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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTION

TENANCY AGREEMENT

Reference is made to the tenancy agreement relating to the Properties disclosed in the announcement of the Company dated 28 November 2011 which would expire on 28 November 2014. A renewal of such tenancy has been agreed and in pursuance to a tenancy agreement dated 28 November 2014 (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 High Block (COSCO Tower), Grand Millennium Plaza, No. 183 Queen’s Road Central, No. 33 Wing Lok Street, Hong Kong (collectively the “Properties”) for a term of three years commencing from 29 November 2014. The monthly rental of the Properties is HK\$1,038,390.00 exclusive of government rent, rates, management fee and all other outgoings. The monthly management fee is HK\$76,619.40 (subject to revision by the Manager).

The Landlord is a wholly owned subsidiary of COSCO Hong Kong. The Tenant is a wholly owned subsidiary of the Company. COSCO is a controlling shareholder of both COSCO Hong Kong and the Company. Therefore, the Landlord is a connected person of the Company and hence, the transaction contemplated under the Tenancy Agreement constituted a continuing connected transaction 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 in respect of the consideration payable by the Tenant under the Tenancy Agreement is more than 0.1% but is less than 5%, the Company is obliged to comply with the announcement, reporting and annual review requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

MAJOR TERMS OF THE TENANCY AGREEMENT DATED 28 NOVEMBER 2014

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.

B. PROPERTIES

Units 4901, 4902A and 4903 of 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, No. 183 Queen's Road Central, No. 33 Wing Lok Street, Hong Kong.

C. TERMS OF TENANCY

Three years commencing from 29 November 2014. The Tenancy Agreement does not provide for renewal clauses.

D. RENTAL (exclusive of government rent, rates and management fee) AND ANNUAL CAPS

- (1) The monthly rental is HK\$1,038,390.00 (exclusive of management fees, government rent and rates and all other outgoings) which is payable in advance clear of all deductions on the 1st day of each and every calendar month; and
- (2) The monthly management fee is HK\$76,619.40 payable in advance clear of all deductions on the 1st day of each and every calendar month (subject to revision by the Manager).

During the subsistence of the Tenancy Agreement, the maximum aggregate annual value of the rental and the management fee will not exceed the following caps:

For the period from 29 November 2014 to <u>31 December 2014</u>	For the financial year ending <u>31 December 2015</u>	For the financial year ending <u>31 December 2016</u>	For the period from 1 January 2017 to <u>28 November 2017</u>
HK\$2,231,000	HK\$13,400,000	HK\$13,485,000	HK\$11,315,000

The caps above are determined by the Company with reference to the monthly rental and the monthly management fee (under the assumption that there will be a 10% increment in the management fee in each of the two years starting 1 January 2016 and 1 January 2017) payable to the Landlord under the Tenancy Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Company has been occupying the Properties for a long period of time as the head office of 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. As the rental payable under the Tenancy Agreement is at market level and is fair and reasonable (please refer to the below paragraphs for details), it is considered that continue to rent the Properties will save the moving and administration costs of the Company which are unnecessary.

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, management 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 24 October 2014, DTZ opined that the current market rental of the Properties is HK\$1,180,000.00 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.

Mr. LI Yunpeng, the Chairman of the Board and a Non-executive Director of the Company, is also a director and the president of COSCO. Mr. WANG Haimin, Mr. TANG Runjiang and Mr. WANG Wei, Directors of the Company, are also directors of COSCO (Hong Kong). Each of Mr. LI Yunpeng, Mr. WANG Haimin, Mr. TANG Runjiang and Mr. WANG Wei has abstained from voting on the relevant Board resolutions of the Company approving the Tenancy Agreement. None of the other directors has a material interest in the transaction contemplated under the Tenancy Agreement and is required to abstain from voting in the relevant Board resolutions, but Dr. FAN HSU Lai Tai, Rita, an Independent Non-executive Director of the Company, has voluntarily abstained from voting on the relevant Board resolutions approving the Tenancy 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 Independent Non-executive Directors) (other than the five Directors who have abstained from voting on the relevant Board resolutions approving the Tenancy Agreement as referred to above) considered that the Tenancy Agreement has been entered into in the ordinary and usual course of business of the Group on normal commercial terms and that the terms of the Tenancy Agreement are fair and reasonable (particularly based on the professional opinion of DTZ) and are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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 44% of the entire issued share capital of the Company.

Therefore, the Landlord is a connected person of the Company and hence, the transaction contemplated under the Tenancy Agreement constituted a continuing connected transaction 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 in respect of the consideration payable by the Tenant under the Tenancy Agreement is more than 0.1% but is less than 5%, the Company is obliged to comply with the announcement, reporting and annual review requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE GROUP AND THE LANDLORD

THE GROUP

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

THE LANLORD

The principal activity of the Landlord is property investment.

DEFINITIONS

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

“Board”	the board of directors 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 Hong Kong”	COSCO (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of COSCO
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Manager”	the management company of the buildings of which the Properties form part from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

* For identification purposes only

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

Hong Kong, 28 November 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