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## **COSCO Pacific Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1199)**

### **ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Announcement of the Company dated 8th April 2009, whereby it was announced that, among others, GZ South China, a non wholly-owned subsidiary of the Company, entered into the Fourth Port Related Services Agreement, the Fifth Port Related Services Agreement, the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement with certain members of the GZ Port Group in relation to the cooperation in the management and operation of “shuttle bus” services and the port related services for the period from 1st January 2009 to 31st December 2009, and the annual caps for these transactions for the year ending 31st December 2009 were set out.

The Board announces that on 17th September 2009, GZ South China entered into the Supplemental Agreement with GZ Port Shipping Affairs, a subsidiary of GZ Port Holding, pursuant to which the rates of loading and unloading fees receivable by GZ South China from GZ Port Shipping Affairs under the Second HK Route “Shuttle Bus” Services Cooperation Agreement for the period from 17th July 2009 to 31st December 2009 shall be lowered.

As the volume of the container terminal business of the Nansha Port Terminal Phase 2 for the first half of 2009 was higher than expected, the aggregate amount of fees received by GZ South China under the Fourth Port Related Services Agreement and the Fifth Port Related Services Agreement for the port related services provided by GZ South China for the six months ended 30th June 2009 exceeded the annual cap of RMB2,500,000 (approximately HKD2,850,000) previously announced in the Announcement by approximately RMB78,200 (approximately HKD89,300). It has also come to the attention of the Company that the volumes of containers transported by using the “shuttle bus” services provided under the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement for the six months ended 30th June 2009 had an unexpected significant increase. The Company has therefore determined that certain existing annual caps for the Transactions will not be sufficient and revised the annual caps.

As GZ Port Holding indirectly holds a 41% equity interest in GZ South China, members of GZ Port Group (which includes GZ Port Holding, GZ Port Nansha Affairs, GZ Port Logistics and GZ Port Shipping Affairs) are connected persons of the Company. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As not all of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the amount expected to be receivable pursuant to the Fourth Port Related Services Agreement, the Fifth Port Related Services Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement (as amended and supplemented by the Supplemental Agreement) in aggregate, and the amount expected to be payable pursuant to the Second GZ Port “Shuttle Bus” Services Cooperation Agreement respectively are less than 0.1%, but all of them are less than 2.5%, on an annual basis, the Transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders’ approval requirements, under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the Announcement of the Company dated 8th April 2009, whereby it was announced that, among others, GZ South China, a non wholly-owned subsidiary of the Company, entered into the Fourth Port Related Services Agreement, the Fifth Port Related Services Agreement, the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement with certain members of the GZ Port Group in relation to the provision of cooperation in the management and operation of “shuttle bus” services and the port related services for the period from 1st January 2009 to 31st December 2009, and the annual caps for these transactions for the year ending 31st December 2009 were set out.

As GZ Port Holding indirectly holds a 41% equity interest in GZ South China, members of GZ Port Group (which includes GZ Port Holding, GZ Port Nansha Affairs, GZ Port Logistics and GZ Port Shipping Affairs) are connected persons of the Company. Accordingly, the Original Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As not all of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the amount expected to be payable or receivable (as the case may be) pursuant to each of the Fourth Port Related Services Agreement, the Fifth Port Related Services Agreement, the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement are less than 0.1%, but all of them are less than 2.5%, on an annual basis, such transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders’ approval requirements, under Chapter 14A of the Listing Rules.

