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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1199)

Discloseable Transaction CIMC Share Reform Proposal

As stated in the Previous Announcement, a proposal has been made by the Group for the conversion of the CIMC Non-tradable Shares held by the Group into CIMC Tradable A-Shares which are publicly tradable on the Shenzhen Stock Exchange. The implementation of the CIMC Share Reform Proposal is in line with the prevailing development of the securities market of the PRC. The board of Directors (including the independent non-executive Directors) consider that the terms of the CIMC Share Reform Proposal (including the grant of the Put Options) are fair and reasonable and in the interests of the shareholders of the Company as a whole whilst giving enough incentive for the CIMC Tradable A-Share Shareholders to support the CIMC Share Reform Proposal.

Communication with the CIMC Tradable A-Share Shareholders for the purpose of soliciting their views on the CIMC Share Reform Proposal ended on 11 April 2006. Accordingly, the CIMC Share Reform Proposal, the principal terms of which were summarised in the Previous Announcement, was finalised on that day. Subject to obtaining the requisite approval of shareholders of CIMC and the necessary formalities for the purpose of enabling the trading on the Shenzhen Stock Exchange of CIMC Tradable A-Shares arising on conversion of the CIMC Non-tradable Shares, the CIMC Share Reform Proposal will be implemented.

The proposed granting of the Put Options under the CIMC Share Reform Proposal constitutes a discloseable transaction of the Company. A circular containing, among other things, details of the Put Options will be despatched to the shareholders of the Company as soon as practicable.

BACKGROUND

As stated in the Previous Announcement, a proposal has been made by the Group for the conversion of the CIMC Non-tradable Shares held by the Group into CIMC Tradable A-Shares which are publicly tradable on the Shenzhen Stock Exchange.

Communication with the CIMC Tradable A-Share Shareholders for the purpose of soliciting their views on the CIMC Share Reform Proposal ended on 11 April 2006. Accordingly, the CIMC Share Reform Proposal, the principal terms of which were summarised in the Previous Announcement, was finalised on that day.

CIMC SHARE REFORM PROPOSAL

Under the CIMC Share Reform Proposal, the Company will grant Put Options to the CIMC Tradable A-Share Shareholders so that the CIMC Tradable A-Share Shareholders will have the right to sell certain portion of their CIMC Tradable A-Shares to the Company. The principal terms of the CIMC Share Reform Proposal are summarised as follows:

1. Issuer of Put Options:

The Company

2. Grantees:

CIMC Tradable A-Share Shareholders (who together hold approximately 30.04% of the issued share capital of CIMC). To the best of the knowledge, information and belief of the Company having made all reasonable enquiries, the current registered CIMC Tradable A-Share Shareholders are third parties independent of the Company and connected persons of the Company.

3. Proportion in which Put Options will be granted:

Put Options for the sale of 1 CIMC Tradable A-Share each will be granted in the proportion of 7 Put Options for every 10 CIMC Tradable A-Shares.

4. Status of the Put Options:

Listed and tradable on the Shenzhen Stock Exchange.

5. Cost of the Put Options to the Grantees:

Nil.

6. Expiry date and exercise period of the Put Options:

Bermuda (i.e. European) style options which expire on the last day of the 18-month period commencing on the date of listing of the Put Options on the Shenzhen Stock Exchange. The exercise period is the period of five trading days immediately before and including the expiry date.

7. Exercise price:

RMB10 (in cash).

The exercise price has been determined on the basis of the Black-Scholes option pricing model. The closing price of CIMC Tradable A-Shares on the Shenzhen Stock Exchange on 10 March 2006 (immediately prior to the suspension of tradings of CIMC Tradable A-Shares on the Shenzhen Stock Exchange on 13 March 2006) was RMB9.16 per CIMC Tradable A-Shares.

On the basis of the above exercise price and assuming that all the Grantees exercise all Put Options in full, it is expected that the Group will have to pay a total sum of approximately RMB4,241,065,070 in cash to acquire the relevant CIMC Tradable A-Shares. Such a sum is currently intended to be funded from the Group's internal resources and/or borrowing.

However, if no Put Option is exercised by the Grantees or a small number of the Put Options are exercised, the amount of money that the Group is required to pay under the CIMC Share Reform Proposal will be zero or minimal.

