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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 TRANSACTIONS**

Reference is made to the announcement of COSCO Pacific Limited (the “Company”) dated 18 March 2016. Unless otherwise defined herein, terms defined in or for the purpose of that announcement have the same meanings in this announcement.

#### **COSCO Amendment Agreement and China COSCO Amendment Agreement**

The Group has been carrying on transactions pursuant to the Existing Master Agreements, which cover (a) shipping related services by COSCO Ports and PCT, both of which are subsidiaries of the Company, to the COSCO Group and the China COSCO Group, respectively; and (b) terminal related services by the COSCO Group and the China COSCO Group, respectively, to COSCO Ports and PCT. CSPD, which has become a member of the Group following completion of the Acquisition, has been carrying on similar transactions with the COSCO Group and the China COSCO Group and is expected to continue to do so. The Company entered into the Amendment Agreements on 30 March 2016 to extend the Existing Master Agreements to cover shipping related services by the Group to the COSCO Group and the China COSCO Group, respectively, and terminal related services by the COSCO Group and the China COSCO Group, respectively, to the Group.

The amendments under the Amendment Agreements are not material. The annual caps for the transactions under each Existing Master Agreement, which have been approved by the independent Shareholders, will remain unchanged. The Company is not required to seek any further independent Shareholders' approval under Chapter 14A of the Listing Rules.

#### **CS Master Agreement**

CSPD and other members of the Group have also been carrying on similar transactions with members of the CS Group and are expected to continue to do so. Since members of the CS Group are deemed to be connected persons of the Company, those transactions constitute continuing connected transactions of the Company. The Company entered into the CS Master Agreement with China Shipping on 30 March 2016 in respect of those continuing connected transactions.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for the transactions under the CS Master Agreement is more than 0.1% and less than 5%, the transactions 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.

### **Financial Services Master Agreement**

Reference is made to the announcement of the Company dated 28 August 2014. The annual cap on the daily outstanding amount of the loans by COSCO Finance to the Group during the term of the Financial Services Master Agreement will, following completion of the Acquisition, increase.

The Loan Services under the Financial Services Master Agreement 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 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.

## **CONTINUING CONNECTED TRANSACTIONS**

### **1. COSCO Amendment Agreement and China COSCO Amendment Agreement**

The Group has been carrying on transactions pursuant to the Existing Master Agreements, which cover (a) shipping related services by COSCO Ports and PCT, both of which are subsidiaries of the Company, to the COSCO Group and the China COSCO Group, respectively; and (b) terminal related services by the COSCO Group and the China COSCO Group, respectively, to COSCO Ports and PCT. CSPD, who has become a member of the Group following completion of the Acquisition, has been carrying on similar transactions with the COSCO Group and the China COSCO Group and is expected to continue to do so.

The Company entered into the following Amendment Agreements on 30 March 2016 to extend the Existing Master Agreements to cover shipping related services by the Group to the COSCO Group and the China COSCO Group, respectively, and terminal related services by the COSCO Group and the China COSCO Group, respectively, to the Group:

- (a) the COSCO Amendment Agreement between the Company, COSCO Ports, PCT and COSCO; and
- (b) the China COSCO Amendment Agreement between the Company, COSCO Ports, PCT, China COSCO and COSCON.

Pursuant to the Amendment Agreements, the Company has become a party to each Existing Master Agreement in place of COSCO Ports and PCT.

For the avoidance of doubt, the duration of each Existing Master Agreement, which will expire on 31 December 2018, remains unchanged.

COSCO is the ultimate controlling Shareholder. Accordingly, members of the COSCO Group are connected persons of the Company. China COSCO is a controlling Shareholder. Accordingly, members of the China COSCO Group are connected persons of the Company.

The amendments under the Amendment Agreements are not material. The annual caps for the transactions under each Existing Master Agreement, which have been approved by the independent Shareholders, will remain unchanged. The Company is not required to seek any further independent Shareholders' approval under Chapter 14A of the Listing Rules.

## 2. CS Master Agreement

CSPD and other members of the Group have also been carrying on similar transactions with members of the CS Group and are expected to continue to do so. Since members of the CS Group are deemed to be connected persons of the Company, those transactions constitute continuing connected transactions of the Company. The Company entered into the following CS Master Agreement with China Shipping in respect of those continuing connected transactions.

**Date:** 30 March 2016

**Parties:** The Company

China Shipping

**Duration:** 18 March 2016 (being the date of the completion of the Company's acquisition of all the shares in CSPD) to 31 December 2016

**Nature of transaction:**

- (a) Provision of shipping related services by members of the Group to members of the CS Group, including but not limited to the handling, storage, stevedoring, transshipment and maintenance of cargoes, and provision of container storage space and terminal premises.
- (b) Provision of terminal related services by members of the CS Group to members of the Group, including but not limited to the provision of manpower services, cargo handling services, logistics services, purchase of materials, and subsidy on port construction fee.