## **SUPPLEMENTAL AGREEMENT TO THE SECOND HK ROUTE “SHUTTLE BUS” SERVICES COOPERATION AGREEMENT**

Pursuant to the Second HK Route “Shuttle Bus” Services Cooperation Agreement between GZ South China, GZ Port Nansha Affairs and GZ Port Shipping Affairs, the parties agree that, among others, GZ Port Shipping Affairs is responsible for the management and operation of the Hong Kong route of the “shuttle bus” services in connection with the transportation services provided at the Nansha Port Terminal and GZ South China and GZ Port Nansha Affairs are required to support and coordinate the works relating to the Hong Kong route of

the “shuttle bus” services. As disclosed in the Announcement, the Company considers that the entering into of the Second HK Route “Shuttle Bus” Services Cooperation Agreement can integrate the water transportation services of the Nansha Port Terminal, enable the effective use of the port resources, and provide quality and convenient port services for shipping companies and other customers using the Nansha Port Terminal. Moreover, the transactions under the Second HK Route “Shuttle Bus” Services Cooperation Agreement can speed up the development of the foreign trade container business at the Nansha Port Terminal, which has a significant impact in raising the competitiveness of the Nansha Port Terminal as a whole.

Pursuant to the Second HK Route “Shuttle Bus” Services Cooperation Agreement, if according to the mode of transportation, GZ Port Shipping Affairs is responsible for the loading and unloading fees incurred in respect of the use of the respective terminals of GZ Port Nansha Affairs and GZ South China in connection with the Hong Kong route of the “shuttle bus” services, GZ Port Shipping Affairs shall pay such loading and unloading fees to GZ Port Nansha Affairs or GZ South China (as the case may be) at the agreed fee scales applicable to the types and number of the containers handled.

On 17th September 2009, GZ South China entered into the Supplemental Agreement with GZ Port Shipping Affairs pursuant to which the rates of loading and unloading fees receivable by GZ South China from GZ Port Shipping Affairs under the Second HK Route “Shuttle Bus” Services Cooperation Agreement for the period from 17th July 2009 to 31st December 2009 shall be lowered. The Company considers that by lowering the loading and unloading fees payable to GZ South China by GZ Port Shipping Affairs under the Second HK Route “Shuttle Bus” Services Cooperation Agreement, GZ Port Shipping Affairs will have the flexibility to lower the relevant loading and unloading fees it charges the shipping companies and other customers which use the Nansha Port Terminal Phase 2 in connection with the Hong Kong route of the “shuttle bus” services and therefore it may be able to attract more shipping companies and customers to use the Hong Kong route of the “shuttle bus” services and to use the Nansha Port Terminal Phase 2 and may result in an increase in the overall fees receivable by GZ South China notwithstanding the lowering of the loading and unloading fees, and therefore the entering into of the Supplemental Agreement is beneficial to GZ South China and, in turn, the Company.

## **REVISED ANNUAL CAPS**

The annual cap for the amount receivable by GZ South China pursuant to the Fourth Port Related Services Agreement and the Fifth Port Related Services Agreement previously announced in the Announcement were determined based on the historical transaction amounts for the transactions of the same respective nature for the year ended 31st December 2008 and having taken into account that there would be an expected substantial drop in GZ Port Logistics’ use of port related services provided by GZ South China in the year ending 31st December 2009.

The annual cap for the amount payable by GZ South China under the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the annual cap for the amount receivable by GZ South China pursuant to the Second HK Route “Shuttle Bus” Services Cooperation Agreement previously announced in the Announcement were determined based on the historical transaction amounts for the transactions of the same respective nature for the year ended 31st December 2008 and having taken into account that the volumes of containers to be transported by using the “shuttle bus” services pursuant to such agreements were expected to have an insignificant increase and a growth of approximately 10% respectively.

It has come to the attention of the Company that the volume of containers handled at the Nansha Port Terminal Phase 2, which is owned by GZ South China, has been increasing since February 2009 and such volume of containers handled in the preceding two months has reached the highest level for the same period in the year ended 31st December 2008. As the volume of the container terminal business of the Nansha Port Terminal Phase 2 for the first half of 2009 was higher than expected, the aggregate amount of fees received by GZ South China under the Fourth Port Related Services Agreement and the Fifth Port Related Services Agreement for the port related services provided by GZ South China for the six months ended 30th June 2009 exceeded the annual cap of RMB2,500,000 (approximately HKD2,850,000) previously announced in the Announcement by approximately RMB78,200 (approximately HKD89,300). It has also come to the attention of the Company that the volumes of containers transported by using the “shuttle bus” services provided under the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement for the six months ended 30th June 2009 had an unexpected significant increase. The Company has therefore determined that the following existing annual caps for the Transactions will not be sufficient and the revised annual caps are as set out below:

