

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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)**

### **ANNOUNCEMENT**

### **CONNECTED TRANSACTION**

### **ACQUISITION OF EQUITY INTERESTS IN TAICANG INTERNATIONAL CONTAINER TERMINAL CO., LTD.**

On 24th January 2013, CP (China), a direct wholly-owned subsidiary of the Company, and COSCO entered into the Equity Transfer Agreement pursuant to which CP (China) agreed to acquire and COSCO agreed to sell 39.04% equity interests in Taicang.

COSCO is the ultimate controlling shareholder of the Company and hence a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition calculated in accordance with Chapter 14 of the Listing Rules exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

On 24th January 2013, CP (China), a direct wholly-owned subsidiary of the Company, and COSCO entered into the Equity Transfer Agreement pursuant to which CP (China) agreed to acquire and COSCO agreed to sell 39.04% equity interests in Taicang. The principal terms and conditions of the Equity Transfer Agreement are as summarised below:

#### **EQUITY TRANSFER AGREEMENT**

Date : 24th January 2013

Parties : (a) CP (China) as the purchaser; and  
(b) COSCO as the vendor.

- Interests to be acquired : CP (China) agreed to acquire and COSCO agreed to sell COSCO's interests in RMB175,992,320 of the total registered and paid-up capital, representing 39.04% of the entire equity interests in Taicang.
- Consideration : The consideration for the Acquisition shall be RMB322,782,234.26.
- Payment of consideration : The consideration in respect of the Acquisition shall be payable in cash by CP (China) to COSCO within thirty (30) working days of the issuance of the approval certificate referred to in condition (c) under the section headed "Conditions to Completion" below.
- Basis for the consideration : The consideration for the Acquisition was determined after arm's length negotiations between CP (China) and COSCO, taking into account the audited net asset value of Taicang as at 31st March 2012 prepared in accordance with the PRC GAAP, the distributable profit for the period between 31st March 2012 and the Completion Date attributable to COSCO, and the fair market value of the net asset of Taicang as at 31st March 2012 (as determined by the independent valuer jointly appointed by CP (China) and COSCO).

The financial information of Taicang is further disclosed under the section headed "*Further information on the Group, COSCO and Taicang*" below.

The consideration will be funded by the internal resources of the Group.

The aggregate original purchase costs to COSCO in respect of the 39.04% equity interests in Taicang were equivalent to RMB170,317,715.09.

- Conditions to Completion : Completion shall be conditional upon the satisfaction (or waiver by CP (China)) of the following conditions, which each of the parties shall exercise its best endeavour to procure their satisfaction within twelve (12) months of the date of the Equity Transfer Agreement:
- (a) each of the representations and warranties given by COSCO under the Equity Transfer Agreement having remained true and correct at all times from the date of the Equity Transfer Agreement up to and including the Completion Date;
  - (b) the respective parties to the Equity Transfer Agreement (i) having obtained the necessary consent, approval, waiver, order or authorisation from, and having completed the necessary registration, report or filing with, the relevant governmental authorities; and (ii) having complied with all relevant procedures required under applicable laws or

contracts that are legally binding to the relevant parties, which are necessary in connection with the execution and performance of the transaction documents contemplated under the Equity Transfer Agreement or in connection with the Acquisition or the Completion;

- (c) the relevant examination and approval authority having issued the approval certificate evidencing CP (China) as the owner of the 39.04% equity interests in Taicang under the Acquisition;
- (d) Taicang having obtained a new business licence after the change of equity interests has been registered with the State Administration for Industry and Commerce of the PRC or its authorised local Administrations for Industry and Commerce, including but not limited to Taicang Administration for Industry and Commerce of Suzhou City;
- (e) COSCO having received the consideration for the Acquisition from CP (China); and
- (f) Taicang having delivered to CP (China) a certified copy of the register of directors of Taicang evidencing the 3 directors nominated by CP (China) have been appointed as directors of Taicang after the completion of the modification registration procedures in respect of the change of equity interests.

Effect and termination : The Equity Transfer Agreement shall take effect subject to, among others, the approval from the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The Equity Transfer Agreement may be terminated by any party thereto, if (not by reason attributable to such party) Completion cannot take place within twelve (12) months of the date of the Equity Transfer Agreement, unless otherwise agreed by all parties to the agreement in writing. Upon termination of the Equity Transfer Agreement, there shall be no further liability to the parties save for antecedent breach.

Completion : Unless otherwise agreed by the parties to the Equity Transfer Agreement in writing, Completion shall take place on the tenth business day following the day on which all the conditions to Completion set out above have been satisfied or waived.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As the fifth largest container terminal operator in the world, the Group is focused on accelerating its terminal business development and building a stronger and larger terminal platform to develop its terminal business as the key earnings growth driver for the Group.