The above two scenarios may be summarised as follows:

Exercise of Put Options	Consideration to be paid by the Group	Resulting percentage of shareholding of the Group in CIMC (approximate)
Full exercise	RMB4,241,065,070	37.26% (Notes 1 and 2)
No exercise	Nil	16.23% (Note 3)

Notes:

1. On the basis that any obligation to make a mandatory offer will be waived by China Securities Regulatory Commission on the application of the Group.
2. The accounting treatment of such shareholding in CIMC and the profit derived therefrom will be by way of equity accounting.
3. The accounting treatment of such shareholding in CIMC and the profit derived therefrom is by way of equity accounting.

8. Adjustments

The exercise of the Put Options is subject to the following adjustments:

(1) *In case of ex-rights of CIMC Tradable A-Shares*

New exercise price = Original exercise price × (Reference price for CIMC A-Shares on ex-rights date/Closing price of CIMC Tradable A-Shares quoted on the trading day immediately preceding the ex-rights date);

New exercise ratio = Original exercise ratio × (Closing price of CIMC Tradable A-Shares quoted on the trading day immediately preceding the ex-rights date/Reference price for CIMC Tradable A-Shares on ex-rights date).

(2) *In case of ex-dividend of CIMC Tradable A-Shares*

New exercise price = Original exercise price × (Reference price for CIMC Tradable A-Shares on ex-dividend date/Closing price of CIMC Tradable A-Shares quoted on the trading day prior to the ex-dividend date);

No change to exercise ratio.

If the CIMC Share Reform Proposal is implemented, each CIMC Non-tradable Share held by the Group will be converted into 1 CIMC Tradable A-Share.

CONDITIONS OF CIMC SHARE REFORM PROPOSAL

The implementation of the CIMC Share Reform Proposal is conditional upon:

- (1) the approvals of more than two-thirds of (i) the shareholders of CIMC Tradable A-Shares and CIMC Non-tradable Shares who vote on the CIMC Share Reform Proposal and (ii) CIMC Tradable A-Share Shareholders who vote on the CIMC Share Reform Proposal;
- (2) the completion of all the necessary formalities for the purpose of enabling the trading on the Shenzhen Stock Exchange of those CIMC Tradable A-Shares to be converted from the CIMC Non-tradable Shares; and
- (3) the provision of bank guarantee in relation to the Company's potential payment obligations pursuant to the exercise of the Put Options by the Grantees.

If any of the above conditions are not satisfied, the CIMC Share Reform Proposal will not be implemented. The CIMC Tradable B-Share Shareholders will not be involved in the CIMC Share Reform Proposal and no consent is required to be obtained from them.

A meeting of the shareholders of A shares of CIMC to vote on the CIMC Share Reform Proposal has been convened to be held on 28 April 2006. Votes may also be cast via the internet from 26 April 2006 to 28 April 2006.

The CIMC Tradable A-Shares to be converted from the CIMC Non-tradable Shares will be subject to a 12 month lock-up from the Implementation Date, and thereafter subject to the restrictions that (i) the total number of such CIMC Tradable A-Shares sold by the holder through the Shenzhen Stock Exchange within the 12-month period immediately following the expiry of the lock-up period shall not exceed 5% of the total issued shares of CIMC and (ii) the total number of such CIMC Tradable A-Shares sold by the holder through the Shenzhen Stock Exchange within the 24-month period immediately following the expiry of the lock-up period shall not exceed 10% of the total issued shares of CIMC.

INFORMATION RELATING TO THE COMPANY AND CIMC

As one of the world's leading container-related conglomerates, the Group has an integrated range of activities spanning container leasing, container terminals, logistics, container-related industries and other investments.

Since an acquisition in 2004 as disclosed in the Company's announcement dated 19 August 2004, the Company through a wholly owned subsidiary has owned CIMC Non-tradable Shares representing approximately 16.23% of the issued share capital of CIMC.

CIMC is a joint stock limited company established in the PRC and its A shares and B shares are listed and traded on the Shenzhen Stock Exchange in the PRC. It is primarily engaged in the manufacturing and sale of modern traffic and transport equipment such as containers, modern road transport vehicles and airport ground equipment. Its shareholders comprise three categories (holding the approximate percentages of the issued share capital of CIMC indicated below respectively): (i) CIMC Tradable B-Share Shareholders (53.73%); (ii) CIMC Tradable A-Share Shareholders (30.04%); and (iii) the holder of CIMC Non-tradable Shares, which are held solely by the Group (16.23%).