	Transactions	Annual cap for the year ending 31 December 2009		Basis of determination for revised annual cap
		Existing	Revised	
(1)	The aggregate amount receivable by GZ South China from GZ Port Nansha Affairs and GZ Port Logistics under the Fourth Port Related Services Agreement and the Fifth Port Related Services Agreement	RMB2,500,000 (approximately HKD2,850,000)	RMB4,800,000 (approximately HKD5,480,000)	Based on the amount of fees received by GZ South China under the Fourth Port Related Services Agreement and the Fifth Port Related Services Agreement for the six months ended 30th June 2009 and the expected increase in the transaction amounts for the remaining period of 2009 with reference to the above historical transaction amount
(2)	The aggregate amount payable by GZ South China to GZ Port Shipping Affairs under the Second GZ Port “Shuttle Bus” Services Cooperation Agreement	RMB3,000,000 (approximately HKD3,400,000)	RMB4,000,000 (approximately HKD4,566,000)	Based on the amount of fees paid by GZ South China under the Second GZ Port “Shuttle Bus” Services Cooperation Agreement for the six months ended 30th June 2009 and the expected increase in the transaction amounts for the remaining period of 2009 with reference to the above historical transaction amount

	Transactions	Annual cap for the year ending 31 December 2009		Basis of determination for revised annual cap
		Existing	Revised	
(3)	The aggregate amount receivable by GZ South China from GZ Port Shipping Affairs under the Second HK Route “Shuttle Bus” Services Cooperation Agreement (as amended and supplemented by the Supplemental Agreement)	RMB600,000 (approximately HKD680,000)	RMB1,500,000 (approximately HKD1,713,000)	Based on the amount of fees received by GZ South China under the Second HK Route “Shuttle Bus” Services Cooperation Agreement for the six months ended 30th June 2009, the expected increase in the transaction amounts for the remaining period of 2009 with reference to the above historical transaction amount and the change of fee rates by the Supplemental Agreement

## LISTING RULES IMPLICATIONS

Due to the connected relationship mentioned above and as not all of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the amount expected to be receivable pursuant to the Fourth Port Related Services Agreement, the Fifth Port Related Services Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement (as amended and supplemented by the Supplemental Agreement) in aggregate, and the amount expected to be payable pursuant to the Second GZ Port “Shuttle Bus” Services Cooperation Agreement respectively are less than 0.1%, but all of them are less than 2.5%, on an annual basis, the Transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders’ approval requirements, under Chapter 14A of the Listing Rules.

The Board, including the independent non-executive directors, considers that the Transactions were entered into in the ordinary and usual course of business of the Group and on normal commercial terms, that the terms thereunder are fair and reasonable and in the interests of the shareholders of the Company as a whole, and that the revised annual caps mentioned above are fair and reasonable.

## GENERAL INFORMATION

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

GZ Port Group is principally engaged in the businesses of loading and unloading, and storage of, petroleum, coal, foodstuff, chemical fertilizers, steels, ores, containers and automobiles etc, bonded goods business, local and foreign goods agency and shipping agency, handling of transshipment on behalf of carriers, passenger transportation agency, pilotage of ships for entry into and departure from ports, water transportation of goods and passengers, logistics services and port related services.

## DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:

“Announcement”	the announcement of the Company dated 8th April 2009 in relation to, among others, the Original Transactions
“Board”	the board of directors 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”	has the meaning ascribed thereto in the Listing Rules
“Fifth Port Related Services Agreement”	the agreement dated 8th April 2009 between GZ South China and GZ Port Logistics in relation to the provision of port related services for the term from 1st January 2009 to 31st December 2009
“Fourth Port Related Services Agreement”	the agreement dated 8th April 2009 between GZ South China, GZ Port Nansha Affairs and GZ Port Holding in relation to the mutual provision of port related services for the term from 1st January 2009 to 31st December 2009
“Group”	the Company and its subsidiaries
“GZ Port Group”	GZ Port Holding and its subsidiaries, including without limitation, GZ Port Nansha Affairs, GZ Port Logistics and GZ Port Shipping Affairs
“GZ Port Holding”	Guangzhou Port Holding Company Limited* (廣州港集團有限公司), a company established in the PRC
“GZ Port Logistics”	Guangzhou Port Holding Logistics Company Limited* (廣州港集團物流有限公司), a company established in the PRC and a subsidiary of GZ Port Holding
“GZ Port Nansha Affairs”	Guangzhou Port Nansha Port Affairs Company Limited* (廣州港南沙港務有限公司), a company established in the PRC and a subsidiary of GZ Port Holding
“GZ Port Shipping Affairs”	Guangzhou Port Holding Shipping Affairs Company Limited* (廣州港集團船務有限公司), a company established in the PRC and a subsidiary of GZ Port Holding

“GZ South China”	Guangzhou South China Oceangate Container Terminal Company Limited (廣州南沙海港集裝箱碼頭有限公司), a company established in the PRC which is a non wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Nansha Port Terminal”	the terminal at the Nansha Port, Guangzhou, the PRC
“Nansha Port Terminal Phase 2”	the phase 2 terminal at the Nansha Port, which is owned by GZ South China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Transactions”	the transactions under the Fourth Port Related Services Agreement, the Fifth Port Related Services Agreement, the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement and unless the context suggests otherwise, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Second GZ Port “Shuttle Bus” Services Cooperation Agreement”	the agreement dated 8th April 2009 between GZ Port Holding, GZ South China and GZ Port Nansha Affairs in relation to the cooperation in the management and operation of “shuttle bus” services for the term from 1st January 2009 to 31st December 2009
“Second HK Route “Shuttle Bus” Services Cooperation Agreement”	the agreement dated 8th April 2009 between GZ Port Nansha Affairs, GZ South China and GZ Port Shipping Affairs in relation to the cooperation in the management and operation of Hong Kong route “shuttle bus” services for the term from 1st January 2009 to 31st December 2009
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Supplemental Agreement”	the agreement dated 17th September 2009 between GZ South China and GZ Port Shipping Affairs pursuant to which the rates of loading and unloading fees receivable by GZ South China from GZ Port Shipping Affairs pursuant to the Second HK Route “Shuttle Bus” Services Cooperation Agreement for the period from 17th July 2009 to 31st December 2009 shall be lowered

“Transactions”	the transactions under the Fourth Port Related Services Agreement, the Fifth Port Related Services Agreement, the Second GZ Port “Shuttle Bus” Services Cooperation Agreement and the Second HK Route “Shuttle Bus” Services Cooperation Agreement (as amended and supplemental by the Supplemental Agreement)
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

*For the purposes of this announcement, the exchange rate of HKD1 = RMB0.8761 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.*

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

By Order of the Board  
**COSCO Pacific Limited**  
**XU Minjie**  
*Vice Chairman and Managing Director*

Hong Kong, 17th September 2009

As at the date of this announcement, the board of directors of the Company comprises Mr. CHEN Hongsheng<sup>2</sup> (Chairman), Mr. LI Jianhong<sup>1</sup>, Mr. XU Lirong<sup>2</sup>, Ms. SUN Yueying<sup>1</sup>, Mr. XU Minjie<sup>1</sup> (Vice Chairman & Managing Director), Dr. SUN Jiakang<sup>2</sup>, Mr. HE Jiale<sup>1</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Mr. WANG Zhi<sup>1</sup>, Mr. YIN Weiyu<sup>1</sup>, Dr. LI Kwok Po, David<sup>3</sup>, Mr. CHOW Kwong Fai, Edward<sup>3</sup>, Mr. Timothy George FRESHWATER<sup>3</sup> and Dr. FAN HSU Lai Tai, Rita<sup>3</sup>.

<sup>1</sup> Executive Director

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

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