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## **COSCO Pacific Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1199)**

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF INTEREST IN ASIA CONTAINER TERMINALS**

The Board is pleased to announce that on 13 March 2014, COSCO Ports (ACT) (a wholly-owned subsidiary of the Company) and Sea Prime (a wholly-owned subsidiary of HPHT) entered into a 50:50 joint venture arrangement for the establishment of a joint venture company, COSCO-HPHT ACT, to acquire interest in ACTH. ACTH is a holding company and the sole shareholder of ACT, the owner and operator of ACT Terminals.

The Acquisition is effected through (i) the Subscription Agreement dated 13 March 2014 entered into by, among others, COSCO-HPHT ACT and ACTH whereby ACTH has agreed to allot and issue to COSCO-HPHT ACT, and COSCO-HPHT ACT has agreed to subscribe for, subject to certain conditions, the New Shares at a total consideration of HK\$2,216,000,000, of which 50% (being HK\$1,108,000,000) will be contributed by the Group and (ii) the CPL Assignment Deeds each dated 13 March 2014 entered into by, among others, COSCO Ports (ACT) and the Assignor whereby the Assignor has agreed to assign, and COSCO Ports (ACT) has agreed to acquire, the CPL Assigned Shareholders' Loans at an aggregate consideration of HK\$540,000,000.

COSCO-HPHT ACT will, upon Completion, own 80% of the issued share capital of ACTH as enlarged by the share allotment and issue contemplated in the Subscription Agreement and the CSTD Subscription Agreement and as reduced by the cancellation of the shares repurchased pursuant to the Repurchase Agreement.

As at the date of this announcement, the highest applicable percentage ratio calculated in accordance with Chapter 14 of the Listing Rules in relation to the Acquisition exceeds 5% but is less than 25%. As such, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

## **BACKGROUND**

The Board is pleased to announce that on 13 March 2014, COSCO Ports (ACT) (a wholly-owned subsidiary of the Company) and Sea Prime (a wholly-owned subsidiary of HPHT) entered into a 50:50 joint venture arrangement for the establishment of a joint venture company, COSCO-HPHT ACT, to acquire interest in ACTH. ACTH is a holding company and the sole shareholder of ACT, the owner and operator of ACT Terminals.

The Acquisition is effected through (i) the Subscription Agreement dated 13 March 2014 entered into by, among others, COSCO-HPHT ACT and ACTH whereby ACTH has agreed to allot and issue to COSCO-HPHT ACT, and COSCO-HPHT ACT has agreed to subscribe for, subject to certain conditions, the New Shares at a total consideration of HK\$2,216,000,000, of which 50% (being HK\$1,108,000,000) will be contributed by the Group and (ii) the CPL Assignment Deeds each dated 13 March 2014 entered into by, among others, COSCO Ports (ACT) and the Assignor whereby the Assignor has agreed to assign, and COSCO Ports (ACT) has agreed to acquire, the CPL Assigned Shareholders' Loans at an aggregate consideration of HK\$540,000,000.

The total consideration payable by the Group under the Subscription Agreement and the CPL Assignment Deeds is HK\$1,648,000,000.

Upon Completion, the COSCO-HPHT ACT Shareholders' Agreement shall be executed by (i) COSCO Ports (ACT), (ii) the Company, (iii) Sea Prime, (iv) HPHMPL (acting as the trustee-manager of HPHT) and (v) COSCO-HPHT ACT. The obligations of COSCO Ports (ACT) and Sea Prime under the COSCO-HPHT ACT Shareholders' Agreement are guaranteed by the Company and HPHMPL (acting as the trustee-manager of HPHT) respectively.

COSCO-HPHT ACT will, upon Completion, own 80% of the issued share capital of ACTH as enlarged by the share allotment and issue contemplated in the Subscription Agreement and the CSTD Subscription Agreement and as reduced by the cancellation of the shares repurchased pursuant to the Repurchase Agreement.

In accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited, HPHMPL (as trustee-manager of HPHT) has published an announcement dated 13 March 2014 containing, among others, information of the joint venture arrangement and the Acquisition. The said announcement of HPHT (for which contents the Company takes no responsibility) can be found on HPHT's website: <http://www.hphtrust.com/sgxAnnouncement.html>.

## **THE SUBSCRIPTION AGREEMENT**

The material terms of the Subscription Agreement are set out below:

Date: 13 March 2014

Parties: (i) COSCO-HPHT ACT, the subscriber  
(ii) ACTH  
(iii) the Existing Shareholder Parent

(iv) HPHMPL (acting as the trustee-manager of HPHT)

Shares to be subscribed: the New Shares, being 800 new ordinary shares in the capital of ACTH

Total consideration: HK\$2,216,000,000

Payment terms: the consideration shall be satisfied (a) partly by cash payment in the amount of HK\$1,108,000,000 by COSCO-HPHT ACT to ACTH or as ACTH may direct and (b) partly by the Promissory Note

Completion: (i) At Completion, the Existing Shareholder Parent shall upon ACTH's confirmation of receipt of the total consideration under the Subscription Agreement deliver, among other things, the Repurchase Agreement duly executed by the Existing Shareholder to ACTH.

(ii) ACTH shall not allot and issue any of the New Shares unless:

(a) it allots and issues, and COSCO-HPHT ACT subscribes for, all of the New Shares simultaneously in accordance with the Subscription Agreement; and

(b) the assignment of the CPL Assigned Shareholders' Loans is completed simultaneously in accordance with the CPL Assignment Deeds; and

(c) it allots and issues, and CSTD subscribes for, all of the CSTD New Shares simultaneously in accordance with the CSTD Subscription Agreement; and

(d) the assignment of the CSTD Assigned Shareholders' Loans is completed simultaneously in accordance with the CSTD Assignment Deeds.

(iii) ACTH shall not repurchase any of the Existing Shares pursuant to the Repurchase Agreement unless all of the transactions under paragraph (ii) (a) to (d) hereof have been completed.

## **THE CPL ASSIGNMENT DEEDS**

The material terms of the CPL Assignment Deeds are set out below:

Date: 13 March 2014

Parties: (i) the Assignor  
(ii) COSCO Ports (ACT), the assignee  
(iii) ACT

Assigned rights: the CPL Assigned Shareholders' Loans, being 40% of the amount of such shareholders' loans that are outstanding from the ACTH Group to the Assignor immediately prior to Completion

Total consideration: HK\$540,000,000

Payment terms: the consideration shall be satisfied in cash

## **THE COSCO-HPHT ACT SHAREHOLDERS' AGREEMENT**

The material terms of the COSCO-HPHT ACT Shareholders' Agreement are set out below:

Date: 13 March 2014

Parties:

- (i) Sea Prime
- (ii) HPHMPL (acting as the trustee-manager of HPHT)
- (iii) COSCO Ports (ACT), a wholly-owned subsidiary of the Company and holder of 50% of the issued share capital of COSCO-HPHT ACT
- (iv) the Company
- (v) COSCO-HPHT ACT

Material terms:

- (i) In the event that the financial resources of COSCO-HPHT ACT are at any stage insufficient to satisfy its working capital requirements relating to the operation of its facilities or ACT Terminals of the ACTH Group as determined by the board of directors of COSCO-HPHT ACT, the shareholders of COSCO-HPHT ACT shall provide or procure to provide such funding or other form of financial assistance to COSCO-HPHT ACT as may be determined and approved by the board of directors of COSCO-HPHT ACT to be required from time to time. If so determined and approved, unless otherwise agreed by the shareholders of COSCO-HPHT ACT, such financial assistance shall be provided by the shareholders in such portion representing the shareholders' shareholding interests in COSCO-HPHT ACT from time to time