**Pricing:** The transactions are required to be on normal commercial terms, in particular, (i) the service fees payable by members of the CS Group will be at rates no less favourable to the relevant members of the Group than those at which the relevant members of the Group charge independent third party customers for the relevant services; and (ii) the service fees payable by members of Group will be at rates no less favourable to the relevant members of the Group than those which independent third party providers charge the relevant members of the Group for the relevant services.

### Historical transaction amounts:

The historical amounts for transactions of a similar nature to the transactions under the CS Master Agreement were as follows:

	For the year ended 31 December 2013	For the year ended 31 December 2014	For the year ended 31 December 2015
(a) Aggregate amount received by the Group from the CS Group	RMB83,543,000 (approximately HK\$99,394,000)	RMB83,721,000 (approximately HK\$99,607,000)	RMB52,272,000 (approximately HK\$62,190,000)
(b) Aggregate amount paid by the Group to the CS Group	RMB20,311,000 (approximately HK\$24,165,000)	RMB16,581,000 (approximately HK\$19,727,000)	RMB14,455,000 (approximately HK\$17,198,000)

### Proposed annual caps and basis of determination:

The proposed annual caps for the transactions under the CS Master Agreement and the basis of determination thereof are as follows:

	For the year ending 31 December 2016	Basis of determination
(a) Aggregate amount receivable by the Group from the CS Group	RMB64,840,000 (approximately HK\$77,143,000)	Determined with reference to the existing scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the anticipated demand for such services <sup>(Note 1)</sup>
(b) Aggregate amount payable by the Group to the CS Group	RMB19,200,000 (approximately HK\$22,844,000)	Determined with reference to the existing scale and operations of the businesses of the Group, the anticipated growth and development of such businesses and the anticipated demand for such services <sup>(Note 1)</sup>

*Note 1: The annual caps also take into account of the anticipated growth of businesses which may result from any expected new terminal projects of the Group, the extent of which could be significant.*

### Connected relationship:

In connection with the Reorganisation, pursuant to which the Company has acquired all the shares in CSPD, China Shipping and its subsidiaries are deemed to be connected persons of the Company.

### Listing Rules implications:

As the highest of the applicable percentage ratios in respect of the proposed annual caps for the transactions under the CS Master Agreement is more than 0.1% and less than 5%, the transactions 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.

### 3. Financial Services Master Agreement

Reference is made to the announcement of the Company dated 28 August 2014. The annual cap on the daily outstanding amount of the loans by COSCO Finance to the Group during the term of the Financial Services Master Agreement (which will expire on 31 December 2016) will, following completion of the Acquisition, increase to the following:

<b>Current cap for the financial year ending 31 December 2016</b>	<b>Increased cap for the financial year ending 31 December 2016</b>	<b>Basis of determination</b>
RMB1,000,000,000 (approximately HK\$1,189,740,000)	RMB2,000,000,000 (approximately HK\$2,379,480,000)	The increased cap is determined with reference to (i) the amount of the borrowings of the Group during the years 2014 and 2015, and (ii) the expected new borrowings of the Group for the year ending 31 December 2016 with a view to manage the Group's financial risks effectively and reasonably and to take into account the financial needs of the enlarged Group (including the CSPD Group) upon completion of the Acquisition.

For the avoidance of doubt, no amendment has been made to the Financial Services Master Agreement.

COSCO Finance is a subsidiary of COSCO, the ultimate controlling Shareholder and is therefore a connected person of the Company. The transactions under the Financial Services Master Agreement constitute continuing connected transactions of the Company.

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.

#### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The continuing connected transactions under the Existing Master Agreements as amended by the Amendment Agreements and under the CS Master Agreement are part of or related to the principal business activities of the Group and are expected to either increase the revenue of the Group, and/or provide the Group with overall business and operational convenience and synergy, as well as help optimise the Group's finance and capital usage. In ensuring that those continuing connected transactions will be conducted on terms no less favourable to the Group than the terms available from independent third parties for the relevant transactions, the Group would observe the General Pricing Principles, and where available, the management of the Company would solicit at least two other similar transactions with independent third parties for products and/or services in similar quantities for comparison.

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 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 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 lower costs of financing. 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.

