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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 TRANSACTION
FINANCE LEASE ARRANGEMENT WITH FLORENS TIANJIN

Florens Tianjin, a non-wholly owned subsidiary of the Company through COSCO Pacific, is developing its finance leasing business and financing platform. The Board is pleased to announce that, on 30 October 2012, Yangzhou Yuanyang (a non-wholly owned subsidiary of the Company through COSCO Pacific) entered into a finance lease agreement with Florens Tianjin, pursuant to which Florens Tianjin has agreed to purchase eight rubber-tired container gantry cranes and three packaged substations from Yangzhou Yuanyang and to lease back the cranes and substations to Yangzhou Yuanyang for a term of 8 years commencing from the date when Florens Tianjin makes the payment for the purchase of the cranes and substations.

Florens Tianjin is indirectly owned as to 50% by each of COSCO Pacific and COSCO and is a non-wholly owned subsidiary of the Company. As COSCO is the controlling shareholder of the Company and Florens Tianjin is an associate of COSCO, Florens Tianjin is a connected person of the Company. Accordingly, the entering into of the Agreement constitutes a connected transaction of the Company. As the applicable percentage ratios in respect of the transaction contemplated under the Agreement 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 FINANCE LEASE ARRANGEMENT

The Agreement

Date : 30 October 2012

Parties : Florens Tianjin (as the lessor)
Yangzhou Yuanyang (as the lessee)

Subject matter : Florens Tianjin has agreed to purchase from Yangzhou Yuanyang eight rubber-tired container gantry cranes and three packaged substations and Yangzhou Yuanyang has agreed to lease back the cranes and substations from Florens Tianjin subject to the terms and conditions of the Agreement.

Consideration : The consideration payable by Florens Tianjin to Yangzhou Yuanyang for purchase of the cranes and substations under the Agreement is RMB49,004,405.82.

The consideration shall be paid by Florens Tianjin subject to the conditions that Yangzhou Yuanyang has provided to Florens Tianjin all documents of titles of the cranes and substations and all other documentation which Florens Tianjin reasonably considers necessary and Yangzhou Yuanyang has insured against the cranes and substations, if any, pursuant to the Agreement.

Lease period : The lease period of the cranes and substations is 8 years, commencing from the date when Florens Tianjin makes the payment for the purchase of the cranes and substations.

Lease payments and other fees : The lease amount is RMB49,004,405.82, which is the same as the purchase consideration for the cranes and substations to be paid by Florens Tianjin.

The reference annual interest rate for the purpose of the Agreement is the annual RMB benchmark lending rate for over 5-year loan published by the People's Bank of China, which was 6.55% as at the date of the Agreement.

The total lease payments payable under the Agreement shall be RMB63,350,926.72 and will be paid in equal quarterly instalments during the lease period but the said total lease payments are subject to adjustments in the event that the annual RMB benchmark lending rate mentioned above changes. If the said annual RMB benchmark lending rate changes, the interest rate under the Agreement will increase or decrease accordingly to the same extent. Following the change in the amount of the total lease payments, if any, the outstanding quarterly lease payments will be adjusted accordingly.

A one-off non-refundable handling fee equal to 1% of the purchase consideration for the cranes and substations, shall be payable by Yangzhou Yuanyang to Florens Tianjin 2 days before the commencement of the lease period.

The payments to be made under the Agreement were determined after arm's length negotiation between the lessor and lessee with reference to the prevailing market rate for finance leases of comparable machines.

- Ownership** : The legal titles of the cranes and substations under the Agreement shall vest in Florens Tianjin throughout the lease period.
- Buyback option** : Upon expiry of the Agreement, Yangzhou Yuanyang shall have the option to purchase the cranes and substations from Florens Tianjin at an agreed nominal amount of not more than RMB10,000.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

By entering into finance lease arrangement under the Agreement, Florens Tianjin can further develop its finance leasing business and financing platform. At the same time, it will provide an alternative source of financing available to the terminal companies of the group of COSCO Pacific and thus further enhance the business of the Group.

DIRECTORS' CONFIRMATION

The directors of COSCO Pacific consider that the entering into of the Agreement is in the interests of COSCO Pacific 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 of COSCO Pacific has a material interest in the transaction contemplated under the Agreement but Dr. FAN HSU Lai Tai, Rita, an independent non-executive director of COSCO Pacific, has voluntarily abstained from voting on the relevant board resolutions of COSCO Pacific approving the Agreement for the reason that she is also an independent non-executive Director of the Company. Based on the reasons mentioned above and the above view of the directors of COSCO Pacific, the Directors (including other 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.

Mr. WEI Jiafu, Mr. MA Zehua, Mr. LI Yunpeng, Ms. SUN Yueying, Mr. SUN Jiakang, Mr. XU Minjie and Mr. JIANG Lijun are Directors nominated by COSCO and have therefore abstained from voting on the relevant board resolutions approving the Agreement pursuant to the articles of association of the Company. Save as disclosed above, none of the Directors has a material interest in the Agreement. Dr. FAN HSU Lai Tai, Rita has voluntarily abstained from voting on the relevant board resolutions approving the Agreement for the reason that she is also an independent non-executive director of COSCO Pacific.

LISTING RULES IMPLICATIONS

Florens Tianjin is indirectly owned as to 50% by each of COSCO Pacific and COSCO and is a non-wholly owned subsidiary of the Company. As COSCO is the controlling shareholder of the Company and Florens Tianjin is an associate of COSCO, Florens Tianjin is a connected person of the Company. Accordingly, the entering into of the Agreement constitutes a connected transaction of the Company. As the applicable percentage ratios in respect of the transaction contemplated under the Agreement 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.

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. COSCO Pacific and its subsidiaries are principally engaged in the businesses of managing and operating terminals, container leasing, management and sale, container manufacturing, and their related businesses.

The principal business of Yangzhou Yuanyang is the operation of terminal.

Florens Tianjin is principally engaged in the business of finance leasing.

DEFINITIONS

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

“Agreement”	a conditional finance lease agreement entered into between Yangzhou Yuanyang and Florens Tianjin on 30 October 2012 for lease of eight rubber-tired container gantry cranes and three packaged substations, the terms of which are summarised in this announcement
“Board”	board of Directors
“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 Main Board of 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 Pacific”	COSCO Pacific Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock code: 1199)
“Directors”	directors of the Company
“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 non-wholly owned subsidiary of the Company which is indirectly owned as to 50% by each of COSCO Pacific and COSCO
“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
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yangzhou Yuanyang”	Yangzhou Yuanyang International Ports Co. Ltd. (揚州遠揚國際碼頭有限公司), a company incorporated in the PRC with limited liability and owned as to 55.59% by COSCO Pacific
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
China COSCO Holdings Company Limited
Guo Huawei
Joint Company Secretary

Beijing, the PRC, 30 October 2012

As at the date of this announcement, the Directors are Mr. WEI Jiafu² (Chairman), Mr. MA Zehua¹ (Vice Chairman), Mr. LI Yunpeng², Mr. SUN Yueying², Mr. SUN Jiakang¹, Mr. XU Minjie¹, Mr. JIANG Lijun¹ (President), 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”.*