COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNOUNCEMENT

MAJOR DISPOSAL AND CONNECTED TRANSACTION

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF COSCO CONTAINER INDUSTRIES LIMITED

THE AGREEMENT

On 20th May 2013, the Company entered into the Agreement with the Purchaser and the Guarantor pursuant to which the Company agreed to dispose of and the Purchaser agreed to acquire the entire issued share capital of COSCO Container and the Sale Loan for a total consideration of US$1,219,788,621, and the Guarantor agreed to guarantee the obligations of the Purchaser under the Agreement, upon and subject to the terms and conditions set out therein.

COSCO Container is an investment holding company whose major asset is the Group's 21.80% equity interest in CIMC (a joint stock limited company which A shares and H shares are listed on the Shenzhen Stock Exchange and the Stock Exchange respectively). Upon Completion, COSCO Container will cease to be a subsidiary of the Company and the Company will cease to hold any interest in CIMC.

LISTING RULES IMPLICATIONS

As one of the applicable Percentage Ratios in respect of the Disposal is higher than 25% but below 75%, the Disposal constitutes a major transaction of the Company, and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is an indirect wholly owned subsidiary of COSCO, the ultimate controlling Shareholder, and hence a connected person of the Company, the Disposal (including the financial assistance to be provided by the Company to the Purchaser in connection with the Purchaser's deferred payment of the part of the Consideration after Completion) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal is subject to the approval by the Independent Shareholders at the SGM.

A circular containing, among other things, (i) further details of the Agreement and the Disposal; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM, will be despatched to the Shareholders on or around 24th May 2013 in accordance with the relevant requirements of the Listing Rules.

On 20th May 2013, the Company entered into the Agreement with the Purchaser and the Guarantor pursuant to which the Company agreed to dispose of and the Purchaser agreed to acquire the Sale Share, being the entire issued share capital of COSCO Container, and the Sale Loan for a total consideration of US$1,219,788,621, and the Guarantor agreed to guarantee the obligations of the Purchaser under the Agreement, upon and subject to the terms and conditions set out therein. The principal terms and conditions of the Agreement are summarised below:

THE AGREEMENT

Date : 20th May 2013

Parties : (a) the Company as the vendor;

(b) the Purchaser as the purchaser; and

(c) the Guarantor as the guarantor.

Each of the Purchaser and the Guarantor is a wholly owned subsidiary of COSCO, the ultimate controlling Shareholder, and hence a connected person of the Company.

Interest to be disposed of : The Company agreed to dispose of and the Purchaser agreed to acquire the Sale Share, being the entire issued share capital of COSCO Container, and the Sale Loan.

COSCO Container is an investment holding company whose major asset is the Group's 21.80% equity interest in CIMC.

Consideration : The Consideration for the Sale Share and the Sale Loan shall be US$1,219,788,621 which shall be satisfied in the following manner:

(i) 50% of the Consideration shall be paid by the Purchaser to the Company at Completion; and

(ii) the balance of the Consideration shall be paid by the Purchaser to the Company within three months after Completion.

The deferred payment of the balance of the Consideration was requested by the Purchaser and it was agreed to by the Company and the Purchaser as a result of arm's length negotiations between the parties after taking into account the following factors: (i) security has been provided by the Purchaser in favour of the Company for securing the deferred payment obligations; and (ii) all the terms and conditions of the Disposal (including the amount of the Consideration) as a whole.

To secure the Purchaser's payment obligations for the balance of the Consideration, a charge over the entire Sale Share incorporating COSCO Container's undertaking not to dispose of and deal with its major asset, being its 21.80% equity interest in CIMC, and the entire Sale Loan will upon Completion be created by the Purchaser in favour of the Company.

For reference purposes, based on the unaudited management accounts of COSCO Container for the three month period ended 31st March 2013, the Sale Loan was amounted to approximately US$347.0 million as at 31st March 2013.

The Consideration was determined after commercial negotiations between the Company and the Purchaser on an arm's length basis, taking into account an independent valuation of COSCO Container prepared based on an asset approach and with reference to:

(i) the strategic value of the investment in CIMC;

(ii) the recent trading performance of the shares of CIMC;

(iii) the market value of the shares of CIMC; and

(iv) the net asset value of COSCO Container and the amount of the Sale Loan.