None of the Directors has any material interest in the Continuing Connected Transactions. Dr. FAN HSU Lai Tai, Rita, an independent non-executive Director, voluntarily abstained from voting on the relevant board resolutions approving the Amendment Agreements, the CS Master Agreement and the increased annual cap for the Financial Services Master Agreement and had not expressed her view thereon for reason of her position as an independent non-executive director of China COSCO. Mr IP Sing Chi, an independent non-executive Director, voluntarily abstained from voting on the relevant board resolution approving CS Master Agreement and had not expressed his view thereon for reason of his position as an independent non-executive director of China Shipping Development Company Limited, which is a subsidiary of China Shipping.

The Directors including all the independent non-executive Directors, save as expressly disclosed above, are of the view that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

The Group is principally engaged in the businesses of managing and operating terminals and related businesses.

COSCO and its subsidiaries are a diversified group of companies focusing mainly on shipping and modern logistics businesses. They also serve as shipping agencies and provide services in freight forwarding, ship building, ship repairing, terminal operation, container paint manufacturing, trade, financing, information technology, business consulting and contract employment.

China COSCO and its subsidiaries provide a wide range of container shipping and terminal services covering the whole shipping value chain for both international and domestic customers.

China Shipping is a large shipping conglomerate involved in import and export business, trading, coastal and ocean cargo transportation, dry bulk cargo transportation, supply of food for vessels, management of docks and other services in relation to the above, and operates in different regions of the PRC and across the world.

COSCO Finance is a subsidiary of COSCO, the ultimate controlling Shareholder. COSCO Finance is a non-bank financial institution established under the laws of the PRC with the approval of the PBOC and the CBRC. COSCO Finance is principally engaged in providing financial services to COSCO and its subsidiaries, including the Group.

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Amendment Agreements”	the COSCO Amendment Agreement and the China COSCO Amendment Agreement

“CBRC”	China Banking Regulatory Commission 中國銀行業監督管理委員會
“China COSCO Amendment Agreement”	the amendment and restatement agreement dated 30 March 2016 between the Company, COSCO Ports, PCT, China COSCO and COSCON in relation to the China COSCO Shipping Services and Terminal Services Master Agreement
“China COSCO Group”	China COSCO and its associates, excluding the Group and COSCO and its other associates
“China COSCO Shipping Services and Terminal Services Master Agreement”	the agreement dated 28 October 2015 between COSCO Ports, PCT, China COSCO and COSCON in relation to the provision of shipping and terminal related services
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Continuing Connected Transactions”	the transactions under the Existing Master Agreements as amended by the Amendment Agreements, the CS Master Agreement and the Financial Services Master Agreement
“COSCO Amendment Agreement”	the amendment and restatement agreement dated 30 March 2016 between the Company, COSCO Ports, PCT and COSCO in relation to the COSCO Shipping Services and Terminal Services Master Agreement
“COSCO Group”	COSCO and its associates, excluding the Group and China COSCO and its other associates
“COSCO Ports”	COSCO Ports (Holdings) Limited (中遠碼頭控股有限公司), a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company
“COSCO Shipping Services and Terminal Services Master Agreement”	the agreement dated 28 October 2015 between COSCO Ports, PCT and COSCO in relation to the provision of shipping and terminal related services
“China Shipping”	China Shipping (Group) Company* (中國海運(集團)總公司), a company established in the People’s Republic of China
“CS Group”	China Shipping and its subsidiaries and their respective associates
“CS Master Agreement”	the agreement dated 30 March 2016 between the Company and China Shipping in relation to the provision of shipping and terminal related services
“Existing Master Agreements”	the COSCO Shipping Services and Terminal Services Master Agreement and the China COSCO Shipping Services and Terminal Services Master Agreement

“Financial Services Master Agreement”	the financial services master agreement dated 28 August 2014 between the Company and COSCO Finance in relation to the provision of loan services and other financial services to the Group
“General Pricing Principles”	the principles for pricing determination generally adopted by the Group: (i) State-prescribed prices; (ii) where there is no State-prescribed price, according to the relevant market prices (being the prices at which comparable types of products are provided by independent third parties in the same area in the ordinary course of business); and (iii) where there is no relevant market price, according to the costs of the products plus an appropriate margin which would be determined with reference to, among others, the inflation rate and valuation conducted by independent valuer (where appropriate)
“Group”	the Company and its subsidiaries
“Loan Services”	the loan services 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
“PCT”	Piraeus Container Terminal S.A., a company established in Greece and a wholly-owned subsidiary of the Company
“percentage ratios”	percentage ratios calculated by the Company pursuant to Rule 14.07 of the Listing Rules
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules

*For the purposes of this announcement, the exchange rate of RMB1 = HK\$1.18974 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount 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**  
**QIU Jinguang**  
*Vice Chairman & Managing Director*

Hong Kong, 30 March 2016

As at the date of this announcement, the Board comprises Mr. HUANG Xiaowen<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