- (ii) In consideration for the entry by HPHMPL (as the trustee-manager of HPHT) and Sea Prime into the COSCO-HPHT ACT Shareholders' Agreement, the Company guarantees to Sea Prime and undertakes to ensure that COSCO Ports (ACT) will perform when due all its obligations under or pursuant to the COSCO-HPHT ACT Shareholders' Agreement. If and each time that COSCO Ports (ACT) fails to meet any of its obligations under or pursuant to the COSCO-HPHT ACT Shareholders' Agreement, the Company agrees to pay, upon demand, that amount to Sea Prime or perform that obligation as if it were the principal obligor in respect of that amount

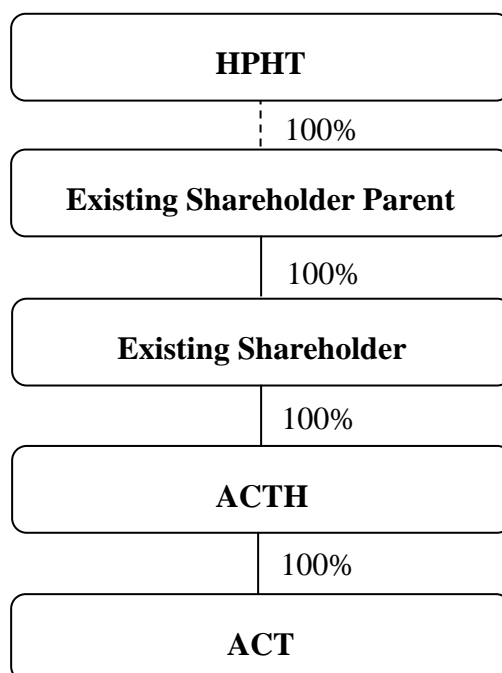
of obligation. The Company further agrees that if any of the obligation of COSCO Ports (ACT) under or pursuant to the COSCO-HPHT ACT Shareholders' Agreement is or becomes unenforceable, invalid or illegal, it will as principal debtor and primary obligor indemnify Sea Prime against all losses and damages sustained by it as a result of any act or omission which would be a breach by COSCO Ports (ACT) of its obligation if the relevant obligations were not unenforceable, invalid or illegal. The amount payable by the Company under such indemnity shall not exceed the amount it would have had to pay pursuant to its obligation as a guarantor if the amount claimed had been recoverable on the basis of a guarantee

- (iii) Unless otherwise agreed by all shareholders of COSCO-HPHT ACT, no shareholder may transfer the beneficial ownership of part (but not all) of its shares in COSCO-HPHT ACT
- (iv) Either shareholder of COSCO-HPHT ACT wishing to transfer or otherwise dispose of any of its shares in COSCO-HPHT ACT must first allow the other shareholder to exercise its pre-emptive rights in acquiring those shares except that either shareholder may transfer the beneficial ownership of all of its shares in COSCO-HPHT ACT to any Affiliate of such shareholder

