafu (Chairman), Mr. LIU Guoyuan (Vice Chairman), Mr. ZHANG Fusheng, Mr. WANG Futian, Mr. CHEN Hongsheng, Mr. LI Jianhong, Mr. MA Zehua, Mr. MA Guichuan, Mr. LI Yunpeng, Ms. SUN Yueying, Mr. ZHOU Liancheng, Mr. SUN Jiakang (Managing Director), Mr. XU Lirong, Mr. HE Jiale, Mr. WONG Tin Yau, Kelvin, Mr. MENG Qinghui, Mr. LU Chenggang, Mr. QIN Fuyan; 3 independent non-executive directors, namely, Dr. LI Kwok Po, David, Mr. LIU Lit Man, Mr. Alexander Reid HAMILTON; and 1 non-executive director, namely, Mr. KWONG Che Keung, Gordon.

By Order of the Board  
**COSCO Pacific Limited**  
**SUN Jiakang**  
*Managing Director*

Hong Kong, 16 April 2005

*Please also refer to the published version of this announcement in the (The Standard)*