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

CONNECTED TRANSACTION

INCREASE IN TOTAL AMOUNT OF INVESTMENT AND REGISTERED CAPITAL OF JOINT VENTURE COMPANY

On 26th August 2008, COSCO Ports Qianwan, a wholly-owned subsidiary of the Company, entered into the Capital Increase and Amendment Agreement with QPC and PTS Holdings in relation to the increase in each of the total amount of investment and registered capital of QQCT by US\$78 million, to be contributed by COSCO Ports Qianwan, QPC and PTS Holdings as to 20%, 31% and 49% respectively (i.e. in proportion to their respective existing equity interests in QQCT). Such contribution by COSCO Ports Qianwan constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in respect thereof exceeds 0.1% but are all less than 2.5%, such transaction is only subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

THE CAPITAL INCREASE AND AMENDMENT AGREEMENT

Date

26th August 2008

Parties

1. QPC
2. COSCO Ports Qianwan
3. PTS Holdings

Subject matter

Pursuant to the Capital Increase and Amendment Agreement, each of the total amount of investment and registered capital of QQCT is to be increased by US\$78 million (i.e. from US\$887 million to US\$965 million and from US\$230 million to US\$308 million respectively), to be contributed in cash by COSCO Ports Qianwan, QPC and PTS Holdings as to 20%, 31% and 49%

respectively (i.e. in proportion to their respective existing equity interests in QQCT). Accordingly, the amount to be contributed by COSCO Ports Qianwan is US\$15.6 million. The JV Parties have further agreed that their contributions to the Capital Increase shall be effected by converting the equivalent of US\$78 million of an interim distribution of profits of QQCT accumulated during the period from 1st January 2008 and ending on 31st July 2008 into the registered capital of QQCT, and that such capital contribution shall be made based on the respective equity ratios held by the JV Parties in QQCT before QQCT receives a new business licence reflecting the Capital Increase.

The JV Parties have agreed to amend the joint venture contract and articles of association in respect of QQCT (each as amended and restated) in accordance with the provisions of the Capital Increase and Amendment Agreement to reflect the Capital Increase.

The Capital Increase and Amendment Agreement shall take effect when it has been executed by each of the JV Parties and approved by the PRC approval authority. If such effective date does not occur within one year after the date of the Capital Increase and Amendment Agreement, any of the JV Parties shall have the right to terminate the Capital Increase and Amendment Agreement and the transaction contemplated therein.

INFORMATION ON QQCT

QQCT is a sino-foreign equity joint venture company established in the PRC, and is principally engaged in the operation and management of Phases II and III of the container terminal situated at Qingdao Qianwan, the PRC as well as stevedoring and handling containers and other cargoes; transshipping, stacking, storing, packing and unpacking, repairing and cleaning, transporting and storing domestic and international containers, and other related businesses.

According to the audited financial statements of QQCT prepared in accordance with the generally accepted accounting principles in the PRC, the profit before and after taxation and extraordinary items of QQCT for the year ended 31st December 2006 was approximately RMB1,084 million.

According to the unaudited financial statements of QQCT prepared in accordance with the International Financial Reporting Standards, the profit before and after taxation and extraordinary items of QQCT for the year ended 31st December 2006 was approximately RMB1,088 million.

According to the audited consolidated financial statements of QQCT prepared in accordance with the International Financial Reporting Standards, the consolidated profit before and after taxation and extraordinary items of QQCT for the year ended 31st December 2007 was approximately RMB1,194 million, and the consolidated net asset value of QQCT as at 31st December 2007 was approximately RMB2,111 million.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Capital Increase is made mainly for the purpose of raising the funds required to fulfill the obligation of QQCT to contribute registered capital to an equity joint venture in the PRC owned by QQCT as to 80%. If the effective date of the Capital Increase and Amendment Agreement does not occur within one year after the date of such agreement and any of the JV Parties exercises its right to terminate such agreement as referred to above, QQCT may need to seek an alternative source of funding in order to fulfill such capital contribution obligation.

The board of directors (including the independent non-executive directors) of the Company believes that the terms of the Capital Increase and Amendment Agreement and the transaction contemplated therein are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

APM Terminals Invest Company Limited, which is a subsidiary of APM, is a substantial shareholder of a subsidiary of the Company. APM holds an approximately 40.82% interest in PTS Holdings, which has an equity interest of 49% in QQCT. Accordingly, QQCT is an associate of APM and is therefore a connected person of the Company, and the contribution by COSCO Ports Qianwan under the Capital Increase constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in respect thereof exceeds 0.1% but are all less than 2.5%, such transaction is only subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

GENERAL

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

PTS Holdings is an investment holding company which holds interests in QQCT.

QPC is principally engaged in the businesses of stevedoring, storage, transshipment, distribution and related logistic services of containers, crude oil, iron ore, grains and other trading goods, as well as international and domestic passenger transport service.

DEFINITIONS

“APM”	A.P. Møller-Mærsk A/S, a company incorporated in Denmark with limited liability
“Capital Increase”	the proposed increase of the total amount of investment and registered capital of QQCT from US\$887 million to US\$965 million and from US\$230 million to US\$308 million respectively pursuant to the Capital Increase and Amendment Agreement
“Capital Increase and Amendment Agreement”	the capital increase and amendment agreement dated 26th August 2008 entered into between QPC, COSCO Ports Qianwan and PTS Holdings
“Company”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited

“COSCO Ports Qianwan”	COSCO Ports (Qianwan) Limited (中遠碼頭(前灣)有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“JV Parties”	QPC, COSCO Ports Qianwan and PTS Holdings
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“PTS Holdings”	PTS Holdings Limited, a company established in Mauritius
“QPC”	Qingdao Port (Group) Co., Ltd. (青島港(集團)有限公司), a company established in the PRC
“QQCT”	Qingdao Qianwan Container Terminal Co., Ltd. (青島前灣集裝箱碼頭有限責任公司), a sino-foreign equity joint venture company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 26th August 2008

As at the date of this announcement, the directors of the Company are Mr. CHEN Hongsheng² (Chairman), Mr. LI Jianhong¹, Mr. XU Lirong², Ms. SUN Yueying¹, Mr. XU Minjie¹ (Vice Chairman & Managing Director), Dr. SUN Jiakang², Dr. WONG Tin Yau, Kelvin¹, Mr. WANG Zhi¹, Mr. YIN Weiyu¹, Dr. LI Kwok Po, David³, Mr. CHOW Kwong Fai, Edward³ and Mr. Timothy George FRESHWATER³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director