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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

**FINANCIAL AND OTHER INFORMATION RELATING TO
COSCO PACIFIC LIMITED RELEASED IN CONNECTION WITH THE PROPOSED LISTING OF
CHINA COSCO HOLDINGS COMPANY LIMITED
ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

With reference to the announcement of COSCO Pacific dated 10 March 2005 in relation to the Proposed Listing, COSCO Pacific has been informed that the Prospectus will be issued, which contains certain financial and other information which is not public knowledge. The Board is of the view that disclosure of the budgeted capital expenditure of the COSCO Pacific Group on the purchase of containers and investments in container terminals for the years 2005 and 2006, information on dividend distribution by COSCO Pacific and the gain on disposal of interest in COSCO Ports (Shekou) Limited therein warrants the issue of a press announcement pursuant to rule 13.09(1) of the Listing Rules.

Reference is made to the announcement of COSCO Pacific dated 10 March 2005 in relation to the Proposed Listing. COSCO Pacific has been informed by China COSCO that, in connection with the proposed offering of shares in China COSCO, the Prospectus will be issued, which contains certain financial and other information which is not public knowledge. The Board is of the view that disclosure of the budgeted capital expenditure of the COSCO Pacific Group on the purchase of containers and investments in container terminals for the years 2005 and 2006, information on dividend distribution by COSCO Pacific and the gain on disposal of interest in COSCO Ports (Shekou) Limited therein warrants the issue of a press announcement pursuant to rule 13.09(1) of the Listing Rules.

Set out below is the description of such budgeted capital expenditure extracted from the Prospectus:

“The following is a summary of budgeted capital expenditure for the future periods indicated:

Category	For the year ending 31 December	
	2005	2006
	RMB'000	RMB'000
Purchase of containers	2,919,029	3,140,648
	.	.
	.	.
Investments in container terminals	1,560,318	1,655,360”

Such budgets merely reflect the current intention of COSCO Pacific and may be changed from time to time without notice or further announcement.

Set out below are the description of dividend distribution by COSCO Pacific and the definitions of some of the relevant terms extracted from the Prospectus:

“Definitions

“Company”	China COSCO Holdings Company Limited (中國遠洋控股股份有限公司), a joint stock limited company established in the PRC on 3 March 2005 under the Company Law. The Company has been registered in Hong Kong as an overseas company under Part XI of the Companies Ordinance.
“COSCO”	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a Chinese state-owned enterprise, whose predecessor, China Ocean Shipping Company, was established in April 1961, and whose reorganisation and renaming as China Ocean Shipping (Group) Company was approved jointly by the State Development Planning Commission, the State Restructuring Commission and the State Economic and Trade Office in 1992. It is the controlling shareholder of the Company and is currently under the direct administration of SASAC.
“COSCON”	COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司), a limited liability company established in the PRC on 11 November 1997 under the Company Law and a wholly-owned subsidiary of the Company.
“Director(s)”	Director(s) of the Company.
“Domestic Shares”	Ordinary shares issued by the Company, with a Renminbi-denominated par value of RMB1.00 each, which are subscribed for and paid up in Renminbi.
“Global Offering”	The Public Offer and the International Offering.
“Group”	The Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors.
“HKFRSs”	Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards.
“Initial Profit Period”	The period commencing from 30 June 2004 (being the date of valuation of the assets of the Company) and ending on 3 March 2005 (being the day of establishment of the Company as a joint stock limited company).
“Listing Date”	The date on which dealings in the H Shares first commence on the Stock Exchange.
“Offer Price”	The final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.005%, investor compensation levy of 0.002% and Stock Exchange trading fee of 0.005%) of not more than HK\$5.75 and expected to be not less than HK\$4.25, such price to be agreed upon by the Selling Shareholder, the Company and the Joint Lead Managers (on behalf of the Underwriters) on or before the Price Determination Date.

