

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNOUNCEMENT

CONNECTED TRANSACTION

DEEMED DISPOSAL OF 50% EQUITY INTEREST IN FLORENS CAPITAL MANAGEMENT COMPANY LIMITED

The board of Directors would like to announce that on 22nd November 2011, the Company, Florens Capital, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Fortune Holding, pursuant to which (a) the Subscriber shall subscribe for the Subscription Shares for cash at the subscription price of HK\$1,000 in aggregate and advance the Shareholder's Loan to Florens Capital; (b) Florens Capital shall increase its authorised share capital and allot and issue the Subscription Shares to Fortune Holding; and (c) the Company shall, among other things, guarantee the performance by Florens Capital of all of its obligations under the Agreement. Fortune Holding may elect to acquire the Subscription Shares and to advance the Shareholder's Loan through its Nominee and if it so elects, it shall guarantee the performance by the Nominee of all of its obligations under the Agreement. The Subscription Shares represent 50% of the issued share capital of Florens Capital as enlarged by the issue of the Subscription Shares. The Shareholder's Loan is of the same amount, and on the same terms, as the shareholder's loan already advanced to Florens Capital by Florens Container, a direct wholly-owned subsidiary of the Company and the sole shareholder of Florens Capital prior to completion of the Subscription.

After completion of the Agreement, the aggregate interests of Florens Container in the issued share capital of Florens Capital will be diluted from 100% to 50%. However, the Company will continue to account for Florens Capital and Florens Tianjin as subsidiaries of the Company and their financial results will continue to be consolidated into the consolidated financial statements of the Company.

The Subscription constitutes a deemed disposal by the Company of 50% of its indirect interests in the issued share capital of Florens Capital within the meaning of Rule 14.29 of the Listing Rules. As COSCO is the ultimate controlling shareholder of the Company and Fortune Holding is a wholly-owned subsidiary of COSCO, Fortune Holding is a connected person of the Company. Accordingly, the entering into of the Agreement constitutes a connected transaction of the Company. Since in respect of the aggregate amount of subscription price payable for the Subscription Shares and the Shareholder's Loan, the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules exceed 0.1% but are less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

THE AGREEMENT

Date

22nd November 2011

Parties to the Agreement

- (1) Fortune Holding;
- (2) Florens Capital; and
- (3) the Company.

Principal Terms

Pursuant to the Agreement, (a) the Subscriber shall subscribe for the Subscription Shares and advance the Shareholder's Loan to Florens Capital; (b) Florens Capital shall increase its authorised share capital by HK\$1,000 divided into 1,000 ordinary shares of HK\$1.00 each and allot and issue the Subscription Shares to Fortune Holding; and (c) the Company shall, among other things, guarantee the performance by Florens Capital of all of its obligations under the Agreement. Fortune Holding may elect to acquire the Subscription Shares and to advance the Shareholder's Loan through its Nominee and if it so elects, it shall guarantee the performance by the Nominee of all of its obligations under the Agreement.

The Subscription Shares will be subscribed for, and allotted and issued, at the subscription price of HK\$1,000 in aggregate which is payable in full in cash upon completion of the Agreement. The Subscription Shares represent 50% of the issued share capital of Florens Capital as enlarged by the issue of the Subscription Shares.

The Shareholder's Loan will be unsecured, interest free and with no fixed repayment date. The Shareholder's Loan is of the same amount, and on the same terms, as the shareholder's loan already advanced to Florens Capital by Florens Container, a direct wholly-owned subsidiary of the Company and the sole shareholder of Florens Capital prior to completion of the Subscription.

The terms of the Agreement (including the subscription price of the Subscription Shares and the amount and terms of the Shareholder's Loan) were determined after arm's length negotiation amongst the parties to the Agreement. The subscription price was determined by reference to the nominal value of the Subscription Shares; and considering the fact that the terms of the Agreement have provided that all consolidated retained earnings and reserves or losses (if any) of Florens Capital as recorded in its audited consolidated financial statements as at the date of completion of the Agreement shall belong to or be borne by Florens Container and the Subscriber shall have no right over or liability in respect of any of such consolidated retained earnings and reserves or losses (if any). The amount and terms of the Shareholder's Loan were determined by reference to the amount and terms of the existing shareholder's loan advanced to Florens Capital by Florens Container.

After completion of the Agreement, both the issued and paid-up capital of Florens Capital will be HK\$2,000 divided into 2,000 ordinary shares of HK\$1.00 each and is owned as to 50% by each of Florens Container and the Subscriber; and the total amount of shareholders' loan owing by Florens Capital to its shareholders will be US\$100,000,000 which will be owing to each of Florens Container and the Subscriber as to 50%.