Conditions Precedent : Completion shall be conditional upon the satisfaction of the following conditions:

(i) the approval by the Independent Shareholders in the SGM in respect of the Agreement and the Disposal;

(ii) the approval by the independent shareholders of China COSCO in a general meeting of China COSCO in respect of the Agreement and the Disposal; and

(iii) the licences, authorisations, consents, registrations and other approval necessary or desirable for the completion of the Agreement, having been granted by the requisite governmental, court or other regulatory bodies.

Guarantee : The Guarantor irrevocably and unconditionally agreed to guarantee the due and punctual performance and observance by the Purchaser of all its obligations under or pursuant to the Agreement. The guarantee is a continuing guarantee and shall remain in force until all the obligations of the Purchaser have been performed or satisfied.

Completion : Completion shall take place on or before the fifth business day after the last of the conditions precedent has been satisfied provided that such date shall in no event be earlier than 26th June 2013 and shall in no event be later than 31st December 2013 (or such later date as may be agreed amongst the parties).

Upon Completion, COSCO Container will cease to be a subsidiary of the Company and the Company will cease to hold any interest in CIMC.

Title to, beneficial ownership of, and any risk attaching to, the Sale Share shall pass to the Purchaser on Completion together with all associated rights and benefits attaching or accruing to it on or after Completion. For the avoidance of doubt, dividends declared in relation to the Sale Share prior to the Completion but not yet paid prior to the Completion (which include the final dividends payable by CIMC for the financial year ended 31st December 2012 at RMB0.23 per one share of CIMC) shall belong to the Purchaser.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the businesses of managing and operating terminals, container leasing, management and sale, container manufacturing and other related businesses, and the Group has a mission to become a leading global terminal operator and container leasing and related businesses operator.

The Group has been implementing its terminal development strategy through an emphasis on obtaining controlling stakes in new terminal investments, expansion of global terminal networks and diversification in terminal investment with a view to enhancing its leadership as a top global terminal operator. The Group will strive to enhance its leading position in the container leasing industry through continuous investment in the business, and will continue to expand its container leasing fleet, optimise the lease mix and provide comprehensive container leasing services to its customers. To achieve these objectives, the Directors consider it necessary for the Group to re-align and rationalise the asset holdings among the various business segments in the Group.

As a result of CIMC's business diversification development strategy under which its non-container business segments (such as energy, chemical and food equipment business, logistics equipment business, airport facilities equipment business and financial business) have developed rapidly, the contribution from CIMC's container business to CIMC's total revenue dropped from 54.6% in 2011 to 45.6% in 2012.

The Group's original intent of making its investment in CIMC was to expand into container-related business and strengthen its foothold in the growing container manufacturing and sales businesses. Hence, CIMC's business diversification into non-container business deviates from such original intent.

Further, the Group is not the single largest shareholder of CIMC. Despite the fact that the Group has two representatives on the board of CIMC, the Group's participation in the management of CIMC's business is limited.

Hence, the Disposal offers a good opportunity for the Group to redeploy its resources into businesses which are expected to create enhanced value for the Shareholders, enhance its profitability in medium to long term and help strengthen the Group's terminal and container leasing businesses.

In addition, the Disposal provides the Group with an opportunity to realise a return on its investment in CIMC and strengthen its cash flow position for providing working capital funds for its existing businesses and for capturing any future acquisition or investment opportunities in terminal and container leasing businesses.

In line with the Group's long-term strategy to focus on terminal business with growing potential, the Group has constantly been exploring and evaluating different investment and/or acquisition opportunities in terminals in China, South East Asia, North America and Europe and has been in preliminary discussions with various third parties on pursuing potential investment and/or acquisition that are expected to derive reasonable return and/or long-term value on the investments. The Group's selection criteria for its future investment and/or acquisition are made up of several factors: (i) the strategic location of the terminals; (ii) the proven handling capacity of the terminals and expected growth potential; (iii) operational efficiency of the terminals; and (iv) the expected return and long-term value of the investment in the terminals.

Up to date, active discussions on these potential acquisition or investment opportunities are in progress but no legally-binding definitive documentation has been entered into by the Group. As such discussions are still on-going, there is no assurance that any investment or acquisition may ultimately materialise as a result thereof.

