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中國遠洋控股股份有限公司
China COSCO Holdings Company Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 1919)

CONNECTED TRANSACTIONS
CAPITAL INCREASE AGREEMENT

On 27 October 2011, the Board approved the proposal of entering into the Capital Increase Agreement by the five wholly-owned subsidiaries of the Company with COSCO, its eight subsidiaries and COSCO Finance on or around 15 November 2011 in order to increase the registered capital of COSCO Finance from RMB800 million to RMB1,600 million. The Company and its subsidiaries will contribute a total of RMB306 million. Upon completion of the proposed capital increase, the total equity interest held by the Group in COSCO Finance will remain 38.25% and hence COSCO Finance will still be an associate of the Company.

COSCO is the controlling shareholder of the Company. Therefore, COSCO and its subsidiaries are connected persons of the Company for the purposes of Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Capital Increase Agreement constitute connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of transactions contemplated under the Capital Increase Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE CAPITAL INCREASE AGREEMENT

On 27 October 2011, the Board approved the proposal of entering into the Capital Increase Agreement by the five wholly-owned subsidiaries of the Company with COSCO, its eight subsidiaries and COSCO Finance on or around 15 November 2011 in order to increase the registered capital of COSCO Finance from RMB800 million to RMB1,600 million with the following principal terms:

Parties

Five subsidiaries of the Company (including COSCON, COSCO Bulk, COSCO Qingdao, PENAVICO and COSFRE)

COSCO and the COSCO Subsidiaries (including COSCO Dalian, COSCO Guangzhou, COSCO Shipping, COSCO Shipbuilding, COSCO Shipyard, CHIMBUSCO, COSCO Tally and COSCO Xiamen)

COSCO Finance

Subject Matter

Pursuant to the Capital Increase Agreement, the parties will increase the registered capital of COSCO Finance by RMB800 million to RMB1,600 million.

Contribution of Additional Capital

The additional capital of RMB800 million will be contributed in the following manners:

- (i) RMB480 million will be contributed by capitalizing the capital reserve, surplus reserve and retained earnings of COSCO Finance attributable to each existing shareholder on a pro-rata basis; and
- (ii) RMB320 million will be contributed by the existing shareholders (save for COSCO Qingdao, COSCO Dalian and CHIMBUSCO) in cash on a pro-rata basis. The pro-rata portion that is attributable to each of COSCO Qingdao, COSCO Dalian and CHIMBUSCO will be contributed in cash by PENAVICO, COSCO Tally and COSCO Xiamen, respectively.

The additional capital to be injected was arrived at after arm's length negotiations among the parties to the Capital Increase Agreement, with reference to, among other things, the net asset value of COSCO Finance as at 31 December 2010.

Conditions Precedent

Completion of the Capital Increase is conditional upon satisfaction of, among other things, the following conditions precedent:

- (i) approval of the Capital Increase by the shareholders of COSCO Finance; and
- (ii) completion of all necessary submissions and filings to, and obtaining of all necessary consents, permits and approvals from, the relevant regulatory authorities (including but not limited to the China Banking Regulatory Commission or its authorized counterparts) in relation to the transactions contemplated under the Capital Increase Agreement.

Completion

Completion of the Capital Increase will take place on the date when the new business licence of COSCO Finance is issued by the State Administration for Industry and Commerce.

STRUCTURE OF COSCO FINANCE BEFORE AND AFTER THE CAPITAL INCREASE

The amount of registered capital contributed by, and the equity interest held by, each of the shareholders of COSCO Finance immediately before and after the Capital Increase is set out below:

Shareholders	Capital contributed before the Capital Increase (RMB million)	Equity interest before the Capital Increase (%)	Capital to be contributed by way of capitalization (RMB million)	Capital to be contributed in cash (RMB million)	Capital contributed after the Capital Increase (RMB million)	Equity interest after the Capital Increase (%)
COSCON	98	12.25	58.8	39.2	196	12.25
COSCO Bulk	80	10.00	48.0	32.0	160	10.00
COSCO Qingdao	40	5.00	24.0	—	64	4.00
PENAVICO	48	6.00	28.8	35.2	112	7.00
COSFRE	40	5.00	24.0	16.0	80	5.00
COSCO	345	43.125	207.0	138.0	690	43.125
COSCO Dalian	30	3.75	18.0	—	48	3.00
COSCO Guangzhou	44	5.50	26.4	17.6	88	5.50
COSCO Shipping	40	5.00	24.0	16.0	80	5.00
COSCO Shipbuilding	15	1.875	9.0	6.0	30	1.875
COSCO Shipyard	10	1.25	6.0	4.0	20	1.25