“Over-allotment Option”	The option to be granted by the Selling Shareholder and the Company to the International Underwriters exercisable by the Joint Lead Managers on behalf of the International Underwriters pursuant to which the Selling Shareholder may be required to sell up to an additional aggregate of 30,600,000 existing H Shares and the Company may be required to issue up to an additional aggregate of 306,000,000 new H Shares (in aggregate representing 15% of the H Shares initially being offered under the Global Offering) to cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering” in this prospectus.
“PRC GAAP”	Accounting principles and financial regulations applicable to PRC companies.
“Reorganisation Agreement”	The reorganisation agreement dated 9 June 2005 entered into between the Company and COSCO as referred to in the section headed “Business — History and Development — Reorganisation” in this prospectus.
“SASAC”	國務院國有資產監督管理委員會, the State-owned Assets Supervision and Administration Commission of the State Council.
“Subsequent Profit Period”	The period commencing from 4 March 2005 (being the day immediately following the expiry of the Initial Profit Period) and ending on the day immediately before the Listing Date.

Profit Appropriation

In accordance with the Provisional Regulation Relating to Corporate Reorganisation of Enterprises and Related Management of State-owned Capital and Financial Treatment issued by the Ministry of Finance, the Company is required to distribute to COSCO the increase in net asset value attributable to the net profits of the Group during the Initial Profit Period determined in accordance with PRC GAAP after giving effect to relevant necessary adjustments. In relation to such regulatory requirement, the Company has applied for and obtained from the Ministry of Finance an approval pursuant to which the Company is permitted to retain as a capital reserve, the benefit of which is solely attributable to COSCO, an amount representing the profit of COSCO Pacific attributable to the Group for the Initial Profit Period less the dividend amount paid by COSCO Pacific to the Group in respect of the Initial Profit Period determined based on the final dividend for the year 2004 and the interim dividend for the year 2005 actually paid by COSCO Pacific to the Group. With regard to such capital reserve, pursuant to the Reorganisation Agreement, the Company has agreed with COSCO that it will, at a time it considers appropriate and, in any event, within three years of the Listing Date, convert such capital reserve into Domestic Shares to be held by COSCO at the Offer Price, subject to obtaining prior approval from SASAC for such conversion. On a preliminary estimate, the Directors expect that, pursuant to such conversion, the Company would, assuming an Offer Price of HK\$5.00, being the mid-point of the proposed Offer Price range of HK\$4.25 to HK\$5.75, issue approximately 69.3 million Domestic Shares to COSCO, representing approximately 1.13% (assuming the Over-allotment Option is not exercised) and approximately 1.08% (assuming the Over-allotment Option is exercised) of the Company’s entire issued share capital upon completion the Global Offering. Upon such conversion, the Company will make an appropriate announcement. In addition, pursuant to a resolution passed at an extraordinary shareholders’ meeting on 9 June 2005, the Company will make a special distribution to COSCO in an amount equal to the aggregate of the amounts of the distributable profit of the Group (excluding COSCO Pacific) and the dividend payable by COSCO Pacific to the Group in respect of the Subsequent Profit Period. The profit for the Subsequent Profit Period shall be determined based on audited accounts in accordance with PRC GAAP or in accordance with HKFRSs, whichever is the lower. As mentioned above, the distribution for the Initial Profit Period (the “**Initial Distribution**”) is required under the relevant PRC regulation whereas the distribution for the Subsequent Profit Period (the “**Subsequent Distribution**”) is not so required. The decision to make the Subsequent Distribution was a commercial arrangement by the Company in accordance with the resolution passed at the extraordinary shareholders’ meeting of the Company with due regard to the financial position of the Company.