Having regard to the factors considered above, the Group intends to apply the net proceeds from the Disposal primarily to the development and investment in its terminal and container leasing businesses and further improvement in working capital and net debt position of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

The Disposal is expected to record an unaudited pre-tax gain of approximately US$470.2 million for the Company, which is calculated with reference to (i) the net proceeds from the Disposal; (ii) the Group's share of net assets of the 21.80% equity interest in CIMC as at 31st March 2013 as reflected in the unaudited condensed consolidated financial statements of the Group for the three month period ended 31st March 2013; and (iii) the estimated direct expenses payable for the Disposal. The actual gain or loss that the Company is able to realise will depend on the actual net book amount of COSCO Container on the date of Completion.

Based on the audited consolidated accounts of the Group as at 31st December 2012, it is expected that there would be an increase in the total assets of the Group immediately after Completion due to the gain from Disposal and there would not be any material effect on the total liabilities of the Group as a result of the Disposal.

Shareholders are reminded that in spite of the unaudited one-off pre-tax gain of approximately US$470.2 million and the cash inflow of approximately US$1,220 million to be realised as a result of the Disposal, the future profit contribution of CIMC will no longer be equity-accounted for in the consolidated financial statements of the Group. In the financial years ended 31st December 2011 and 31st December 2012, the profit contribution from CIMC accounted for approximately 30.8% and approximately 18.1% respectively of the profit attributable to the equity holders of the Company. Though the investment return of the new terminal investments and container leasing business to be undertaken by the Group subsequent to the Disposal may not, in the short term, sufficiently cover the forgone profit contribution to be brought by CIMC to the Group as a result of the Disposal, the Directors consider that the medium-to-long term benefit expected to derive from the redeployment of financial resources from the Disposal can outweigh the short-term uncertainty.

INFORMATION ON COSCO CONTAINER

COSCO Container is an investment holding company incorporated in the British Virgin Islands. Its major asset is the Group's investments in CIMC, comprising 432,171,843 A shares and 148,320,037 H shares of CIMC, representing an aggregate of approximately 21.80% of the entire issued share capital of CIMC as at the date of this announcement.

CIMC is a joint stock limited company established in the PRC and its A shares and H shares are listed and traded on the Shenzhen Stock Exchange and the Stock Exchange respectively. It is primarily engaged in the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services.

A summary of the unaudited financial information of COSCO Container (which has included COSCO Container's share of net assets and results of CIMC under equity method) for the two years ended 31st December 2011 and 31st December 2012 prepared in accordance with the applicable International Financial Reporting Standards is set out below:

	For the year ended 31st December 2011 US$'000 (Unaudited)	**For the year ended 31st December 2012** US$'000 (Unaudited)
Profit before taxation	120,083	61,358
Profit after taxation	108,658	54,942

	As at 31st December 2012 US$'000 (Unaudited)
Net assets	432,965

Please refer to the websites of the Stock Exchange (www.hkexnews.hk) and CIMC (www.cimc.com) for further information regarding CIMC.

LISTING RULES IMPLICATIONS

As one of the applicable Percentage Ratios in respect of the Disposal is higher than 25% but below 75%, the Disposal constitutes a major transaction of the Company, and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is an indirect wholly owned subsidiary of COSCO, the ultimate controlling Shareholder, and hence a connected person of the Company, the Disposal (including the financial assistance to be provided by the Company to the Purchaser in connection with the Purchaser's deferred payment of the part of the Consideration after Completion) also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Disposal (including the financial assistance to be provided by the Company to the Purchaser in connection with the Purchaser's deferred payment of the part of the Consideration after Completion) is subject to the approval by the Independent Shareholders at the SGM.

COSCO Pacific Investment Holdings Limited and COSCO Investments Limited (both being indirect subsidiaries of COSCO and hence, associates of the Purchaser), which together hold an aggregate of approximately 43.20% of the total issued share capital of the Company as at the date of this announcement, and other associates of the Purchaser shall abstain from voting at the SGM to approve the Agreement and the Disposal.

