

*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)**

### **CONTINUING CONNECTED TRANSACTIONS TENANCY AGREEMENTS**

In pursuance to a tenancy agreement dated 27th March 2006 (“the 4901 and 4902A Tenancy Agreement”), COSCO Pacific Management Company Limited (“the Tenant”) has agreed to rent from Wing Thye Holdings Limited (“the Landlord”) portions of the premises known as Unit 4901 and Unit 4902A situated at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (“Units 4901 and 4902A”) for a term of three years commencing with retrospective effect from 29th November 2005. The monthly rental is HK\$420,000.00 exclusive of rates and management fees payable by the Tenant. The monthly management fees are HK\$50,746.60.

In pursuance to another tenancy agreement also dated 27th March 2006 (“the 4903 Tenancy Agreement”), the Tenant has also agreed to rent from the Landlord a portion of the premises known as Unit 4903 situate at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (“Unit 4903”) for a term of two years ten months and thirteen days commencing with retrospective effect from 16th January 2006. The monthly rental is HK\$150,000.00 exclusive of rates and management fees payable by the Tenant. The monthly management fees are HK\$18,170.00.

(The 4901 and 4902A Tenancy Agreement and the 4903 Tenancy Agreement are collectively “the Tenancy Agreements” and Units 4901 and 4902A and Unit 4903 are collectively “the Properties”.)

The Landlord is a wholly-owned subsidiary of COSCO (Hong Kong) Group Limited (“COSCO Hong Kong”). The Tenant is a wholly-owned subsidiary of COSCO Pacific Limited (“COSCO Pacific”). China Ocean Shipping (Group) Company (“COSCO”) is a controlling shareholder of both COSCO Hong Kong and COSCO Pacific. Therefore, the transactions contemplated under the Tenancy Agreements constitute Continuing Connected Transactions of COSCO Pacific under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

As each of the percentage ratio (other than the profits ratio) in respect of the Tenancy Agreements falls below 2.5%, COSCO Pacific is exempted from the independent shareholders’ approval requirement under Rule 14A.34 of the Listing Rules. COSCO Pacific is only obliged to comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules in respect of the Tenancy Agreements.

## TENANCY AGREEMENTS

### A. Parties

- Landlord : Wing Thye Holdings Limited, a wholly-owned subsidiary of COSCO Hong Kong.
- Tenant : COSCO Pacific Management Company Limited, a wholly-owned subsidiary of COSCO Pacific.

The controlling shareholder of both COSCO Hong Kong and COSCO Pacific is COSCO.

### B. Properties

Units 4901 and 4902A and Unit 4903 of 49th Floor of COSCO Tower, 183 Queen's Road Central, Hong Kong.

### C. Terms of tenancies

(i) *Units 4901 and 4902A*

Three years commencing from 29th November 2005. The 4901 and 4902A Tenancy Agreement does not provide for renewal clauses.

(ii) *Unit 4903*

Two years ten months and thirteen days commencing from 16th January 2006. The 4903 Tenancy Agreement does not provide for renewal clauses.

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

(i) *Units 4901 and 4902A*

The monthly rental is HK\$420,000.00 for a term of three years and the monthly management fees are HK\$50,746.60 payable to the Landlord. The maximum aggregate annual value of the rental and the management fees is HK\$5,648,959.20.

(ii) *Unit 4903*

The monthly rental is HK\$150,000.00 for a term of two years ten months and thirteen days (including rent-free period from 16th January 2006 to 15th March 2006 (both days inclusive)) and the monthly management fees are HK\$18,170.00 payable to the Landlord. The maximum aggregate annual value of the rental and the management fees is HK\$2,018,040.00.

During the subsistence of the Tenancy Agreements, the total maximum aggregate annual value of the rental and the management fees under the Tenancy Agreements is HK\$7,666,999.20.