On 9 June 2005, the Company passed a shareholders’ resolution approving the distribution to COSCO of an amount of approximately RMB1,995 million, comprising the net asset value attributable to the net profits of the Group (excluding COSCO Pacific) in respect of the period from 30 June 2004 to 31 December 2004 (i.e. the first six months of the Initial Profit Period) and the final dividend paid by COSCO Pacific to the Group for 2004. This amount will be distributed to COSCO before the Listing Date. For the remainder of the Initial Profit Period and the entire Subsequent Profit Period, special audits will be completed by around April 2006 to ascertain the amount of the relevant net profits for the remainder of the Initial Profit Period and for the Subsequent Profit Period. The amounts of the Initial Distribution and the Subsequent Distribution will be determined by around June 2006 after the completion of these special audits, and the payment of such distributions is expected to be made as soon as practicable thereafter. The Company will make an announcement as soon as practicable after the distributions are finalised. On a preliminary estimate, the Directors believe that the Initial Distribution and the Subsequent Distribution (after deducting contributions to be made by the Company to statutory and discretionary reserve funds in respect of the Subsequent Profit Period) would amount to approximately RMB2.5 billion and RMB0.8 billion, respectively, and the Initial Distribution and the Subsequent Distribution together would amount to approximately RMB3.3 billion. The Directors expect that these distributions will be paid from internal resources of the Company, and the Directors are of the view that these distributions will not have any material adverse effect on the Company having regard to its strong operating cash flow, its unutilised banking facilities and the expected timings of such distributions. As at 31 December 2004, the Group had cash and cash equivalents of approximately RMB4.9 billion and unutilised banking facilities of approximately RMB3.9 billion (including unutilised banking facilities of COSCO Pacific of RMB2.4 billion).

For the purposes of the Initial Distribution and the Subsequent Distribution, COSCON will distribute its net profit to the Company while COSCO Pacific will, however, only make distributions in accordance with its established dividend policy with regard to its financial condition. If and when COSCO Pacific declares a dividend, all shareholders of COSCO Pacific registered as of a specified record date will receive dividends and COSCO Pacific will make an announcement in accordance with the requirements of the Listing Rules. For the three years ended 31 December 2004, COSCO Pacific declared dividends of 56.1%, 56.7% and 56.5%, respectively, of its distributable annual profit to its shareholders.”

Set out below is the description of the gain on disposal of interest in COSCO Ports (Shekou) Limited by COSCO Ports (Holdings) Limited (a wholly-owned subsidiary of COSCO Pacific), which did not constitute a notifiable transaction under the Listing Rules, extracted from the Prospectus:

“In March 2005, COSCO Ports (Holdings) Limited (“COSCO Ports”), a non-wholly-owned subsidiary of the Group, entered into an agreement with a third party to dispose of its entire equity interest in COSCO Ports (Shekou), a then wholly-owned subsidiary of COSCO Ports which holds a 17.5% equity interest in Shekou Container Terminals Ltd., and the shareholder’s loan provided by COSCO Ports to COSCO Shekou at an aggregate consideration in cash of approximately RMB653,999,000. The disposal was completed on 23 March 2005, resulting in a gain of approximately RMB513,067,000.”

The Proposed Listing is subject to, among others, regulatory approvals and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of COSCO Pacific. Whether the Proposed Listing is proceeded with or not, COSCO Pacific’s businesses will not be affected.

As at the date of this announcement, the Board comprises the following directors:

Mr. WEI Jiafu² (Chairman), Mr. CHEN Hongsheng¹, Mr. LI Jianhong¹, Ms. SUN Yueying¹, Mr. SUN Jiakang¹ (Vice Chairman & Managing Director), Mr. XU Lirong², Mr. WONG Tin Yau, Kelvin¹, Mr. LU Chenggang¹, Mr. QIN Fuyan¹, Dr. LI Kwok Po, David³, Mr. LIU Lit Man³, Mr. CHOW Kwong Fai, Edward³, Mr. Timothy George FRESHWATER³ and Mr. KWONG Che Keung, Gordon²

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director

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

Expression	Meaning
“Board”	the board of directors of COSCO Pacific
“China COSCO”	China COSCO Holdings Company Limited, a joint stock limited company established in the People’s Republic of China
“COSCO Pacific”	COSCO Pacific Limited
“COSCO Pacific Group”	COSCO Pacific and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Prospectus”	The prospectus of China COSCO dated on or about 20 June 2005
“Proposed Listing”	the proposed listing of the H-shares of China COSCO on the main board of The Stock Exchange of Hong Kong Limited

By Order of the Board
COSCO Pacific Limited
SUN Jiakang
Vice Chairman & Managing Director

Hong Kong, 17 June 2005

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