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COSCO Pacific Limited
中遠太平洋有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

CONTINUING CONNECTED TRANSACTIONS
FINANCIAL SERVICES MASTER AGREEMENT

The Board is pleased to announce that the Company entered into the Financial Services Master Agreement on 28 August 2014 with COSCO Finance in respect of the Transactions. As COSCO Finance is a subsidiary of COSCO, the ultimate holding company of the Company, and is therefore a connected person of the Company, the Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Deposit Services under the Financial Services Master Agreement is more than 0.1% but is less than 5%, the Deposit Services are subject to the announcement, reporting and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Loan Services under the Financial Services Master Agreement will constitute financial assistance provided by a connected person. As the Loan Services will be provided on normal commercial terms or on terms which are more favourable to the Group and the loans to be provided by COSCO Finance to the Group under the Financial Services Master Agreement will not be secured by the assets of the Group, the Loan Services are exempt from the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Settlement Services under the Financial Services Master Agreement is less than 0.1%, the Settlement Services are exempt from the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FINANCIAL SERVICES MASTER AGREEMENT

The Company and COSCO Finance entered into the Financial Services Master Agreement on 28 August 2014.

Connection between the Parties: COSCO Finance is a subsidiary of COSCO, the ultimate holding company of the Company, and is therefore a connected person of the Company. The Transactions under the Financial Services Master Agreement will constitute continuing connected transactions of the Company.

Term: From 1 November 2014 to 31 December 2016 (both dates inclusive)

Condition Precedent: The Financial Services Master Agreement is conditional upon the approval of the Financial Services Master Agreement by the independent shareholders of China COSCO.

Subject Matter: COSCO Finance will provide the Deposit Services, the Loan Services, the Settlement Services and the Further Financial Services (as defined below) to the Group.

Deposit Services

The rate at which interest will accrue on any deposit placed by the Group with COSCO Finance under the Financial Services Master Agreement will not be lower than the following:

- (a) the minimum interest rate prescribed by the PBOC for the same type of deposits;
- (b) the interest rates offered by commercial banks in the PRC to the Group for the same type of deposits; and
- (c) the interest rates offered by COSCO Finance to other members of the COSCO Group for the same type of deposits.

The daily aggregate of deposits placed by the Group with COSCO Finance (including any interest accrued thereon) during the term of the Financial Services Master Agreement will not exceed the following caps:

<i>For the period from 1 November 2014 to 31 December 2014 RMB' million</i>	<i>For the financial year ending 31 December 2015 RMB' million</i>	<i>For the financial year ending 31 December 2016 RMB' million</i>
1,000	1,000	1,000

The caps above are determined by the Company with reference to (i) the Group's historical cash flow movements and (ii) the anticipated business volume of the Group and with a view to managing the Group's financial risks effectively and reasonably.

Loan Services

The rate at which interest will accrue on any loan to be provided by COSCO Finance to the Group under the Financial Services Master Agreement will not be higher than the following:

- (a) the maximum interest rate published by the PBOC for the same type of loans; and
- (b) the interest rates offered by commercial banks in the PRC to the Group for the same type of loans.

The daily outstanding amount of loans to be provided by COSCO Finance to the Group (including any interest accrued thereon) during the term of the Financial Services Master Agreement will not exceed the following caps:

<i>For the period from 1 November 2014 to 31 December 2014 RMB' million</i>	<i>For the financial year ending 31 December 2015 RMB' million</i>	<i>For the financial year ending 31 December 2016 RMB' million</i>
1,000	1,000	1,000

The caps above are determined by the Company with reference to (i) the amount of the borrowings of the Group for the three years ended 31 December 2013 and (ii) the expected new borrowings of the Group for the three years ending 31 December 2016 and with a view to managing the Group's financial risks effectively and reasonably.

Settlement Services

Any fees which COSCO Finance will charge the Group for the Settlement Services :

- (a) will comply with any requirements of PBOC and CBRC in respect of the charges for the same type of settlement services; and
- (b) will not exceed the fees charged by commercial banks in the PRC to the Group for the same type of settlement services or the fees charged by COSCO Finance to other members of the COSCO Group for the same type of settlement services.

The annual aggregate of any fees which COSCO Finance may charge the Group for the Settlement Services during the term of the Financial Services Master Agreement will not exceed the following caps:

<i>For the period from 1 November 2014 to 31 December 2014 RMB</i>	<i>For the financial year ending 31 December 2015 RMB</i>	<i>For the financial year ending 31 December 2016 RMB</i>
800,000	5,000,000	5,000,000

The caps above are determined by the Company with reference to (i) the Group's historical settlement transactions; (ii) the anticipated business volume of the Group and (iii) the current guidelines of PBOC and CBRC in respect of the charges for the same type of settlement services and with a view to managing the Group's financial risks effectively and reasonably.