After completion of the Agreement, Florens Container is entitled to nominate 4 out of a total of 6 directors of Florens Capital whereas the Subscriber is entitled to nominate 2 out of the total of 6 directors of Florens Capital, and the chairman of the board of directors of Florens Capital shall be a director nominated by Florens Container. According to the articles of association of Florens Tianjin, the board of directors of Florens Tianjin consists of three directors, and the chairman of the board of directors as well as directors of Florens Tianjin shall be appointed by Florens Capital.

Subject to completion of the Agreement, the parties thereto have agreed that for as long as the Subscriber remains a shareholder of Florens Capital, Florens Capital and Florens Tianjin shall not engage in the business of container leasing whether in Hong Kong or the PRC or other parts of the world.

Completion

Completion of the Agreement shall take place on the twenty-second Business Day after the date of the Agreement (or such other date as Fortune Holding and Florens Capital shall agree in writing) subject to compliance with all applicable requirements under the Listing Rules by China COSCO and the Company in respect of the transactions contemplated under the Agreement.

INFORMATION ON FLORENS CAPITAL AND FLORENS TIANJIN

Florens Capital is a company incorporated in Hong Kong with limited liability in November 2010. It is currently an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding. As at the date of this announcement, the total issued and paid-up capital of Florens Capital is HK\$1,000 divided into 1,000 ordinary shares of HK\$1.00 each. Upon completion of the Agreement, both the issued and paid-up capital of Florens Capital will be HK\$2,000 divided into 2,000 ordinary shares of HK\$1.00 each.

Florens Capital owns 100% of the registered capital of Florens Tianjin. Florens Tianjin is a foreign enterprise established in the PRC in December 2010. As at the date of this announcement, the registered capital of Florens Tianjin is US\$50,000,000 which has been fully paid up. Florens Tianjin is engaged in the business of finance leasing.

No audited consolidated financial statements of Florens Capital have been prepared. Set out below is a summary of the unaudited consolidated financial information of Florens Capital prepared in accordance with Hong Kong Financial Reporting Standards for the period from 10th November 2010 (date of its incorporation) to 31st December 2010, and for the ten months ended 31st October 2011:

	For the period from 10th November 2010 (date of its incorporation) to 31st December 2010	For the ten months ended 31st October 2011
(Loss)/Profit before taxation	(US\$29,879)	US\$1,253,224
(Loss)/Profit after taxation	(US\$29,879)	US\$1,184,927
Net asset value	(US\$30,092)	US\$2,364,200

The original investment cost of the Group's interests in Florens Capital and Florens Tianjin is approximately US\$50,000,128. The terms of the Agreement provide that all consolidated retained earnings and reserves or losses (if any) of Florens Capital as recorded in its audited consolidated financial statements as at the date of completion of the Agreement shall belong to or be borne by Florens Container and the Subscriber shall have no right over or liability in respect of any of such consolidated retained earnings and reserves or losses (if any). Hence, on completion of the Agreement, the contribution by the Subscriber and Florens Container to Florens Capital will both be equivalent to approximately US\$50,000,128 and there will be no dilution gain or loss recorded in the consolidated financial statements of the Company in respect of the transactions contemplated under the Agreement.

Upon completion of the Agreement, the aggregate interests of Florens Container in the issued share capital of Florens Capital will be diluted from 100% to 50%. The shares in Florens Capital held by Florens Container and those to be held by the Subscriber upon completion of the Agreement are of the same class entitling their holders thereof to the same rights (including voting rights at general meetings of Florens Capital and rights to receive dividend and other distributions made by Florens Capital). However, pursuant to the Agreement, the parties thereto have expressly agreed that notwithstanding that the shares in Florens Capital held by Florens Container and the Subscriber are of the same class, Florens Container shall be entitled to nominate 4 out of a total of 6 directors of Florens Capital and the Subscriber shall be entitled to nominate 2 out of the total of 6 directors of Florens Capital, and the chairman of the board of directors of Florens Capital shall be a director nominated by Florens Container.

As after completion of the Agreement, Florens Container remains to have the effective control over the majority of the board of directors of Florens Capital, and through such control, remains to have control over the majority of the board of directors of Florens Tianjin, the Company will continue to account for Florens Capital and Florens Tianjin as subsidiaries of the Company and their financial results will continue to be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

Fortune Holding is a direct wholly-owned subsidiary of COSCO and has extensive experience in financing business. After the Subscription, the synergy of Fortune Holding and Florens Container will enhance the development of Florens Capital Group in various aspects of the finance leasing business, including vessel finance leasing business.