The Acquisition shall complement the existing terminal business portfolio of the Group, as Taicang controls and operates the Taicang International Container Terminal, which is one of the deep-water ports of the Yangtze River Delta region and is located within the Suzhou city region of Jiangsu province in eastern PRC and within easy reach of Shanghai. Taicang International Container Terminal is in possession of 2 dedicated container berths and 2 breakbulk berths with the total length of 930 meters and a port land width of 1,000 meters. The expected annual throughputs for container and breakbulk cargos for the port are 550,000 Twenty-foot Equivalent Units and 4,000,000 tons respectively.

After completion of the Acquisition, the Group will have 39.04% equity interests in Taicang and be able to share in the profit and loss of Taicang as an associated company of the Group. The Company is of the view that the Acquisition will provide an additional source of income and has the potential to enhance the profitability and value of the Group.

None of the Directors has a material interest in the Acquisition but Dr. FAN HSU Lai Tai, Rita, an independent non-executive Director, has voluntarily abstained from voting on the relevant board resolutions approving the transactions contemplated under the Equity Transfer Agreement for the reason that she is also an independent non-executive director of China COSCO Holdings Company Limited, a subsidiary of COSCO. The Directors (including other independent non-executive Directors) consider that the Acquisition is in the interests of the Company and its shareholders as a whole, and the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable.

## **FURTHER INFORMATION ON THE GROUP, COSCO AND TAICANG**

### **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.

### **COSCO**

COSCO and its subsidiaries are principally engaged in the businesses of marine transportation, which includes shipping, logistics, ship building and repairing, terminal operations, ship financing and trading, as well as the operation of containerships, dry bulk carriers, oil tankers, and specialised cargo ships.

### **Taicang**

Taicang is principally engaged in the businesses of the development and construction of container terminals, warehousing, transshipment, cargo containers handling, and related services, and is the operator of Taicang International Container Terminal.

Based on the financial statements of Taicang, which were prepared in accordance with the PRC GAAP, its (i) audited net asset value as at 31st March 2012 attributable to the 39.04% equity interests in Taicang was approximately RMB190,446,077; and (ii) net profit/(loss) (before and after taxation) attributable to the 39.04% equity interests in Taicang for the two financial years ended 31st December 2011 (audited) and 2012 (unaudited), respectively, were approximately:

	<b>For the financial year ended 31st December 2012 RMB (Unaudited)</b>	<b>For the financial year ended 31st December 2011 RMB (Audited)</b>
Net profit before taxation of Taicang attributable to the 39.04% equity interests to be acquired in Taicang	26,086,030	24,806,749
Net profit after taxation of Taicang attributable to the 39.04% equity interests to be acquired in Taicang	22,527,024	21,879,460

As at 31st March 2012, the fair market value of the net asset attributable to the 39.04% equity interests in Taicang was approximately RMB322,782,234, as determined by China Tong Cheng Assets Appraisal Co., Ltd., the independent valuer jointly appointed by CP (China) and COSCO for the purposes of the Acquisition.

#### **IMPLICATIONS UNDER THE LISTING RULES**

COSCO is the ultimate controlling shareholder of the Company and hence a connected person of the Company. As such, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition calculated in accordance with Chapter 14 of the Listing Rules exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

#### **DEFINITIONS**

“Acquisition”	the acquisition by CP (China) of 39.04% of the equity interest in Taicang from COSCO pursuant to the terms and conditions of the Equity Transfer Agreement
“business day(s)”	as defined in the Equity Transfer Agreement, means the day(s) on which banks in the PRC are generally open for business (save for Saturdays, Sundays and public holidays)
“Company”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	means completion of the Acquisition as pursuant to the terms of the Equity Transfer Agreement

“Completion Date”	the date on which Completion shall take place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“COSCO”	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a company incorporated in the PRC and the ultimate controlling shareholder of the Company
“CP (China)”	COSCO Pacific (China) Investments Co., Ltd. (中遠太平洋(中國)投資有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 24th January 2013 entered into between CP (China) and COSCO in relation to the Acquisition
“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
“PRC GAAP”	the Generally Accepted Accounting Principles of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Taicang”	太倉國際集裝箱碼頭有限公司 (Taicang International Container Terminal Co., Ltd.), a sino-foreign equity joint venture incorporated in the PRC
“RMB”	Renminbi, the lawful currency of the PRC

“%”

per cent

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

Hong Kong, 24th January 2013

As at the date of this announcement, the board of Directors of the Company comprises Mr. LI Yunpeng<sup>2</sup> (Chairman), Dr. WANG Xingru<sup>1</sup> (Vice Chairman & Managing Director), Mr. WAN Min<sup>2</sup>, Mr. HE Jiale<sup>1</sup>, Mr. FENG Jinhua<sup>1</sup>, Mr. FENG Bo<sup>1</sup>, Mr. WANG Haimin<sup>2</sup>, Mr. WANG Wei<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Mr. YIN Weiyu<sup>1</sup>, Mr. CHOW Kwong Fai, Edward<sup>3</sup>, Mr. Timothy George FRESHWATER<sup>3</sup>, Dr. FAN HSU Lai Tai, Rita<sup>3</sup>, Mr. Adrian David LI Man Kiu<sup>3</sup> and Mr. IP Sing Chi<sup>3</sup>.

<sup>1</sup> Executive Director

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

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