Shareholders	Capital contributed before the Capital Increase (RMB million)	Equity interest before the Capital Increase (%)	Capital to be contributed by way of capitalization (RMB million)	Capital to be contributed in cash (RMB million)	Capital contributed after the Capital Increase (RMB million)	Equity interest after the Capital Increase (%)
CHIMBUSCO	10	1.25	6.0	—	16	1.00
COSCO Tally	—	—	—	8.0	8	0.50
COSCO Xiamen	—	—	—	8.0	8	0.50
Total	800	100	480	320	1,600	100

The Company and its subsidiaries will contribute a total of RMB306 million in the Capital Increase. Upon completion of the Capital Increase, the total equity interest held by the Company (through COSCON, COSCO Bulk, COSCO Qingdao, PENAVICO and COSFRE) in COSCO Finance will remain 38.25%, hence COSCO Finance will still be an associate of the Company.

INFORMATION OF COSCO FINANCE

COSCO Finance is a non-bank finance company established with the approval of the People's Bank of China (the central bank of the PRC), which operates under the relevant guidelines and requirements issued by the China Securities Regulatory Commission as a non-bank financial institution authorized to provide treasure and other financial services to member companies of COSCO and its subsidiaries (including the Group).

The net asset value of COSCO Finance as at 31 December 2010 was approximately RMB1,539 million. The audited financial statements of COSCO Finance for the two years ended 31 December 2010 prepared in accordance with the PRC GAAP recorded an audited net profit (before taxation and extraordinary items) of approximately RMB206 million and RMB170 million, respectively, and an audited net profit (after taxation and extraordinary items) of approximately RMB150 million and RMB130 million, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Directors believe that the Capital Increase will enhance the core competitiveness and increase the risk management ability of COSCO Finance, whereby allows COSCO Finance to further support the development of the Group.

DIRECTORS' CONFIRMATION

Based on the reasons mentioned above, the Directors (including the independent non-executive Directors) consider that the terms of the Capital Increase Agreement are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. WEI Jiafu, Mr. MA Zehua, Mr. ZHANG Liang, Ms. SUN Yueying, Mr. SUN Jiakang and Mr. XU Minjie, all being Directors, also hold directorship(s) in certain company(ies) controlled by COSCO. They have therefore abstained from voting on the relevant board resolutions approving the Capital Increase Agreement pursuant to the articles of association of the Company. Save as disclosed above, none of the Directors has a material interest in the Capital Increase Agreement.

INFORMATION ON THE RELEVANT PARTIES

The Company was established in the PRC on 3 March 2005. The Company, through its various subsidiaries, provides a wide range of container shipping, dry bulk shipping, logistics, terminals and container leasing services covering the whole shipping value chain for both international and domestic customers.

The following wholly-owned subsidiaries of the Company are parties to the Capital Increase Agreement and their principal businesses are as follows:

- (i) COSCON is principally engaged in the business of container shipping. It provides customers with high quality “door-to-door” container shipping services for a wide range of medium to high-end industrial products and consumer products (including raw materials, semi-finished products and finished products);
- (ii) COSCO Bulk is principally engaged in the business of international dry and bulk cargo shipping;
- (iii) COSCO Qingdao is principally engaged in the business of professional international bulk cargo shipping;
- (iv) PENAVICO is principally engaged in the business of international shipping agency, freight forwarding services and modern logistics; and
- (v) COSFRE is principally engaged in the business of major freight forwarding and liner agency services.

COSCO is one of the mega-size state-owned enterprises under the State-owned Assets Supervision and Administration Commission of the State Council. Apart from the business operated by the Group, the main business currently operated by COSCO, through its various subsidiaries, also includes operation of oil tankers and other liquefied bulk cargo shipping, general cargo and special vessel shipping, ship repair and retrofit, ship building, provision of vessel fuels, and provision of financial services, ship trading services and seaman and ship management services, etc.

The principal businesses of the COSCO Subsidiaries are as follows:

- (i) COSCO Dalian is principally engaged in liquid bulk transportation;
- (ii) COSCO Guangzhou is principally engaged in shipping and labour industries;
- (iii) COSCO Shipping, the shares of which are listed on the Shanghai Stock Exchange (Stock code: 600428), is principally engaged in transportation of drilling platforms, ships, locomotives, dredgers, cranes, other equipments, oversized and super-heavy cargos, uncontainerizable cargos and cargos with special loading and unloading requirements;
- (iv) COSCO Shipbuilding is principally engaged in shipbuilding, steel structure and ship equipment;
- (v) COSCO Shipyard is principally engaged in repairing, conversion and building of ship and marine engineering;
- (vi) CHIMBUSCO is principally engaged in provision of vessel fuels and water on or above water;
- (vii) COSCO Tally is principally engaged in ship tally business; and
- (viii) COSCO Xiamen is principally engaged in international transportation of dry bulk cargos and general cargos.