The professional expertise of Fortune Holding will also assist Florens Capital Group in making strategic business decisions and enable Florens Capital Group to maintain a stable business relationship with its customers in relation to the finance leasing business.

After the Subscription, the scale of operation of Florens Capital Group will be further enhanced and it will have more financial and human resources to provide more comprehensive and sound services to its customers.

Currently, the major business of Florens Capital Group includes the provision of finance leasing in respect of terminal equipment and vessels and its business is still at the initial stage of development. The cooperation between Florens Capital and Fortune Holding will not only strengthen the business of Florens Capital Group but also build a diversified finance leasing platform. This platform will increase the sources of funding available to Florens Capital Group (including the subscription money from the Subscription and the Shareholder's Loan which are intended to be applied towards future development of Florens Capital Group) and provide a foundation for the sustainable development of Florens Capital Group, which will enable it to seize the opportunities for future development.

The Directors (including the independent non-executive Directors) consider that the entering into of the Agreement is in the interests of the Company and its shareholders as a whole, and the terms of the Agreement are on normal commercial terms and fair and reasonable.

None of the Directors has a material interest in the transactions contemplated under the Agreement and no Director is required to abstain from voting in the resolutions approving the Agreement at the relevant meeting of the board of Directors.

LISTING RULES IMPLICATIONS

The Subscription constitutes a deemed disposal by the Company of 50% of its indirect interests in the issued share capital of Florens Capital within the meaning of Rule 14.29 of the Listing Rules. As COSCO is the ultimate controlling shareholder of the Company and Fortune Holding is a wholly-owned subsidiary of COSCO, Fortune Holding is a connected person of the Company. Accordingly, the entering into of the Agreement constitutes a connected transaction of the Company. Since in respect of the aggregate amount of subscription price payable for the Subscription Shares and the Shareholder's Loan, the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules exceed 0.1% but are less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

GENERAL

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

Fortune Holding is principally engaged in the businesses of financing and capital management, and has extensive experience in shipping financing business.

DEFINITIONS

“Agreement” the conditional capital subscription agreement dated 22nd November 2011 entered into amongst Fortune Holding, Florens Capital and the Company

“Business Day”	means a day (excluding Saturday, Sunday, public holiday and a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m. on weekdays) on which licensed banks are generally open for business in Hong Kong
“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 and the A shares of which are listed on the Shanghai Stock Exchange, and the intermediate controlling shareholder of the Company
“Company”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“COSCO”	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a company incorporated in the PRC and the ultimate controlling shareholder of the Company
“Directors”	the directors of the Company
“Florens Capital”	Florens Capital Management Company Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company prior to completion of the Subscription
“Florens Capital Group”	Florens Capital and Florens Tianjin
“Florens Container”	Florens Container Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company and the sole shareholder of Florens Capital prior to completion of the Subscription
“Florens Tianjin”	Florens (Tianjin) Finance Leasing Co., Ltd. (佛羅倫(天津)融資租賃有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Florens Capital
“Fortune Holding”	COSCO (Cayman) Fortune Holding Co., Ltd., a company incorporated in the Cayman Islands with limited liability, a wholly-owned subsidiary of COSCO
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Nominee”	a wholly-owned subsidiary of Fortune Holding
“PRC”	the People’s Republic of China
“Shareholder’s Loan”	the shareholder’s loan of US\$50,000,000 to be advanced by the Subscriber to Florens Capital pursuant to the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Fortune Holding or if Fortune Holding elects to acquire the Subscription Shares and advance the Shareholder’s Loan through the Nominee, the Nominee
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Agreement
“Subscription Shares”	1,000 ordinary shares of HK\$1.00 each in the capital of Florens Capital, representing 50% of the issued share capital of Florens Capital as enlarged by the issue of the Subscription Shares
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	US dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 22nd November 2011

As at the date of this announcement, the board of Directors of the Company comprises Mr. XU Lirong² (Chairman), Mr. WANG Xingru¹ (Vice Chairman & Managing Director), Mr. WAN Min², Mr. HE Jiale¹, Mr. WANG Zenghua¹, Mr. FENG Jinhua¹, Mr. WANG Haimin², Mr. GAO Ping², Dr. WONG Tin Yau, Kelvin¹, Mr. YIN Weiyu¹, Dr. LI Kwok Po, David³, Mr. CHOW Kwong Fai, Edward³, Mr. Timothy George FRESHWATER³ and Dr. FAN HSU Lai Tai, Rita³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director