

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

The Board would like to announce that Quanzhou Pacific, a subsidiary of the Company, has provided shipping related services to the COSCO Group (including COSCON) since September 2006, which constitute continuing connected transactions of the Company. When Quanzhou Pacific first commenced its operation in September 2006, no historical financial figures concerning such shipping related services could be referred to and the Company was therefore not aware then whether the relevant percentage ratios for the Quanzhou Shipping Continuing Connected Transactions would exceed the de minimis threshold in Rule 14A.33(3) of the Listing Rules. Accordingly, no announcement was made at that time. The aggregate amount of service fees payable up to 31 December 2006 is higher than previously anticipated, and such de minimis threshold was exceeded towards the end of November 2006. Since one or more of the relevant percentage ratios for the Quanzhou Shipping Continuing Connected Transactions calculated by reference to the service fees payable by the COSCO Group to Quanzhou Pacific from September 2006 to December 2006 are more than 0.1%, but are all less than 2.5%, in accordance with Rule 14A.34 of the Listing Rules, the Quanzhou Shipping Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement of the Listing Rules.

QUANZHOU SHIPPING CONTINUING CONNECTED TRANSACTIONS

Nature of transaction:

Provision of shipping related services by Quanzhou Pacific to members of the COSCO Group (including COSCON), including but not limited to the handling, storage and maintenance of cargoes at the port of Quanzhou.

Terms:

On normal commercial terms. The service fees charged by Quanzhou Pacific were at rates no less favourable to Quanzhou Pacific than that at which Quanzhou Pacific charged independent third parties for the relevant services.

Unaudited approximate amount of service fees payable by the COSCO Group to Quanzhou Pacific from September 2006 to 31 December 2006:

Not more than US\$560,000

Payment term:

The service fees payable by the COSCO Group to Quanzhou Pacific should be settled within 60 days after the receipt of the relevant invoices issued by Quanzhou Pacific.

RELATIONSHIP BETWEEN THE COMPANY AND THE COUNTERPARTIES TO THE CONTINUING CONNECTED TRANSACTIONS

COSCO is the ultimate controlling shareholder of the Company. COSCON is a subsidiary of COSCO. Accordingly, members of the COSCO Group and COSCON are connected persons of the Company. The COSCO Group is a diversified group focusing mainly on shipping and modern logistics businesses. They also serve as shipping agencies and provide services in freight forwarding, ship building, ship repairing, terminal operation, container paint manufacturing, trade, financing, real estate, information technology and contract employment. COSCON is principally engaged in container shipping businesses.

LISTING RULES REQUIREMENTS

When Quanzhou Pacific first commenced its operation in September 2006, no historical financial figures concerning such shipping related services could be referred to and the Company was therefore not aware then whether the relevant percentage ratios for the Quanzhou Shipping Continuing Connected Transactions would exceed the de minimis threshold in Rule 14A.33(3) of the Listing Rules. Accordingly, no announcement was made at that time. The aggregate amount of service fees payable by the COSCO Group to Quanzhou Pacific up to 31 December 2006 is higher than previously anticipated, and such de minimis threshold was exceeded towards the end of November 2006. Since one or more of the relevant percentage ratios for the Quanzhou Shipping Continuing Connected Transactions calculated by reference to the service fees payable by the COSCO Group to Quanzhou Pacific from September 2006 to December 2006 are more than 0.1%, but are all less than 2.5%, in accordance with Rule 14A.34 of the Listing Rules, the Quanzhou Shipping Continuing Connected Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirement of the Listing Rules.

The transaction amounts in respect of the provision of shipping related services by Quanzhou Pacific to the COSCO Group for the three financial years ending 31 December 2009 are being under estimation by the Group. Further announcement will be made if and when appropriate upon signing of any master agreement in relation thereto and upon the setting of the relevant annual caps.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

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

The Board considers that the Quanzhou Shipping Continuing Connected Transactions are consistent with the businesses and commercial objectives of the Group and would increase the revenue of the Group.

The Board also believes that the Quanzhou Shipping Continuing Connected Transactions were entered into in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms thereunder are fair and reasonable and in the interests of the shareholders of the Company as a whole. The independent non-executive directors of the Company have concurred with such views of the Board.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto in the Listing Rules, except that the words “or holding company or a fellow subsidiary of any such holding company” at the end of paragraph (b)(iv) of the definition of “associate” under Rule 1.01 of the Listing Rules are deemed to be deleted for the purposes of this announcement
“Board”	the board of directors of the Company
“Company”	COSCO Pacific Limited
“connected person(s)”	has the meanings ascribed thereto in the Listing Rules
“COSCO”	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a company established in the PRC and the ultimate controlling shareholder of the Company
“COSCO Group”	COSCO and COSCON and their respective associates (excluding the Group)
“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 and a subsidiary of COSCO
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	People’s Republic of China
“Quanzhou Shipping Continuing Connected Transactions”	the provision of shipping related services by Quanzhou Pacific to the COSCO Group from September 2006 to 31 December 2006
“Quanzhou Pacific”	Quanzhou Pacific Container Terminal Co., Ltd. (泉州太平洋集裝箱碼頭有限公司), a sino-foreign equity joint venture company established in the PRC which is owned as to more than 50% by the Group and thus is a subsidiary of the Company
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 11 January 2007

As at the date of this announcement, members of the Board are Dr. WEI Jiafu² (Chairman), Mr. CHEN Hongsheng¹, Mr. LI Jianhong¹, Ms. SUN Yueying¹, Mr. XU Lirong², Dr. SUN Jiakang¹ (Vice Chairman & Managing Director), 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**.*