Mr. WANG Haimin, Mr. WANG Wei and Mr. TANG Runjiang are directors of both the Company and the Guarantor and therefore have abstained from voting on the relevant board resolutions approving the Agreement. Save as disclosed above, no other Directors has a material interest in the Disposal, but Dr. FAN HSU Lai Tai, Rita, an independent non-executive Director, has voluntarily abstained from voting on the relevant board resolutions approving the Agreement for the reason that she is also an independent non-executive director of China COSCO, a subsidiary of COSCO. Save for the Directors who have abstained from voting as mentioned above and the other independent non-executive Directors who would render their views after having been advised by the independent financial adviser, the Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

The Independent Board Committee comprising Mr. Timothy George FRESHWATER, Mr. Adrian David LI Man Kiu and Mr. IP Sing Chi, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the Agreement and the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the independent financial adviser. Asia Investment Management Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal.

A circular containing, among other things, (i) further details of the Agreement and the Disposal; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM, will be despatched to the Shareholders on or around 24th May 2013 in accordance with the relevant requirements of the Listing Rules.

INFORMATION ON THE GROUP, THE PURCHASER AND THE GUARANTOR

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

The Purchaser is an investment holding company incorporated in the British Virgin Islands and is an indirect wholly owned subsidiary of COSCO. The Guarantor is a company incorporated in Hong Kong and a direct wholly owned subsidiary of COSCO. The principal activities of the Guarantor together with its subsidiaries include ship trading and supplying services, insurance services, freight services, coating services, property investment and information technology. Apart from the business operated by China COSCO and its subsidiaries, the main businesses currently operated by COSCO and its subsidiaries also include operation of oil tankers and other liquefied bulk cargo shipping, general cargo and special vessel shipping, ship repair and retrofit, ship building, provision of vessel fuels, provision of financial services, ship trading services and seaman and ship management services, etc.

DEFINITIONS

"Agreement"	the conditional sale and purchase agreement dated 20th May 2013 entered into between the Company, the Purchaser and the Guarantor in relation to the disposal of the Sale Share and the Sale Loan by the Company
"Board"	the board of Directors
"China COSCO"	China COSCO Holdings Company Limited (中國遠洋控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange in the PRC (Stock Code: 601919), and the intermediate controlling Shareholder
"CIMC"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock limited company established in the PRC and its A shares and H shares are listed and traded on the Shenzhen Stock Exchange (Stock Code: 000039) and the Stock Exchange (Stock Code: 2039) respectively
"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 (Stock Code: 1199)
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Agreement

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration for the Sale Share and the Sale Loan under the Agreement
"controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules
"COSCO"	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), the ultimate holding company of the Company and a state-owned enterprise in the PRC
"COSCO Container"	COSCO Container Industries Limited, a limited liability company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company as at the date of this announcement
"Director(s)"	the director(s) of the Company
"Disposal"	the transactions contemplated under the Agreement
"Group"	the Company and its subsidiaries
"Guarantor"	COSCO (Hong Kong) Group Limited, a limited liability company incorporated in Hong Kong and a direct wholly owned subsidiary of COSCO
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising Mr. Timothy George FRESHWATER, Mr. Adrian David LI Man Kiu and Mr. IP Sing Chi, all being independent non-executive Directors, established for the purpose of considering and advising the Independent Shareholders in connection with the Agreement and the Disposal
"Independent Shareholders"	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the Agreement and the Disposal
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Percentage Ratios"	the five ratios set out in Rule 14.07 of the Listing Rules
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)

"Purchaser"	Long Honour Investments Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of COSCO
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Loan"	the unsecured, non-interest bearing and on-demand loan outstanding and owing from COSCO Container to the Company as at the date of Completion
"Sale Share"	one ordinary share of US$1.00 par value in the issued share capital of COSCO Container
"SGM"	the special general meeting of the Company or any adjournment thereof (as the case may be) to be convened for the purpose of considering and, if thought fit, approving the Agreement and the Disposal
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States
"%"	per cent

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

Hong Kong, 20th May 2013

As at the date of this announcement, the Board comprises Mr. LI Yunpeng[2] (Chairman), Dr. WANG Xingru[1] (Vice Chairman & Managing Director), Mr. WAN Min[2], Mr. FENG Jinhua[1], Mr. FENG Bo[1], Mr. WANG Haimin[2], Mr. WANG Wei[2], Mr. TANG Runjiang[1], Dr. WONG Tin Yau, Kelvin[1], Mr. QIU Jinguang[1], Mr. CHOW Kwong Fai, Edward[3], Mr. Timothy George FRESHWATER[3], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3] and Mr. IP Sing Chi[3].

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director