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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTEREST IN SHANGHAI CIMC FAR EAST CONTAINER CO., LTD.

The board of Directors announces that on 17 July 2006, COSCO Pacific (China), a wholly-owned subsidiary of the Company, entered into the Equity Interest Transfer Agreement with CIMC BVI pursuant to which COSCO Pacific (China) shall transfer a 20% equity interest in Shanghai CIMC, representing the entire interest held by COSCO Pacific (China) in Shanghai CIMC, to CIMC BVI.

The consideration for the Equity Interest Transfer is US\$6,252,300 (approximately HK\$48,518,000).

As the revenue ratio under Chapter 14 of the Listing Rules exceeds 5% but is less than 25%, the Equity Interest Transfer constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

A circular containing, among other things, further details of the Equity Interest Transfer Agreement will be despatched to the Shareholders as soon as practicable.

THE EQUITY INTEREST TRANSFER AGREEMENT

Date

17 July 2006

Parties

Vendor: COSCO Pacific (China), a wholly-owned subsidiary of the Company; and

Purchaser: CIMC BVI, a wholly-owned subsidiary of CIMC, a joint stock limited company established in the PRC, the A shares and B shares of which are listed on the Shenzhen Stock Exchange and owned by the Company as to approximately 16.23% of its total issued share capital.

Asset to be disposed of

Pursuant to the Equity Interest Transfer Agreement, COSCO Pacific (China) shall transfer 20% equity interest in Shanghai CIMC, representing the entire interest held by COSCO Pacific (China) in Shanghai CIMC, to CIMC BVI.

Consideration

The consideration for the Equity Interest Transfer payable by CIMC BVI to COSCO Pacific (China), being US\$6,252,300 (approximately HK\$48,518,000), was arrived at after arm's length negotiations with CIMC BVI and was calculated by reference to the audited net asset value of Shanghai CIMC as at 31 October 2005 and taking into account an increase in the value of the land owned by Shanghai CIMC (being a compensation by the Pudong District Government in Shanghai in the amount of approximately RMB195,870,000 for earlier termination of the land use rights in respect of the land, pursuant to a request by the PRC Government for relocation of the manufacturing plant of Shanghai CIMC due to environmental considerations).

The consideration shall be paid by CIMC BVI to COSCO Pacific (China) in cash within 20 days after the date of the Equity Interest Transfer Agreement or before the date the Equity Interest Transfer Agreement takes effect upon approval by the government authorities (whichever is earlier).

CIMC BVI shall be entitled to all the distributable profits of Shanghai CIMC arising on the 20% equity interest being transferred during 2006 (apart from those profits already distributed to COSCO Pacific (China)).

FORMALITIES FOR THE TRANSFER

The Equity Interest Transfer has been approved by the board of directors and by the other shareholders of Shanghai CIMC. The other shareholders of Shanghai CIMC have agreed to waive their pre-emptive rights in respect of the Equity Interest Transfer.

COSCO Pacific (China), CIMC BVI and Shanghai CIMC shall as soon as practicable complete the relevant government approval and registration procedures for the Equity Interest Transfer, including but not limited to the change of registration at the Administration of Industry and Commerce.

INFORMATION ON SHANGHAI CIMC

Shanghai CIMC is principally engaged in the container manufacturing and sales business. Shanghai CIMC has a total registered capital of US\$9,480,000 (approximately HK\$73,565,000) and is a subsidiary of CIMC. The registered capital of Shanghai CIMC is currently owned by CIMC and its subsidiary as to approximately 52.50%, by COSCO Pacific (China) as to 20%, and as to the remaining 27.50% by other shareholders being independent third parties not connected with the Company or its connected person.

Financial information

The audited net profit before taxation and after taxation for the year ended 31 December 2004 and the audited net loss before and after taxation for the 10 months ended 31 October 2005 of Shanghai CIMC, which were prepared in accordance with the generally accepted accounting principles in the PRC, were as follows:

	Net Loss for 10 months ended 31 October 2005	Net Profit for Year ended 31 December 2004
	<i>US\$'000</i>	<i>US\$'000</i>
Before taxation	388	25,443
After taxation	1,409	22,073

The audited net asset value of Shanghai CIMC as at 31 October 2005 amounted to approximately US\$11,324,000 (equivalent to approximately HK\$87,874,000).

