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## **COSCO Pacific Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1199)**

### **ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTION**

### **TENANCY AGREEMENT**

In pursuance to a tenancy agreement dated 28th November 2011 (the “Tenancy Agreement”), COSCO Pacific Management Company Limited (the “Tenant”) has agreed to rent from Wing Thye Holdings Limited (the “Landlord”) Unit 4901, Unit 4902A and Unit 4903 situate at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (collectively the “Properties”) for a term of three years commencing from 29th November 2011. The monthly rental of the Properties is HK\$927,498.00 exclusive of government rent, rates and management fee. The monthly management fee is HK\$72,586.80 (subject to further increase to an amount not exceeding HK\$80,652.00 from January 2012, HK\$90,330.00 from January 2013 and HK\$101,170.00 from January 2014 respectively).

The Landlord is a wholly-owned subsidiary of COSCO (Hong Kong) Group Limited (“COSCO Hong Kong”). The Tenant is a wholly-owned subsidiary of COSCO Pacific Limited (the “Company”). China Ocean Shipping (Group) Company (“COSCO”) is a controlling shareholder of both COSCO Hong Kong and the Company. Therefore, the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

As each of the percentage ratios (other than the profits ratio) in respect of the consideration payable by the Tenant under the Tenancy Agreement falls below 5%, the Company is exempted from the independent shareholders’ approval requirement under Rule 14A.34 of the Listing Rules. The Company is only obliged to comply with the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules in respect of the Tenancy Agreement.

#### **TENANCY AGREEMENT DATED 28TH NOVEMBER 2011**

##### **A. PARTIES**

Landlord: Wing Thye Holdings Limited, a wholly-owned subsidiary of COSCO Hong Kong.

Tenant: COSCO Pacific Management Company Limited, a wholly-owned subsidiary of the Company.

COSCO is the controlling shareholder of both COSCO Hong Kong and the Company.

## **B. PROPERTIES**

Units 4901, 4902A and 4903 of 49th Floor of COSCO Tower, 183 Queen's Road Central, Hong Kong.

## **C. TERMS OF TENANCY**

Three years commencing from 29th November 2011. The Tenancy Agreement does not provide for renewal clauses.

## **D. RENTAL (exclusive of government rent, rates and management fee)**

The monthly rental is HK\$927,498.00 for a term of three years and the monthly management fee is HK\$72,586.80 (subject to further increase to an amount not exceeding HK\$80,652.00 from January 2012, HK\$90,330.00 from January 2013 and HK\$101,170.00 from January 2014 respectively) payable to the Landlord. During the subsistence of the Tenancy Agreement, the maximum aggregate annual value of the rental and the management fee is HK\$12,213,936.

## **USE OF PROPERTIES**

The Company intends to continue to occupy the Properties on a long term basis as the head office of itself and its subsidiaries (the "Group") and as its principal place of business in Hong Kong. The Properties were previously and are still occupied by the Tenant as offices.

## **BASIS UPON WHICH THE RENTAL AND THE CONSIDERATION WERE DETERMINED**

The rental payable under the Tenancy Agreement and the terms and conditions of the Tenancy Agreement were arrived at after arm's length negotiations between the Landlord and the Tenant conducted through COSCO Hong Kong and the Company.

In negotiating the rental under the Tenancy Agreement, the directors of the Company made reference to the professional opinion given by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professional valuer engaged by the Tenant. In their report dated 9th November 2011, DTZ opined that the current market rental of the Properties is HK\$1,030,000 per month (exclusive of government rent, rates and management fee). Therefore, the rental payable under the Tenancy Agreement is at market level and is fair and reasonable.

The directors (including independent non-executive directors) of the Company considered that the Tenancy Agreement has been entered into on normal commercial terms and the transaction is fair and reasonable (particularly based on the professional opinion of DTZ) and in the interests of the Company and its shareholders as a whole. None of the directors has a material interest in the transaction contemplated under the Tenancy Agreement and no director is required to abstain from voting in the resolutions approving the Tenancy Agreement at the relevant meeting of the board of directors.

## CONTINUING CONNECTED TRANSACTION

The Landlord is a wholly-owned subsidiary of COSCO Hong Kong. The Tenant is a wholly-owned subsidiary of the Company. COSCO is the controlling shareholder of both COSCO Hong Kong and the Company, controlling as at the date hereof the entire issued share capital of COSCO Hong Kong and approximately 42.71% of the entire issued share capital of the Company.

Therefore, COSCO, COSCO Hong Kong and the Landlord are all connected persons of the Company under the definition of the Listing Rules. The transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

As each of the percentage ratios (other than the profits ratio) in respect of the consideration payable by the Tenant under the Tenancy Agreement falls below 5%, the Company is exempted from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules. The Company is only obliged to comply with the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules in respect of the Tenancy Agreement.

## COSCO HONG KONG AND THE LANDLORD

The principal activities of COSCO Hong Kong together with its subsidiaries (including the Landlord) include ship trading and supplying services, insurance services, freight services, coating services, property investment and information technology.

## THE GROUP

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

By Order of the Board  
**COSCO Pacific Limited**  
**WANG Xingru**  
*Vice Chairman & Managing Director*

Hong Kong, 28th November 2011

As at the date of this announcement, the board of directors of the Company comprises Mr. XU Lirong<sup>2</sup> (Chairman), Mr. WANG Xingru<sup>1</sup> (Vice Chairman and Managing Director), Mr. WAN Min<sup>2</sup>, Mr. HE Jiale<sup>1</sup>, Mr. WANG Zenghua<sup>1</sup>, Mr. FENG Jinhua<sup>1</sup>, Mr. WANG Haimin<sup>2</sup>, Mr. GAO Ping<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Mr. YIN Weiyu<sup>1</sup>, Dr. LI Kwok Po, David<sup>3</sup>, Mr. CHOW Kwong Fai, Edward<sup>3</sup>, Mr. Timothy George FRESHWATER<sup>3</sup> and Dr. FAN HSU Lai Tai, Rita<sup>3</sup>.

<sup>1</sup> Executive Director

<sup>2</sup> Non-executive Director

<sup>3</sup> Independent Non-executive Director