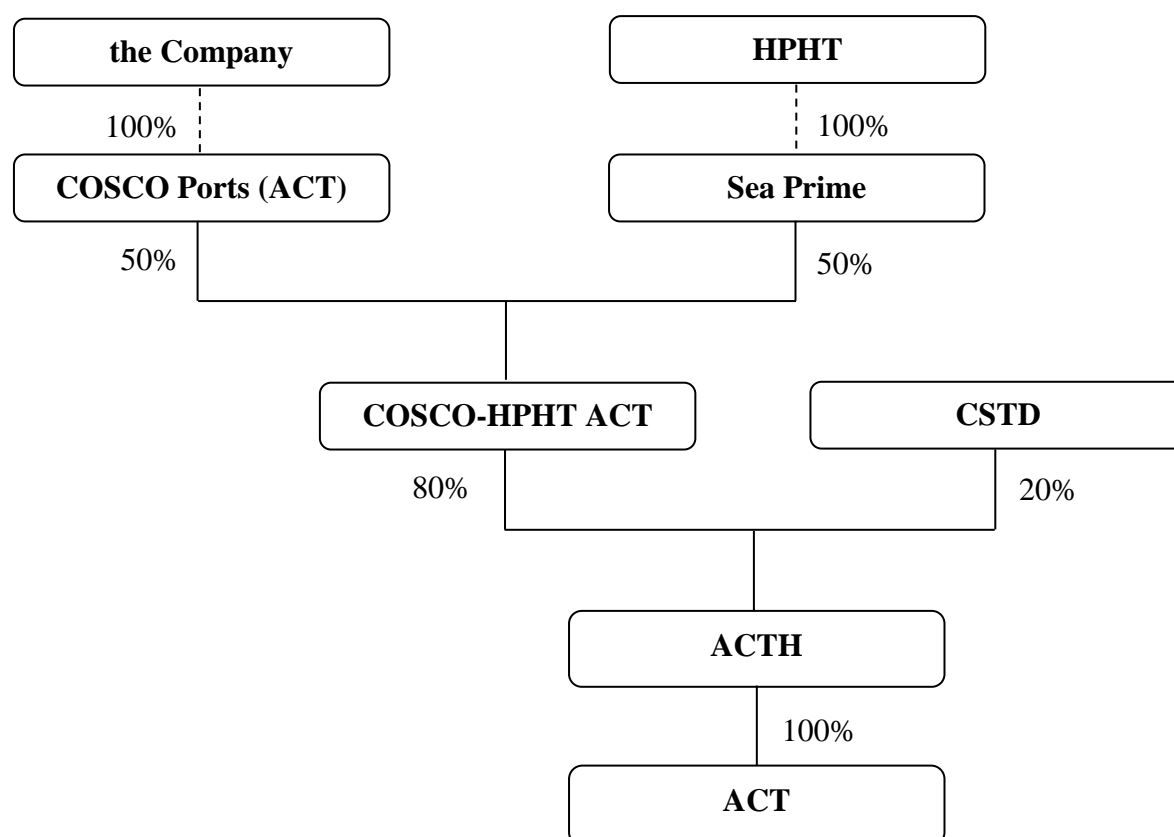
To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Existing Shareholder Parent, the Assignor, Sea Prime, HPHMPL, HPHT and CSTD, and their beneficial owners are third parties independent of the Company and connected persons of the Company.

**CORPORATE STRUCTURE**

Below is the shareholding structure of ACTH immediately prior to Completion:



Below is the shareholding structure of ACTH immediately after Completion:



----- denotes a series of wholly-owned subsidiaries

## FINANCIAL INFORMATION OF ACTH

Set out below is the audited consolidated financial information (which were prepared in accordance with Hong Kong Financial Reporting Standards) of ACTH for the two financial years ended 31 December 2012 and 31 December 2013.

	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2013</b>
	HK\$'000	HK\$'000
Profit before taxation	136,678	67,361
Profit after taxation	113,700	55,650
		<b>As at 31 December 2013</b>
		HK\$'000
Net assets		20,725

The consideration under the Subscription Agreement and the CPL Assignment Deeds was arrived at after arm's length negotiations between the parties thereto, and taking into account the asset value of ACTH, the amount of the CPL Assigned Shareholders' Loans and the historical financial performance of the ACTH Group.

The Group will finance the capital expenditure in relation to the Acquisition by internal resources.

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

ACT Terminals is adjacent to COSCO-HIT Terminals, a joint venture owned and controlled jointly by the Company and HIT. ACT Terminals and COSCO-HIT Terminals will form a combined 1,380 meter long contiguous berth to create a competitive platform to provide comprehensive and efficient terminal services to the Enlarged Group's customers. The investment made by the Group in ACT Terminals will enhance the Enlarged Group's terminal profitability and further strengthen the Enlarged Group's presence in Hong Kong which is one of the major gateways to South China.

Taking into account the above factors, the Board considers that the terms of the Subscription Agreement, the CPL Assignment Deeds and the COSCO-HPHT ACT Shareholders' Agreement are fair and reasonable, and in the interest of the Shareholders as a whole.

