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**COSCO Pacific Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code : 1199)**

**CONNECTED TRANSACTION**

**ACQUISITION OF BERTH ASSETS AT JIANGDU PORT**

On 16 October 2007, the Purchaser entered into the Acquisition Agreement with Yangzhou Jiangdu Ltd. and Jiangdu Port Development in relation to the acquisition of Berth No. 1 assets.

Yangzhou Jiangdu Ltd. is owned by Yangzhou Port as to 51%. Being a subsidiary of a substantial shareholder of the Purchaser, Yangzhou Jiangdu Ltd. is therefore a connected person of the Company. Accordingly, the acquisition from Yangzhou Jiangdu Ltd. under the Acquisition Agreement constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios for the acquisition from Yangzhou Jiangdu Ltd. exceed 0.1% but are less than 2.5%, such connected transaction is exempt from the independent shareholders' approval requirement but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

**THE ACQUISITION AGREEMENT**

**Date**

16 October 2007

**Parties**

1. the Purchaser
2. Yangzhou Jiangdu Ltd., owned by Yangzhou Port as to 51%

3. Jiangdu Port Development, an independent third party. To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiry, Jiangdu Port Development and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **Assets to be acquired**

The Purchaser acquired the Berth Assets from the Vendors under the Acquisition Agreement, including the land use rights of Land Parcel A, the land use rights of Land Parcel B, berth terminal projects, machinery facilities, buildings, ancillary works and other construction in progress in respect of Berth No. 1, and the business related thereto. The portion of the Berth Assets (excluding the land use rights of Land Parcel A and the land use rights of Land Parcel B) attributable to Yangzhou Jiangdu Ltd. was acquired by Yangzhou Jiangdu Ltd. at the cost of RMB 63,302,166.

### **Consideration**

The consideration payable by the Purchaser to the Vendors in relation to the Acquisition Agreement for acquiring the Berth Assets, which will be funded from a capital injection by its shareholders on pro rata basis and/or from its internal resources and/or from external financing, is determined based on an independent qualified valuer's valuation as at 31 May 2007 and comprises the following:-

- (i) Asset Transfer Consideration (comprising the Jiangdu Berth Asset Transfer Consideration and the Yangzhou Berth Asset Transfer Consideration) payable to the Vendors, which amounts to RMB48,979,600;
- (ii) Land Premium (Portion A) payable to Jiangdu Port Development, which amounts to RMB5,614,100; and
- (iii) Land Premium (Portion B) payable to Jiangdu Port Development, which amounts to RMB980,000.

The Asset Transfer Consideration is payable by the Purchaser in the following manner:

- (i) 80% of each of the Jiangdu Berth Asset Transfer Consideration and the Yangzhou Berth Asset Transfer Consideration is payable within 90 days after the Asset Transfer Completion Date;
- (ii) the balance of the Asset Transfer Consideration is payable within 30 days after the Certificates of Land Use Rights in relation to Land Parcel A and Land Parcel B have been issued in the name of the Purchaser.

Land Premium (Portion A) is payable by the Purchaser in the following manner:

- (i) 80% of Land Premium (Portion A) is payable within 30 days after (1) an application has been made with relevant governmental authority for a Certificate of Land Use Rights in relation to Land Parcel A in the name of the Purchaser and a copy of the same has been provided to the Purchaser; or (2) obtaining a land use rights transfer agreement signed by relevant governmental authority in relation to Land Parcel A with the Purchaser being named as the transferee.
- (ii) the balance of Land Premium (Portion A) is payable within 30 days after the Certificate of Land Use Rights in relation to Land Parcel A has been issued in the name of the Purchaser.

Land Premium (Portion B) is payable by the Purchaser in the following manner:

- (i) 80% of Land Premium (Portion B) is payable within 30 days after (1) an application has been made with relevant governmental authority for a Certificate of Land Use Rights in relation to Land Parcel B in the name of Purchaser and a copy of the same has been provided to the Purchaser; or (2) obtaining a land use rights transfer agreement signed by relevant governmental authority in relation to Land Parcel B with the Purchaser being named as the transferee.
- (ii) the balance of Land Premium (Portion B) is payable within 30 days after the Certificate of Land Use Rights in relation to Land Parcel B has been issued in the name of the Purchaser.

There was no other capital commitment by the Purchaser for the acquisition of the Berth Assets in addition to the consideration.

### **Completion**

Subject to fulfilment of the conditions precedent set out in the Acquisition Agreement (including obtaining of internal, lenders' and regulatory approvals where necessary), completion of the transfer of the Berth Assets is to take place on the Asset Transfer Completion Date. If the conditions precedent are not fulfilled or waived by 16 October 2008, the Purchaser may terminate the Acquisition Agreement by giving notice within 30 days or require adjustment to the consideration.

The Berth Assets were valued by an independent qualified valuer as at 31 May 2007. The portion of the Berth Assets (excluding the land use rights of Land Parcel A and the land use rights of Land Parcel B) attributable to Yangzhou Jiangdu Ltd. was valued at RMB47,135,000 based on the reinstatement cost and estimated remaining useful life of the assets. The parties agreed that the Vendors will compensate the

Purchaser on the depreciation of value of the Berth Assets (excluding the land use rights of Land Parcel A and the land use rights of Land Parcel B) from 31 May 2007 to the Asset Transfer Completion Date by deducting such amount from the Total Consideration payable by the Purchaser.