## USE OF PROPERTIES

COSCO Pacific intends to continue to occupy the Properties 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. Units 4901 and 4902A were previously (and are still) occupied by the Tenant as offices and due to the business needs for expansion, Unit 4903 was leased for expanding the existing offices at Units 4901 and 4902A.

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

The rentals payable under the Tenancy Agreements and the terms and conditions of the Tenancy Agreements were arrived at after arm's length negotiations between the Landlord and the Tenant conducted through COSCO Hong Kong and COSCO Pacific.

In negotiating the rentals under the Tenancy Agreements, the directors of COSCO Pacific made reference to the professional opinion given by DTZ Debenham Tie Leung Limited, an independent professional valuer engaged by the Landlord and the Tenant, in their report dated 21st March 2006 that the monthly rental of HK\$420,000.00 exclusive of rates and management fees for Units 4901 and 4902A and the monthly rental of HK\$150,000.00 exclusive of rates and management fees for Unit 4903 are at market levels and are fair and reasonable.

The directors (including independent non-executive directors) of COSCO Pacific considered that the Tenancy Agreements have been entered into on normal commercial terms and the transactions are fair and reasonable (particularly based on the professional opinion of DTZ Debenham Tie Leung Limited) and in the interests of COSCO Pacific and their shareholders.

## **CONTINUING CONNECTED TRANSACTIONS**

The Landlord is a wholly-owned subsidiary of COSCO Hong Kong. The Tenant is a wholly-owned subsidiary of COSCO Pacific. COSCO is the controlling shareholder of both COSCO Hong Kong and COSCO Pacific, controlling as at the date hereof 100% of the entire issued share capital of COSCO Hong Kong and approximately 51.91% of the entire issued share capital of COSCO Pacific.

Therefore, the transactions contemplated under the Tenancy Agreements constitute Continuing Connected Transactions of COSCO Pacific under the Listing Rules. COSCO, COSCO Hong Kong and the Landlord are all connected persons of COSCO Pacific under the definition of the Listing Rules. The term of the tenancy for Units 4901 and 4902A is three years and that for Unit 4903 is two years ten months and thirteen days.

As each of the percentage ratio (other than the profits ratio) in respect of the Tenancy Agreements falls below 2.5%, COSCO Pacific is exempted from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules. COSCO Pacific is only obliged to comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules in respect of the Tenancy Agreements.

## **COSCO HONG KONG**

The principal activities of COSCO Hong Kong together with its subsidiaries are bulk transportation, ship trading and supplying services, property investment and development, information technology, metal material processing, ship agency and freight services, as well as finance, insurance brokerage, hotel and travel agency business.

## **COSCO PACIFIC**

The principal activities of COSCO Pacific Group are container leasing, container terminal operation, logistics, container manufacturing and other investments.

## GENERAL

Further information on the transactions as contemplated under the Tenancy Agreements will be set out in the next published annual report and accounts of COSCO Pacific.

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

*Vice Chairman & Managing Director*

Hong Kong, 27th March 2006

*As at the date of this announcement, members of the Board of Directors of COSCO Pacific are Dr. WEI Jiafu<sup>2</sup> (Chairman), Mr. CHEN Hongsheng<sup>1</sup>, Mr. LI Jianhong<sup>1</sup>, Ms. SUN Yueying<sup>1</sup>, Dr. SUN Jiakang<sup>1</sup> (Vice Chairman & Managing Director), Mr. XU Lirong<sup>2</sup>, Mr. WONG Tin Yau, Kelvin<sup>1</sup>, Mr. WANG Zhi<sup>1</sup>, Mr. QIN Fuyan<sup>1</sup>, Dr. LI Kwok Po, David<sup>3</sup>, Mr. LIU Lit Man<sup>3</sup>, Mr. CHOW Kwong Fai, Edward<sup>3</sup> and Mr. Timothy George FRESHWATER<sup>3</sup>.*

<sup>1</sup> *Executive Director*

<sup>2</sup> *Non-executive Director*

<sup>3</sup> *Independent Non-executive Director*

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