

COSCO PACIFIC LIMITED

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COSCO PACIFIC LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION -

ACQUISITION OF INTEREST IN

SHEKOU CONTAINER TERMINALS LTD.

SUMMARY

The Board wishes to announce that on 25th November 2002, the Company, through its indirect wholly owned subsidiary, COSCO Ports Shekou, conditionally agreed to acquire from COSCO its entire 17.5 per cent. equity interest in Shekou CTL, an equity joint venture established in the PRC.

COSCO is the controlling shareholder of the Company. Thus, the acquisition of interest in Shekou CTL constitutes a connected transaction of the Company under the Listing Rules.

The consideration payable in cash by COSCO Ports Shekou for the acquisition of such interest in Shekou CTL is HK\$155.543 million which is less than 3 per cent. of the unaudited consolidated net tangible asset value of the Company as disclosed in the latest published accounts of the Company as at 30th June 2002.

(a) Date of the Agreement

25th November 2002

(b) Parties to the Agreement

- (i) Purchaser: COSCO Ports Shekou, an indirect wholly owned subsidiary of the Company
- (ii) Vendor: COSCO

(c) Assets to be acquired

COSCO Ports Shekou agreed to acquire and COSCO agreed to transfer its entire 17.5 per cent. of the equity interest in Shekou CTL to COSCO Ports Shekou in accordance with the terms of the Agreement.

(d) Consideration

The consideration payable in cash by the Company for the Acquisition Interest is HK\$155.543 million. This was arrived at after arm's length negotiations between COSCO and the Company and represents an approximately 8.3% discount to the fair market valuation of the Acquisition Interest at RMB180 million (equivalent to approximately HK\$169.68 million) appraised by DTZ Debenham Tie Leung Limited, an independent professional valuer, as at 30th September 2002. The consideration will be funded by internal resources of the Group.

(e) Conditions of the Agreement

Completion of the Acquisition is conditional upon, inter alia, the obtaining of the following:-

1. all necessary approvals and consents from the relevant PRC authorities required for the transfer of equity interest contemplated in the Agreement; and
2. the consent and/or waiver of pre-emption rights of the JV Partners in relation to the Acquisition.

(f) Completion

The Acquisition will be completed within 7 Business Days or such other mutually agreed date after all of the above conditions have been fulfilled. The Agreement will lapse if any of the above conditions is not satisfied on or before 31st March 2003, or such later date as may be mutually agreed by the parties thereto.

(g) Information about Shekou CTL

Shekou CTL is an equity joint venture enterprise established in Shenzhen, the PRC. It has been approved to engage in the provision of container terminal-related services at Shekou Container Terminal for a term of 30 years commencing from 10th March 1989. Shekou Container Terminal commenced operations in August 1991. It has two berths and occupies a total area of approximately 270,923 square metres, with designed capacity of 800,000 TEUs.

Shekou CTL has a registered capital of HK\$618,201,150. Total investment was approved to be HK\$1,854,603,450. The unaudited net asset value stood at approximately HK\$908.2 million as at 30th September 2002, according to the management accounts of Shekou CTL prepared in accordance with PRC accounting standards.

The owners' distribution of equity interest in Shekou CTL before and after completion of the Acquisition and their respective board representation are set out as follows:

Before Completion of the Acquisition (as at the date hereof)	Upon Completion of the Acquisition	Percentage of registered capital	Number of directors appointed/ to be appointed
(a) COSCO	COSCO Ports	17.5%	1
(b) China Merchants	China Merchants	32.5%	3
(c) P&O	P&O	25%	2
(d) Swire	Swire	25%	2
	Total:	100%	8

Profits distribution of Shekou CTL shall be based on the percentage of registered capital held by their respective owners.

The JV Partners are independent third parties not connected with any director, chief executive or substantial shareholder of the Company and its subsidiaries or their respective associates.

(h) Reasons for entering into the Agreement

The Group is principally engaged in the businesses of container leasing, container terminal operation and container related business. The Board is of the view that the Acquisition represents an excellent opportunity for the Company to further expand its container terminal business in the Shenzhen Special Economic Zone where throughput growth has been strong.

The Board is of the opinion that the terms and conditions of the Agreement are fair and reasonable to the Group and its shareholders taken as a whole. The independent non-executive directors have concurred with such opinion of the Board.

(i) General

The acquisition of equity interest in Shekou CTL by the Company from COSCO constitutes a connected transaction under the Listing Rules since COSCO, being the controlling shareholder holding 54.87% of the issued share capital of the Company, is a connected person of the Company.

As the total consideration payable by COSCO Ports Shekou is less than 3 per cent. of the unaudited consolidated net tangible asset value of the Company as disclosed in the latest published accounts of the Company as at 30th June 2002, the Company is only required, under paragraph 14.25(1) of the Listing Rules, to disclose this transaction by way of press announcement. Further details of this transaction will be disclosed in the next annual report and accounts of the Company.

(j) Definition

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise

Expression	Meaning
"Acquisition"	The acquisition of the Acquisition Interest by COSCO Ports Shekou pursuant to the Agreement
"Acquisition Interest"	The 17.5 per cent. equity interest in Shekou CTL currently held by COSCO
"Agreement"	The agreement dated 25th November 2002 entered into between COSCO and COSCO Ports Shekou in relation to the transfer of the Acquisition Interest
"Board"	The board of directors of the Company
"Business Days"	Days (except Saturday, Sunday and public holiday) in which

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	commercial banks in Hong Kong are generally open for business
"China Merchants" "Company"	China Merchants (SCT) Holdings Company Limited COSCO Pacific Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited
"COSCO"	China Ocean Shipping (Group) Company, a company incorporated in the PRC and the controlling shareholder of the Company
"COSCO Ports Shekou"	COSCO Ports (Shekou) Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company. COSCO Ports Shekou is an investment holding company for the purpose of holding equity interest in Shekou CTL.
"Group"	The Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region, the PRC
"JV Partners"	Collectively China Merchants, P&O and Swire
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"P&O"	P&O Asia BV(or its affiliates)
"PRC"	China mainland
"RMB"	Renminbi, the lawful currency of the PRC
"Shekou Terminal"	Container Shekou Container Terminal in Shekou, the PRC
"Shekou CTL"	Shekou Container Terminals Ltd., an equity joint venture enterprise established in Shenzhen, the PRC
"Swire"	Swire Pacific Limited
"TEU"	Twenty-foot equivalent units per annum

In this announcement, unless otherwise stated, certain amounts denominated in RMB have been converted into HK\$ using an exchange rate of HK\$1.00: RMB1.0608 for information only.

By Order of the Board
COSCO Pacific Limited
SUN Jiakang
Managing Director

Hong Kong, 25th November 2002

Please also refer to the published version of this announcement in the South China Morning Post dated 26 November 2002.