## **INFORMATION ON THE ENLARGED GROUP, THE HPHT GROUP, THE ACTH GROUP AND ACT TERMINALS**

### **THE ENLARGED GROUP**

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

### **THE HPHT GROUP**

The HPHT Group is principally engaged in the investment, development, operation and management of deepwater container ports.

### **THE ACTH GROUP**

The ACTH Group is principally engaged in the operation of ACT Terminals.

### **ACT TERMINALS**

ACT Terminals is centrally located in the Pearl River Delta hub servicing major shipping lanes to and from the South-East and East Asia region. It also serves as an important gateway to the PRC.

ACT Terminals has two container berths with a total TEU throughput of 1.0 million and 1.1 million approximately for 2012 and 2013 respectively. It has a depth alongside of 15.5 metres and a total area of approximately 28.5 hectares. ACT Terminals is adjacent to the COSCO-HIT Terminals which has two container berths, a depth alongside of 15.5 metres and a total area of approximately 30 hectares.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the highest applicable percentage ratio calculated in accordance with Chapter 14 of the Listing Rules in relation to the Acquisition exceeds 5% but is less than 25%. As such, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements thereunder.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of interest by COSCO-HPHT ACT in ACTH through the Subscription Agreement and the CPL Assignment Deeds
“ACT”	Asia Container Terminals Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of ACTH and the owner and operator of ACT Terminals
“ACTH”	Asia Container Terminals Holdings Limited, a company incorporated in the Cayman Islands and the holding company of ACT
“ACTH Group”	ACTH and its subsidiaries
“ACT Terminals”	Asia Container Terminals, those commercial container berths located at Container Terminals 8 West, Kwai Chung, Hong Kong owned or controlled by or on behalf of ACT from time to time
“Affiliate”	any entity, any subsidiary or holding company of such entity, any subsidiary of any such holding company and any company in which such entity or any such holding company has operational or management control from time to time
“Assignor”	a subsidiary of HPHT and the assignor under the CPL Assignment Deeds
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands



“Company”	COSCO Pacific Limited, a limited liability company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the subscription for the New Shares, the assignment of the CPL Assigned Shareholders’ Loans and the repurchase and cancellation of the Existing Shares in accordance with the Subscription Agreement, the CPL Assignment Deeds and the Repurchase Agreement respectively
“connected person”	has the meaning ascribed to it under the Listing Rules
“COSCO-HIT”	COSCO-HIT Terminals (Hong Kong) Limited, a company incorporated in Hong Kong and owned and controlled jointly by the Company and HIT, the operator of COSCO-HIT Terminals
“COSCO-HIT Terminals”	COSCO-HIT Terminals, those commercial container berths located at Container Terminals 8 East, Kwai Chung, Hong Kong owned or controlled by or on behalf of COSCO-HIT from time to time
“COSCO-HPHT ACT”	COSCO-HPHT ACT Limited, a company incorporated in the BVI, a 50:50 joint venture set up by COSCO Ports (ACT) and Sea Prime, and the subscriber under the Subscription Agreement
“COSCO-HPHT ACT Shareholders’ Agreement”	the shareholders’ agreement dated 13 March 2014 entered into among Sea Prime, HPHMPL (acting as the trustee-manager of HPHT), COSCO Ports (ACT), the Company and COSCO-HPHT ACT
“COSCO Ports (ACT)”	COSCO Ports (ACT) Limited, a company incorporated in the BVI, a wholly-owned subsidiary of the Company, holder of 50% of the issued share capital of COSCO-HPHT ACT and the assignee under the CPL Assignment Deeds
“CPL Assigned Shareholders’ Loans”	40% of the amount of such shareholders’ loans that are outstanding from the ACTH Group to the Assignor immediately prior to Completion