Further Financial Services

COSCO Finance has agreed to provide the Group with further financial services which it may from time to time offer (“**Further Financial Services**”). Any fee which COSCO Finance will charge the Group for the Further Financial Services:

- (a) will comply with any requirements of PBOC and CBRC in respect of the charges for the same type of financial services; and
- (b) will not exceed the fees charged by commercial banks in the PRC to the Group for the same type of financial services or the fees charged by COSCO Finance to other members of the COSCO Group for the same type of financial services.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

COSCO Finance is a non-bank financial institution approved and regulated by the PBOC and the CBRC and is engaged in providing financial services to members of the COSCO Group.

The deposit interest rates and the lending rates offered by COSCO Finance to the Group will be equal to or more favourable to the Group than those offered by commercial banks in the PRC to the Group for comparable deposits or, as the case may be, loans. The Financial Services Master Agreement is therefore expected not only to provide the Group with a new means of financing but also to improve the efficiency of the use of its funds through higher interest income and lower costs of financing. The Group also expects to be in a better position to manage the security of its funds since COSCO Finance is not considered to be exposed to any significant capital risk.

For the avoidance of doubt, the Financial Services Master Agreement does not preclude the Group from using the services of other financial institutions. The Group still has the freedom to select any major and independent PRC commercial banks as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

Mr. LI Yunpeng, the Chairman of the Board and a Non-executive Director, is a director and the president of COSCO, a holding company of COSCO Finance. Mr. TANG Runjiang, an Executive Director, is a director of COSCO Finance. Each of Mr. LI Yunpeng and Mr. TANG Runjiang has abstained from voting on the relevant board resolutions of the Company approving the Financial Services Master Agreement. None of the other Directors has a material interest in the Financial Services Master Agreement, but Dr. FAN HSU Lai Tai, Rita, an Independent Non-executive Director, has voluntarily abstained from voting on the relevant board resolutions of the Company approving the Financial Services Master Agreement for the reason that she is also an independent non-executive director of China COSCO, a subsidiary of COSCO.

The Directors (including the Independent Non-executive Directors) (other than the three Directors who have abstained from voting on the relevant board resolutions approving the Financial Services Master Agreement as referred to above) consider that the Financial Services Master Agreement is entered into in the ordinary and usual course of business of the Group on normal commercial terms and that the terms of the Financial Services Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

“CBRC”	China Banking Regulatory Commission 中國銀行業監督管理委員會;
“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 an intermediate holding company of the Company;
“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);
“connected person”	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, the ultimate holding company of the Company and a state-owned enterprise in the PRC;
“COSCO Group”	COSCO and subsidiaries held by COSCO as to more than 51%, companies held by COSCO and/or its subsidiaries held by COSCO as to more than 51% (individually or jointly) as to more than 20%, companies held by COSCO and/or its subsidiaries held by COSCO as to more than 51% (individually or jointly) as to less than 20% with COSCO and/or its subsidiaries held by COSCO as to more than 51% (individually or jointly) being the largest shareholder, and enterprise legal entities (事業單位法人) and social organisation legal entities (社會團體法人) under COSCO and/or its subsidiaries held by COSCO as to more than 51%;
“COSCO Finance”	COSCO Finance Co., Ltd.*中遠財務有限責任公司, a limited liability company established in the PRC and a subsidiary of COSCO;
“Deposit Services”	the deposit services to be provided by COSCO Finance to the Group under the Financial Services Master Agreement;
“Director(s)”	the director(s) of the Company;
“Financial Services Master Agreement”	the financial services master agreement entered into between the Company and COSCO Finance on 28 August 2014;
“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;
“Loan Services”	the loan services to be provided by COSCO Finance to the Group under the Financial Services Master Agreement;
“PBOC”	People’s Bank of China 中國人民銀行, the central bank of the PRC;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Settlement Services”	the settlement services to be provided by COSCO Finance to the Group under the Financial Services Master Agreement;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“Transactions”	the provision of the Deposit Services, the Loan Services, the Settlement Services and the Further Financial Services; and
“%”	per cent.

** For identification purposes only*

By Order of the Board
COSCO Pacific Limited
WANG Haimin
Deputy Managing Director

Hong Kong, 28 August 2014

As at the date of this announcement, the Board comprises Mr. LI Yunpeng² (Chairman), Mr. WAN Min², Mr. WANG Haimin¹, Mr. FENG Jinhua¹, Mr. TANG Runjiang¹, Mr. FENG Bo¹, Mr. WANG Wei², Dr. WONG Tin Yau, Kelvin¹, Mr. QIU Jinguang¹, Mr. Timothy George FRESHWATER³, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. IP Sing Chi³ and Mr. FAN Ergang³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director