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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)**

**DISCLOSEABLE TRANSACTION**  
**EQUIPMENT SALE AND LEASE TERMINATION AGREEMENT**

Reference is made to the announcement and circular of the Company dated 2 July 2008 and 23 July 2008 respectively in relation to the sale and lease back of certain marine containers by Florens. Particulars and terms of the Lease Agreement and the Guarantee were disclosed in the said announcement. Reference is also made to the announcement and circular of the Company dated 11 December 2015 and 31 December 2015 respectively in relation to, inter alia, the disposal of all the issued shares of FCHL.

**EQUIPMENT SALE AND LEASE TERMINATION AGREEMENT**

Pursuant to the Lease Agreement, CBA USD Investments agreed to lease to Florens and Florens agreed to lease from CBA USD Investments the Containers.

As a condition of the Lease Agreement, the Company entered into the Guarantee in favour of CBA USD Investments under which the Company guaranteed to CBA USD Investments the due and punctual payment of all outstanding sums owed by Florens and all obligations of Florens under, amongst other documents, the Lease Agreement.

CBA USD Investments, Florens and the Company entered into the Termination Agreement on 17 March 2016, pursuant to which, inter alia, CBA USD Investments agreed to sell to Florens and Florens agreed to purchase from CBA USD Investments the Containers at the Purchase Price and that the leases of the Containers created under the Lease Agreement be terminated. The purchase of the Containers will be funded by internal sources of and/or external financing obtained by Florens. Pursuant to the Termination Agreement, CBA USD Investments agreed to unconditionally and irrevocably release the Company from all its present, future, actual and contingent liabilities and obligations owing to CBA USD Investments under the Guarantee.

As the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the transactions under the Termination Agreement is more than 5% but less than 25%, the transactions are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**THE TERMINATION AGREEMENT**

The Board announces that on 17 March 2016, the Company, CBA USD Investments and Florens entered into the Termination Agreement pursuant to which, inter alia, CBA USD Investments agreed to sell to Florens and Florens agreed to purchase from CBA USD Investments the Containers for a price of US\$198,910,581 and that each of the leases of the Containers created under the Lease Agreement be terminated. Pursuant to the Termination Agreement, CBA USD Investments has also agreed to unconditionally and irrevocably release the Company from all its present, future, actual and contingent liabilities and obligations owing to CBA USD Investments under the Guarantee.

The principal terms and conditions of the Termination Agreement are summarised below:

- Date** : 17 March 2016
- Parties** : (a) CBA USD Investments (as the seller)  
 (b) Florens (as the purchaser)  
 (c) the Company (as outgoing guarantor)
- General Nature of the Acquisition** : CBA USD Investments has agreed to sell and Florens has agreed to purchase the Containers in accordance with the terms of the Termination Agreement.

The net profits (before and after taxation) attributable to the Containers for the two years ended 31 December 2014 and 31 December 2015 were as follows:

	<b>For the year ended 31 December 2014 Approximately</b>	<b>For the year ended 31 December 2015 Approximately</b>
Net profits before and after taxation	US\$19,812,000	US\$19,513,000

The net profits above are calculated as follows:

- (a) rental revenue of the Containers received by Florens from its customers;
- (b) *less* rental expenses of the Containers payable by Florens to CBA USD Investments under the Lease Agreement; and
- (c) *less* allocated administration expenses.

- Purchase Price and Payment Arrangements** : The Purchase Price for the Containers is the aggregate of:
  - (a) US\$198,888,517; and

(b) the amount of Break Costs being US\$22,064.

Florens shall pay the Purchase Price in US\$ to CBA USD Investments on the Closing Date.

**Termination of the Leases** : Upon the Effective Time, each lease of the Containers created under the Lease Agreement shall irrevocably terminate.

Upon such termination, save only for any rights and obligations which survive the termination of the leasing of the Containers pursuant to the Lease Agreement, neither CBA USD Investments nor Florens shall have rights against, or obligations to the other thereunder.

**Release and Discharge** : From the Effective Time, CBA USD Investments unconditionally and irrevocably releases and discharges the Company from all its present, future, actual and contingent liabilities and obligations owing to CBA USD Investments under the Guarantee.

The Purchase Price for the purchase of the Containers was determined based on normal commercial terms after arm's length negotiations between CBA USD Investments, Florens and the Company, taking into account, inter alia, the Termination Value, the Break Costs and the accrued but unpaid rent payable under the Lease Agreement. The Termination Value, the Break Costs and the accrued but unpaid rent payable under the Lease Agreement, calculated as at the Closing Date, are US\$196,651,564, US\$22,064 and US\$2,236,953 respectively. The Purchase Price will be financed by internal sources of and/or external finance obtained by Florens.

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

In connection with the Disposal and for the purpose of satisfaction of certain conditions precedent to completion of the Disposal under the FCHL SPA, the Company and Florens approached CBA USD Investments to arrange for the release of the Company from its obligations under the Guarantee and to obtain consent to the change of control of Florens that will result from the Disposal. The Board considers that, by entering into the Termination Agreement and completing the termination of the Lease Agreement and purchase of the Containers prior to the completion of the Disposal under the FCHL SPA, the transfer process under the FCHL SPA is streamlined in a cost effective manner. Through the termination of the Lease Agreement and the purchase of the Containers from CBA USD Investments by Florens, Florens will be allowed to have full legal and equitable ownership of, title to and commercial control of the Containers and to continue to lease the Containers under the current sub-leases entered into between Florens and the current lessee of the Containers from Florens.

By termination of the Lease Agreement and regular and ongoing review of its credit facilities, Florens aims to continue to effect sound financial management of its business and operation.

