



# 中国远洋控股股份有限公司

## China COSCO Holdings Company Limited

### **China COSCO's Shareholders Approve Proposed A Share Issue and Acquisition of COSCO Logistics**

Hong Kong, 21 November 2006 -- China COSCO Holdings Company Limited, ("China COSCO" or "the Company", HKEx:1919) a leading global provider of integrated shipping and logistics services, is pleased to announce that its shareholders have passed all the resolutions including the proposed A Share Issue and acquisition of 51% interest in COSCO Logistics from its controlling shareholder at the shareholders class meetings and the EGM which were held on 20 November 2006 in Beijing.

#### **Proposed A Share Issue**

##### 1. The approved terms for the A Share Issue

(1) Type of securities to be issued: RMB denominated ordinary shares (i.e. A Shares);
(2) Number of A Shares to be issued: not more than the higher of 1.5 billion A Shares or 20% of the enlarged issued share capital of the Company immediately after the completion of the proposed A Share Issue;
(3) Nominal value: RMB1.00 each;
(4) Target subscribers: the public investors and institutional investors who have opened A-share share accounts with the Shanghai Stock Exchange or the Shenzhen Stock Exchange, except those prohibited under the PRC laws and regulations;
(5) Issue price: The issue price for the proposed A Share Issue will be determined based on the market conditions at the time when the A Share Issue takes place and in accordance with domestic customary pricing consultation mechanism.
(6) Place of listing: Shanghai Stock Exchange;
(7) The undistributed profits of the Company for the financial year ending 31 December 2006 shall be shared by China Ocean Shipping (Group) Company ("COSCO") and shareholders of the H Shares, and the exact amount of such undistributed profits will be determined based on the audited financial statements prepared in accordance with PRC generally accepted accounting principles or in accordance with HKFRS, whichever is lower. Such amount will belong to COSCO and shareholders of H Shares after the appropriation of 10% of such undistributed profits each to the legal common reserve fund and the surplus common reserve fund. The distribution will be dealt with by a Director authorized by the Board;

(8) The Board shall be and is authorized at its discretion and with full authority to determine and deal with the matters in relation to the A Share Issue (including but not limited to the specific timing of issue, number of A Shares to be issued, offering mechanism, pricing mechanism, issue price, target subscribers and the number and proportion of A Shares to be issued to each subscriber);
(9) The Board shall be and is authorized at its discretion and with full authority to sign or execute all necessary documents (including but not limited to the preliminary prospectus, the prospectus, underwriting agreement, listing agreement and any related announcement), to effect and carry out necessary formalities (including but not limited to procedures for listing of the A Shares on Shanghai Stock Exchange), and to take all other necessary actions in connection with the A Share Issue, as well as to handle all registration requirements in relation to changes in the registered capital of the Company following the completion of the A Share Issue;
(10) The resolutions of the A Share Issue shall be effective for a period of 12 months from the date of the approval.
(11) The proceeds from the A Share Issue would be used to part finance the following projects: (i) RMB1,679,635,632 for the acquisition of 51% interest in COSCO Logistics; and (ii) approximately RMB6,000 million for the capital expenditures in relation to the purchase and construction of vessels. (The Company intends to finance any shortfall for the above projects through internal and/or external financial resources.)

## 2. Reasons for and benefits of the A Share Issue

The Company believes that the A Share Issue will establish a new financing platform for the Company as well as providing a platform for the Company for its future expansion opportunities and to strengthen and enhance its position in accomplishing the Company's goal as the world's leading integrated shipping and logistics company. It is believed that the A Share Issue will broaden the Company's access to different securities markets. Besides, this will further enhance and demonstrate the Company's unique position within COSCO Group -- the listed flagship and developing platform of COSCO Group. The A Share Issue will benefit the Company and its shareholders as a whole.

## **Proposed Acquisition of COSCO Logistics**

The shareholders have approved the proposed acquisition of 51% direct interest in COSCO Logistics from COSCO, the controlling shareholder of the Company. The consideration for the acquisition is RMB1,679,635,632, 30% of which shall be payable within five business days from the date of the issuance of the Foreign-owned Investment Enterprise Approval by the Ministry of Commerce pursuant to the acquisition, with the rest payable by the Company in cash on a deferred basis within one year from the date of the issuance of such Foreign-owned Investment Enterprise Approval. The acquisition will be completed before 31 December 2006.