LISTING RULES IMPLICATIONS

COSCO is the controlling shareholder of the Company. Therefore, COSCO and its subsidiaries (including the COSCO Subsidiaries) are connected persons of the Company for the purposes of Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Capital Increase Agreement constitute connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of transactions contemplated under the Capital Increase Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	board of Directors
“Capital Increase Agreement”	the capital increase agreement to be entered into among COSCON, COSCO Bulk, COSCO Qingdao, PENAVICO, COSFRE, COSCO, the COSCO Subsidiaries and COSCO Finance in respect of the Capital Increase on or around 15 November 2011
“Capital Increase”	increase of additional capital of RMB800 million in COSCO Finance pursuant to the Capital Increase Agreement
“CHIMBUSCO”	China Marine Bunker Supply Company (中國船舶燃料有限責任公司), a limited liability company established in the PRC and a wholly-owned subsidiary of COSCO
“Company”	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 Stock Exchange (Stock code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange (Stock code: 601919)
“COSCO”	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a Chinese State-owned enterprise, the controlling shareholder of the Company owning an aggregate of 52.80% of the total registered capital of the Company as at the date of this announcement
“COSCO Bulk”	COSCO Bulk Carrie Co., Ltd. (中遠散貨運輸有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“COSCO Dalian”	Dalian Ocean Shipping Company (大連遠洋運輸公司), a limited liability company established in the PRC and a wholly-owned subsidiary of COSCO

“COSCO Finance”	COSCO Finance Company Limited (中遠財務有限責任公司), a limited liability company established in the PRC and owned as to 38.25% by the Group and as to 61.75% by COSCO and the COSCO Subsidiaries
“COSCO Guangzhou”	Guangzhou Ocean Shipping Co., Ltd. (廣州遠洋運輸有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of COSCO
“COSCO Qingdao”	Qingdao Ocean Shipping Co. Ltd. (青島遠洋運輸有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“COSCO Shipbuilding”	COSCO Shipbuilding Industry Company (中遠造船工業公司), a limited liability company established in the PRC and a wholly-owned subsidiary of COSCO
“COSCO Shipping”	COSCO Shipping Co., Ltd. (中遠航運股份有限公司), a limited liability company established in the PRC and a non wholly-owned subsidiary of COSCO
“COSCO Shipyard”	COSCO Shipyard Group Co., Ltd. (中遠船務工程集團有限公司), a limited liability company established in the PRC and a non wholly-owned subsidiary of COSCO
“COSCO Subsidiaries”	collectively, COSCO Dalian, COSCO Guangzhou, COSCO Shipping, COSCO Shipbuilding, COSCO Shipyard, CHIMBUSCO, COSCO Tally and COSCO Xiamen
“COSCO Tally”	China Ocean Shipping Tally Company (中國外輪理貨總公司), a limited liability company established in the PRC and a wholly-owned subsidiary of COSCO
“COSCO Xiamen”	Xiamen Ocean Shipping Co., Ltd. (廈門遠洋運輸公司), a limited liability company established in the PRC and a wholly-owned subsidiary of COSCO
“COSCON”	COSCO Container Lines Company Limited (中遠集裝箱運輸有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“COSFRE”	COSCO International Freight Company Limited (中遠國際貨運有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company

“Directors”	directors 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”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PENAVICO”	China Ocean Shipping Agency Company Limited (中國外輪代理有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purposes of this announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC GAAP”	the generally accepted accounting principles and standards in the PRC
“RMB”	Reminbi yuan, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
China COSCO Holdings Company Limited
Zhang Yongjian
Company Secretary

Beijing, the PRC, 27 October 2011

As at the date of this announcement, the Directors are Mr. WEI Jiafu² (Chairman), Mr. MA Zehua¹ (Vice Chairman), Mr. ZHANG Liang¹ (President), Mr. SUN Yueying², Mr. SUN Jiakang¹, Mr. XU Minjie¹, Mr. TEO Siong Seng³, Dr. FAN HSU Lai Tai, Rita³, Mr. KWONG Che Keung, Gordon³ and Mr. Peter Guy BOWIE³.

- 1 Executive Director*
- 2 Non-executive Director*
- 3 Independent non-executive Director*

* The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name (中國遠洋控股股份有限公司) and its English name “China COSCO Holdings Company Limited”.