The terms of the Termination Agreement have been negotiated on an arm's length basis. The Board considers that the Termination Agreement is on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

### **Information on the Group**

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

### **Information on FCHL**

FCHL is an investment holding company incorporated in the BVI. FCHL and its subsidiaries are principally engaged in the businesses of container leasing, management and sale, and related businesses.

### **Information on Florens**

Florens is an indirect wholly-owned subsidiary of the Company that is engaged principally in the business of container leasing.

### **Information on CBA USD Investments**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CBA USD Investments is directly or indirectly wholly-owned by The Commonwealth Bank of Australia, which is one of Australia's leading providers of integrated financial services including retail, business and institutional banking, funds management, superannuation, insurance, investment and broking services and one of the largest listed companies on the Australian Securities Exchange. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CBA USD Investments and its ultimate beneficial owner(s) are third parties which are independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the transaction under the Termination Agreement is more than 5% but less than 25%, the transactions are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DIRECTORS' VOTING**

None of the Directors has a material interest in the transaction contemplated under the Termination Agreement and is required to abstain from voting in the resolutions approving the same.

The Directors (including independent non-executive Directors) considered that the Termination 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 Termination Agreement is fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## DEFINITIONS

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

“Board”	the board of Directors;
“Break Costs”	the sum as advised by CBA USD Investments as the loss incurred by it arising as a result of the termination of the leasing of the Containers on a day other than the last day of the applicable rent periods determined in accordance with the Lease Agreement payable by Florens to CBA USD Investments;
“BVI”	The British Virgin Islands;
“CBA USD Investments”	CBA USD Investments Pty Limited, a company established under the laws of Australia;
“China Shipping”	China Shipping (Group) Company* (中國海運(集團)總公司), a PRC state-owned enterprise and a controlling shareholder of CSCL;
“Closing Date”	17 March 2016;
“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);
“Containers”	the containers that CBA USD Investments purchased from Florens under the terms of the equipment procurement agreement entered into between CBA USD Investments and Florens on 2 July 2008 and leased to Florens under the Lease Agreement, which comprise 118,094 TEU;
“CSCL”	China Shipping Container Lines Company Limited* (中海集裝箱運輸股份有限公司), 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: 2866) and the A shares of which are listed on the Shanghai Stock Exchange in the PRC (Stock Code: 601866), respectively, a direct non wholly owned subsidiary of China Shipping;
“CSCLHK”	China Shipping Container Lines (Hong Kong) Co., Limited (中海集裝箱運輸(香港)有限公司), a company incorporated in Hong Kong and a subsidiary of CSCL;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the FCHL Shares and the assignment of the FCHL Shareholder’s Loans by the Company to CSCLHK pursuant to the terms of the FCHL SPA, as disclosed in the announcement of the Company dated 11 December 2015 and circular of the Company dated 31 December 2015;

“Effective Time”	the time on the Closing Date when title to the Containers is transferred to Florens pursuant to the Termination Agreement;
“FCHL”	Florens Container Holdings Limited (佛羅倫貨箱控股有限公司*), a company incorporated in the BVI with limited liability and (immediately before completion of the Disposal) a direct wholly owned subsidiary of the Company;
“FCHL Shares”	22,014 ordinary shares of FCHL, representing all the issued shares of FCHL;
“FCHL Shareholder’s Loans”	the shareholder’s loans in the aggregate amount of US\$285,000,000 owed by FCHL to the Company and remains outstanding immediately before completion of the Disposal;
“FCHL SPA”	the sale and purchase agreement dated 11 December 2015 entered into between the Company and CSCLHK in relation to the Disposal;
“Florens”	Florens Container Corporation S.A., a company established under the laws of the Republic of Panama and an indirect wholly-owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Guarantee”	the deed of Guarantee entered into by the Company in favour of CBA USD Investments on 2 July 2008;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease Agreement”	the lease agreement entered into between CBA USD Investments and Florens on 2 July 2008;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China;
“Purchase Price”	the price payable by Florens to CBA USD Investments under the Termination Agreement for the purchase of the Containers;
“Shareholder(s)”	shareholder(s) of the Company;
“Shares”	the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Termination Value”	such value as defined and calculated in accordance with the Lease Agreement, which forms part of the early termination payment payable by Florens in certain specified circumstances where the leases under the Lease Agreement are terminated prior to their full term;
“Termination Agreement”	the equipment sale and lease termination agreement entered into between CBA USD Investments, Florens and the Company on 17 March 2016;
“TEU”	twenty-foot containers subscribing to the standards adopted by the International Organization for Standardization;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

*For the purposes of this announcement, the English or Chinese name with an asterisk (\*) is an unofficial English or Chinese (as the case may be) transliteration or translation and is for identification purposes only.*

By Order of the Board  
**COSCO Pacific Limited**  
**QIU Jinguang**  
*Vice Chairman & Managing Director*

Hong Kong, 17 March 2016

As at the date of this announcement, the Board comprises Mr. WAN Min<sup>2</sup> (Chairman), Mr. QIU Jinguang<sup>1</sup> (Vice Chairman & Managing Director), Mr. DENG Huangjun<sup>1</sup>, Mr. TANG Runjiang<sup>1</sup>, Mr. FENG Bo<sup>1</sup>, Mr. WANG Wei<sup>2</sup>, Mr. WANG Haimin<sup>2</sup>, Mr. ZHANG Wei<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</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>, Mr. FAN Ergang<sup>3</sup> and Mr. LAM Yiu Kin<sup>3</sup>.

<sup>1</sup> Executive Director

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

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