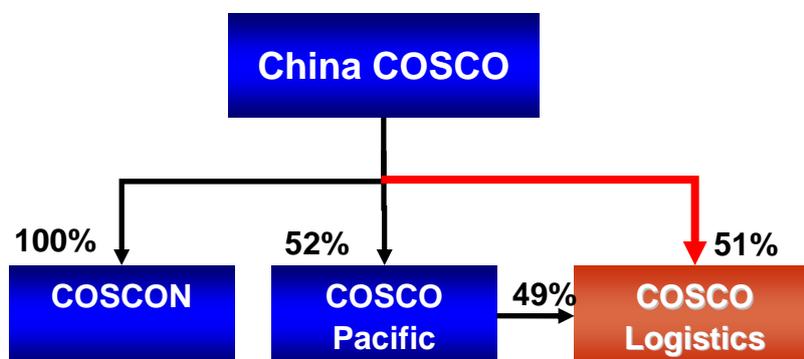
### 1. Information regarding COSCO Logistics

COSCO Logistics Company Limited (“COSCO Logistics”) is the leading logistics company in China. Targeting “to be the most competitive logistics provider and the best shipping agency”, COSCO Logistics is committed to provide its customers with high quality services including third party logistics, project logistics, international shipping agency, sea freight forwarding and air freight forwarding. COSCO Logistics’ competitive strength includes (1) strong brand recognition and stable customer base; (2)extensive service network in strategic economic areas in China;(3)versatile and committed group of talented individuals and specialists, and etc. Based on these advantages, COSCO Logistics provides nationwide and overseas third party logistics services to domestic and international companies’ operations in China. Specifically, COSCO Logistics mainly engages in home appliance, automobile and chemical industries. Besides, COSCO Logistics’ engineering logistics business aims at providing logistics services to customers in power and petrochemical sectors. COSCO Logistics has established a notable engineering logistics brand name and taken a leading position in the market.

COSCO Logistics has ranked No.1 for the third consecutive year in the list of “China’s Top 100 logistics companies”. At the recent fifth annual China Freight Industry Awards (CFIA), COSCO Logistics was awarded the top place in all four categories under the award for Best Logistics Company – Integrated Service, Warehouse Management, Process Management, and Network Coverage. The award is a testament to the depth and dominant position of COSCO Logistics in China’s logistics industry.

As at 30 June 2006, the unaudited total assets and net assets (excluding minority interests) of COSCO Logistics (prepared under HKFRS) were approximately RMB6,253 million and RMB2,554 million, respectively, giving an attributable net assets value of approximately RMB1,303 million to COSCO’s 51% direct interest in COSCO Logistics.

## 2. Shareholder structure after the acquisition of 51% interest in COSCO Logistics



## 3. Reasons for and benefits of the Acquisition

China COSCO aims to be the leading integrated shipping and logistics service provider in the world. The Acquisition will strengthen the position of the Company in the industry as an integrated shipping and logistics services provider with a full value chain including container shipping, container terminals, container leasing, logistics, freight forwarding and shipping agencies, improve the competitiveness and capability in the domains of public shipping agency, freight forwarding and logistics, as well as reduce operating risks caused by the cyclical nature of shipping industry, which in general transform the Company to shipping business based global logistics operator integrating the whole value chain and providing door-to-door services to customers.

The Company believes the Acquisition can create synergies that benefit COSCO Logistics and the Company. Given the networks of COSCON and COSCO Pacific, the two major subsidiaries of the Company, COSCO Logistics can benefit from the Company's existing operation in container terminals located at major coastal areas in China and branches all over the world. Through acquiring COSCO Logistics, the Company can also enhance the attractiveness of the Company's domestic and overseas networks by expanding the value chain and by offering integrated logistics services to its customers.

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**About China COSCO:**

China COSCO Holdings Company Limited ("China COSCO"), was established in the PRC on 3 March 2005 and successfully listed in Hong Kong on 30 June 2005. China COSCO owns 100% of COSCO Container Lines Company Limited ("COSCON") and approximately 52% of COSCO Pacific Limited ("COSCO Pacific").

As the listed flagship and developing platform of COSCO Group, China COSCO aims to be the leading integrated shipping and logistics service provider in the world.

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