## **CONNECTED TRANSACTION**

Yangzhou Jiangdu Ltd. is owned by Yangzhou Port as to 51%. Being a subsidiary of a substantial shareholder of the Purchaser, Yangzhou Jiangdu Ltd. is therefore a connected person of the Company. Accordingly, the acquisition from Yangzhou Jiangdu Ltd. under the Acquisition Agreement constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios for the acquisition from Yangzhou Jiangdu Ltd. exceed 0.1% but are less than 2.5%, such connected transaction is exempt from the independent shareholders' approval requirement but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## **REASONS FOR THE ENTERING INTO OF THE ACQUISITION AGREEMENT**

In view of the economic policies adopted by the local government and the development of the Yangzhou Port region, the Group entered into the Acquisition Agreement for the purpose of expanding its participation and involvement in the development of the region in order to benefit from its economic growth. In addition, the board of directors of the Company believes that investing in Jiangdu Port will boost the Group's competitiveness and market position in the Yangzhou Port region and enlarge its relevant market share in terminal business.

The unaudited net losses before and after taxation and extraordinary items attributable to the Berth Assets for the year 2005 were RMB13,060. The unaudited net profits before and after taxation and extraordinary items attributable to the Berth Assets for the year 2006 were RMB2,594.

The board of directors of the Company (including the independent non-executive directors) believes that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **GENERAL**

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

The business scope of Yangzhou Jiangdu Ltd. includes cargo loading and unloading, storage of goods, cargo transport, passenger transportation services and supply of cargo ship.

The business scope of Jiangdu Port Development includes construction and development of transportation infrastructures, cargo loading and unloading, storage transit, sales of construction materials, timber and steels, underwater construction projects and sand dredging.

## DEFINITIONS

<b>Term</b>	<b>Meaning</b>
“Acquisition Agreement”	the agreement dated 16 October 2007 between the Vendors and the Purchaser, whereby the Vendors agreed to sell and the Purchaser agreed to purchase the Berth Assets
“Asset Transfer Completion Date”	the date on which the transfer of Berth Assets is to be completed, being a day agreed by the Vendors and the Purchaser which is within 10 days after fulfilment of the conditions precedent of the Acquisition Agreement, provided that the related business may be transferred on a different day within such period if the parties agree
“Asset Transfer Consideration”	the sum of Jiangdu Berth Asset Transfer Consideration and Yangzhou Berth Asset Transfer Consideration
“Berth Assets”	the land use rights of Land Parcel A, the land use rights of Land Parcel B, berth terminal projects, machinery facilities, buildings, ancillary works and other construction in progress in respect of Berth No. 1, and the business related thereto
“Berth No.1”	berth no. 1 of the Jiangdu Port in the PRC
“Company”	COSCO Pacific Limited
“connected persons”	has the meaning given to such term under the Listing Rules
“COSCO Ports”	COSCO Ports (Yangzhou) Limited, a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Jiangdu Berth Asset Transfer Consideration”	the consideration, which amounts to RMB1,844,600, payable by the Purchaser for the transfer of Jiangdu Port Development’s share in the Berth Assets (excluding the land use rights of Land Parcel A and Land Parcel B)
“Jiangdu Port Development”	江都市港口開發公司 (Jiangdu City Port Development Company*), a company established in the PRC and an independent third party
“Land Parcel A”	a land parcel of 80.2 mu (or 53,468.11 sq.m.) on which part of Berth No.1 is situated
“Land Parcel B”	a land parcel of 14 mu (or 9,333.59 sq.m.) on which part of Berth No.1 is situated
“Land Premium (Portion A) ”	the consideration payable by the Purchaser to Jiangdu Port Development in relation to the transfer of the land use rights of Land Parcel A
“Land Premium (Portion B)”	the consideration payable by the Purchaser to Jiangdu Port Development in relation to the transfer of the land use rights of Land Parcel B
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchaser”	Yangzhou Yuanyang International Ports Co. Ltd., a sino-foreign equity joint venture established in the PRC and owned by COSCO Ports, Yangzhou Port and Zhangjiagang WH as to 51%, 40% and 9% respectively
“RMB”	Reminbi yuan, the lawful currency of the PRC
“Total Consideration”	the sum of the Asset Transfer Consideration, the Land Premium (Portion A) and Land Premium (Portion B)
“Vendors”	Jiangdu Port Development and Yangzhou Jiangdu Ltd.
“Yangzhou Berth Asset Transfer Consideration”	the consideration, which amounts to RMB47,135,000, payable by the Purchaser for the transfer of Yangzhou Jiangdu Ltd.’s share in the Berth Assets (excluding the land use rights of Land Parcel A and Land Parcel B)

“Yangzhou Jiangdu Ltd.”	揚州港江都港區有限公司 (Yangzhou Port Jiangdu Port Area Co. Ltd.*), which is owned by Yangzhou Port as to 51%
“Yangzhou Port”	江蘇省揚州港務集團有限公司 (Yangzhou Port of Jiangsu Province Group Co., Ltd.*), a company established in the PRC
“Zhangjiagang WH”	Zhangjiagang Win Hanverky Container Terminal Co., Ltd., a sino-foreign equity joint venture established in the PRC and owned indirectly as to 51% by the Company

*\* the unofficial English transliterations or translations are for identification purposes only*

By Order of the Board  
**COSCO Pacific Limited**  
**XU Minjie**  
*Vice Chairman & Managing Director*

Hong Kong, 16 October 2007

*As at the date of this announcement, the directors of the Company are Dr. WEI Jiafu<sup>2</sup> (Chairman), Mr. CHEN Hongsheng<sup>1</sup>, Mr. LI Jianhong<sup>1</sup>, Mr. XU Lirong<sup>2</sup>, Ms. SUN Yueying<sup>1</sup>, Mr. XU Minjie<sup>1</sup> (Vice Chairman & Managing Director), Dr. SUN Jiakang<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*