According to the published audited consolidated accounts of CIMC prepared in accordance with the International Financial Reporting Standards, the audited profit before and after taxation of CIMC for the year ended 31 December 2005 were approximately RMB3,172,223,000 and RMB2,947,599,000 respectively, and the audited net asset value of CIMC as at 31 December 2005 was approximately RMB10,510,972,000. The audited profit before and after taxation of CIMC for the year ended 31 December 2004 were approximately RMB2,847,209,000 and RMB2,570,104,000 respectively, and the audited net asset value of CIMC as at 31 December 2004 was approximately RMB8,375,775,000.

Trading of the CIMC Tradable A-Shares on the Shenzhen Stock Exchange have been suspended since 13 March 2006 in advance of the CIMC Share Reform Proposal. The closing price of CIMC Tradable A-Shares on the Shenzhen Stock Exchange on 10 March 2006 prior to the suspension was RMB9.16 per CIMC Tradable A-Share.

REASONS FOR AND BENEFITS OF THE CIMC SHARE REFORM PROPOSAL

Pursuant to the guidelines and other relevant documents in relation to the equity division reform of listed companies issued by the PRC authorities, the Group has made the CIMC Share Reform Proposal. The implementation of the CIMC Share Reform Proposal is in line with the prevailing development of the securities market of the PRC and will render the CIMC Non-tradable Shares held by the Group becoming CIMC Tradable A-Shares which are publicly tradable on the Shenzhen Stock Exchange. The board of Directors (including the independent non-executive Directors) consider that the terms of the CIMC Share

Reform Proposal (including the grant of the Put Options) are fair and reasonable and in the interests of the shareholders of the Company as a whole whilst giving enough incentive for the CIMC Tradable A-Share Shareholders to support the CIMC Share Reform Proposal.

GENERAL

The proposed granting of the Put Options under the CIMC Share Reform Proposal constitutes a discloseable transaction of the Company. A circular containing, among other things, details of the Put Options will be despatched to the shareholders of the Company as soon as practicable.

If the conditions for the CIMC Share Reform Proposal as described above are not fulfilled, the CIMC Share Reform Proposal will not be implemented and the Company will make an announcement accordingly.

DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:

“CIMC”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司)
“CIMC Tradable A-Share(s)”	publicly tradable A share(s) of CIMC
“CIMC Tradable A-Share Shareholder(s)”	holder(s) of CIMC Tradable A-Shares
“CIMC Tradable B-Share(s)”	publicly tradable B share(s) of CIMC
“CIMC Tradable B-Share Shareholder(s)”	holder(s) of CIMC Tradable B-Shares
“CIMC Non-tradable Share(s)”	non-publicly tradable share(s) of CIMC
“CIMC Share Reform Proposal”	the proposal for the conversion of the CIMC Non-tradable Shares into CIMC Tradable A-Shares
“Company”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Grantees”	grantees of the Put Option
“Group”	the Company and its subsidiaries
“Implementation Date”	the date of implementation of the CIMC Share Reform Proposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Previous Announcement”	the announcement of the Company dated 4 April 2006
“Put Options”	the option under the share put-option certificates (認沽權證) issued to the CIMC Tradable A-Share Shareholders whereby the CIMC Tradable A-Share Shareholders are entitled to sell certain portion of their respective CIMC Tradable A-Shares to the Group
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 11 April 2006

As at the date of this announcement, members of the board of Directors of COSCO Pacific Limited are Dr. WEI Jiafu² (Chairman), Mr. CHEN Hongsheng¹, Mr. LI Jianhong¹, Ms. SUN Yueying¹, Dr. SUN Jiakang¹ (Vice Chairman & Managing Director), Mr. XU Lirong², Mr. WONG Tin Yau, Kelvin¹, Mr. WANG Zhi¹, Mr. QIN Fuyan¹, Dr. LI Kwok Po, David³, Mr. LIU Lit Man³, Mr. CHOW Kwong Fai, Edward³ and Mr. Timothy George FRESHWATER³.

¹*Executive Director*

²*Non-executive Director*

³*Independent Non-executive Director*

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