The year end date of Shanghai CIMC is 31 December. On 7 November 2005, the winding-up committee of Shanghai CIMC resolved that 1 November 2005 be the winding-up commencement date of Shanghai CIMC. The latest available audited accounts of Shanghai CIMC were thus prepared up to 31 October 2005. The board of directors of Shanghai CIMC subsequently passed a resolution in April 2006 to terminate the winding-up proposal of Shanghai CIMC.

The carrying value of the investment in 20% of the equity interest in Shanghai CIMC by the Group as shown in the audited consolidated financial statements of the Group as at 31 December 2005 was approximately US\$783,000 (equivalent to approximately HK\$6,076,000).

REASONS FOR AND THE BENEFITS OF THE EQUITY INTEREST TRANSFER

According to the Directors' understanding, due to pressure from the PRC government authorities and local residents on environmental issues, Shanghai CIMC will cease the production of its existing manufacturing plant and move to a new manufacturing plant. As the Group has a rather complicated investment structure of owning shareholding in both CIMC and its subsidiary, Shanghai CIMC, the Group wishes to take this opportunity to streamline the structure of its investment holding in container manufacturing business through the Equity Interest Transfer. The Directors consider that the Group should withdraw its investment from Shanghai CIMC and concentrate its investment and resources for container manufacturing in CIMC in order to optimise the return to the Group.

The Directors expect that the Group will realise an estimated gain of approximately US\$5,469,000 (equivalent to approximately HK\$42,442,000) from the Equity Interest Transfer.

The proceeds from the Equity Interest Transfer are intended to be used for working capital of the Group.

The Directors consider that the terms of the Equity Interest Transfer Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

GENERAL

The Group is principally engaged in the businesses of managing and operating container terminals, container leasing, container management, container manufacturing, logistics and other investments.

CIMC BVI is an investment holding company and a wholly-owned subsidiary of CIMC. CIMC and its subsidiaries are principally engaged in the manufacturing and sale of modern traffic and transport equipment such as containers, modern road transport vehicles and airport ground equipment. The A shares and B shares of CIMC are listed on the Shenzhen Stock Exchange.

The Company owns, and the ultimate holding company of the Company indirectly holds, approximately 16.23% and 0.95% respectively of the total issued share capital of CIMC. An associate of Ms. SUN Yueying, a Director, beneficially owns 11,600 A shares of CIMC representing approximately 0.001% of the total issued share capital of CIMC. Certain directors of the Group have been appointed as directors of CIMC and some of its subsidiaries. Save as aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CIMC BVI and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The Equity Interest Transfer constitutes a discloseable transaction for the Company under the Listing Rules, as the revenue ratio under Chapter 14 of the Listing Rules exceeds 5% but is less than 25%. A circular containing, among other things, further details of the Equity Interest Transfer Agreement will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Board”	the board of directors of the Company
“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), a joint stock limited company established under the laws of the PRC whose A shares and B shares are listed on the Shenzhen Stock Exchange
“CIMC BVI”	CIMC Holdings (B.V.I.) Limited, a limited company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of CIMC
“Company”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“COSCO Pacific (China)”	COSCO Pacific (China) Investments Co., Ltd., a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“Directors”	directors of the Company
“Equity Interest Transfer”	the transfer of 20% equity interest in Shanghai CIMC from COSCO Pacific (China) to CIMC BVI pursuant to the terms of the Equity Interest Transfer Agreement
“Equity Interest Transfer Agreement”	the equity interest transfer agreement dated 17 July 2006 entered into between COSCO Pacific (China) and CIMC BVI in relation to the Equity Interest Transfer
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“Shanghai CIMC”	Shanghai CIMC Far East Container Co., Ltd., a sino-foreign equity joint venture established under the laws of the PRC and an approximately 52.50% owned subsidiary of CIMC
“Shareholder(s)”	holder(s) of the share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi yuan, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States

For the purposes of this announcement, the exchange rate at US\$1 = HK\$7.76 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

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

Hong Kong, 18 July 2006

As at the date of this announcement, members of the Board 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**.*