“CPL Assignment Deeds”	the assignment deeds each dated 13 March 2014 entered into among the Assignor, COSCO Ports (ACT) and ACT
“CSTD”	China Shipping Terminal Development (Hong Kong) Company Limited, a company incorporated in Hong Kong
“CSTD Assigned Shareholders’ Loans”	20% of the amount of such shareholders’ loans that are outstanding from the ACTH Group to the Assignor immediately prior to Completion
“CSTD Assignment Deeds”	the assignment deeds each dated 13 March 2014 entered into among the Assignor, CSTD and ACT
“CSTD New Shares”	200 new ordinary shares in the capital of ACTH, representing 20% of the issued share capital of ACTH upon Completion as enlarged by the share allotment and issue contemplated in the Subscription Agreement and the CSTD Subscription Agreement and as reduced by the cancellation of the shares repurchased pursuant to the Repurchase Agreement
“CSTD Subscription Agreement”	the subscription agreement dated 13 March 2014 entered into among CSTD, ACTH, the Existing Shareholder Parent and HPHMPL (acting as the trustee-manager of HPHT)
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group, COSCO-HIT and COSCO-HPHT ACT
“Existing Shareholder”	Champion Rings Limited, a company incorporated in the BVI, a wholly-owned subsidiary of HPHT, the seller under the Repurchase Agreement and holder of the Existing Shares immediately prior to Completion
“Existing Shareholder Parent”	a wholly-owned subsidiary of HPHT and the direct holding company of the Existing Shareholder
“Existing Shares”	1,000 shares of ACTH held by the Existing Shareholder immediately prior to Completion which will be repurchased and cancelled pursuant to the Repurchase Agreement

“Group”	the Company and its subsidiaries
“HIT”	Hongkong International Terminals Limited, a company incorporated in Hong Kong and a subsidiary of HPHT
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HPHMPL”	Hutchison Port Holdings Management Pte. Limited, a company incorporated in Singapore, the trustee-manager of HPHT
“HPHT”	Hutchison Port Holdings Trust, a business trust registered under the laws of Singapore whose units are listed on Singapore Exchange Securities Trading Limited
“HPHT Group”	HPHT and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	800 new ordinary shares in the capital of ACTH, representing 80% of the issued share capital of ACTH upon Completion as enlarged by the share allotment and issue contemplated in the Subscription Agreement and the CSTD Subscription Agreement and as reduced by the cancellation of the shares repurchased pursuant to the Repurchase Agreement
“PRC”	the People’s Republic of China
“Promissory Note”	the promissory note in the amount of HK\$1,108,000,000 issued on 13 March 2014 by a subsidiary of HPHT in favour of ACTH
“Repurchase Agreement”	the repurchase agreement dated 13 March 2014 entered into between the Existing Shareholder and ACTH
“Sea Prime”	Sea Prime Holdings Limited, a company incorporated in the BVI, a wholly-owned subsidiary of HPHT and holder of 50% of the issued share capital of COSCO-HPHT ACT
“Shareholder(s)”	the shareholder(s) of the Company

“Singapore”	Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 13 March 2014 entered into among COSCO-HPHT ACT, ACTH, the Existing Shareholder Parent and HPHMPL (acting as the trustee-manager of HPHT)
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“TEU”	twenty-foot containers subscribing to the standards adopted by the International Organization for Standardization
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 13 March 2014

As at the date of this announcement, the Board comprises Mr. LI Yunpeng<sup>2</sup> (Chairman), Dr. WANG Xingru<sup>1</sup> (Vice Chairman and Managing Director), Mr. WAN Min<sup>2</sup>, Mr. WANG Haimin<sup>1</sup>, Mr. FENG Jinhua<sup>1</sup>, Mr. TANG Runjiang<sup>1</sup>, Mr. FENG Bo<sup>1</sup>, Mr. WANG Wei<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Mr. QIU Jinguang<sup>1</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>, Mr. IP Sing Chi<sup>3</sup> and Mr. FAN Ergang<sup>3</sup>.

<sup>1</sup> Executive Director

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

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