

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTIONS TENANCY AGREEMENTS AND GUARANTEES

In pursuance to a tenancy agreement dated 12th January 2004 (“the 4901 Tenancy Agreement”), COSCO Pacific Management Company Limited (“the Tenant”) has agreed to rent from Wing Thye Holdings Limited (“the Landlord”) a portion of the premises known as Unit 4901 situate at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (“Unit 4901”) for a term of 23 months and 25 days commencing with retrospective effect from 4th December 2003. The monthly rental is HK\$267,564.00 exclusive of rates and management fees payable by the Tenant. COSCO (Hong Kong) Group Limited (“COSCO HK”) shall provide to the Landlord a guarantee (“the Guarantee for the 4901 Tenancy Agreement”) in the sum of HK\$802,692.00 representing 3 months rental of Unit 4901 as security for the due payment of rentals and other monies payable by the Tenant under the 4901 Tenancy Agreement.

In pursuance to another tenancy agreement also dated 12th January 2004 (“the 4902A Tenancy Agreement”), the Tenant has agreed to rent from the Landlord a portion of the premises known as Unit 4902A situate at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (“Unit 4902A”) for a term of 24 months commencing with retrospective effect from 29th November 2003. The monthly rental is HK\$72,436.00 exclusive of rates and management fees payable by the Tenant. COSCO HK shall provide to the Landlord a guarantee (“the Guarantee for the 4902A Tenancy Agreement”) in the sum of HK\$217,308.00 representing 3 months rental of Unit 4902A as security for the due payment of rentals and other monies payable by the Tenant under the 4902A Tenancy Agreement.

(The 4901 Tenancy Agreement and the 4902A Tenancy Agreement are collectively “the Tenancy Agreements”; Unit 4901 and Unit 4902A are collectively “the Properties”; and the Guarantee for the 4901 Tenancy Agreement and the Guarantee for the 4902A Tenancy Agreement are collectively “the Guarantees”.)

The Landlord is a wholly-owned subsidiary of COSCO International Holdings Limited (“COSCO International”).

The Tenant is a wholly-owned subsidiary of COSCO Pacific Limited (“COSCO Pacific”).

COSCO HK is a controlling shareholder of both COSCO International and COSCO Pacific.

Accordingly, the Tenancy Agreements and the Guarantees are connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. COSCO Pacific is required to, in pursuance to Rule 14.25(1) of the Listing Rules, disclose the transactions by way of a press announcement and the inclusion of certain information in relation to the transactions described herein in its published annual reports and accounts for the relevant financial years as required under Rule 14.25(1)(A) to (D) of the Listing Rules.

TENANCY AGREEMENTS

A. PARTIES

Landlord: Wing Thye Holdings Limited, a wholly-owned subsidiary of COSCO International.

Tenant: COSCO Pacific Management Company Limited, a wholly-owned subsidiary of COSCO Pacific.

The controlling shareholder of both COSCO International and COSCO Pacific is COSCO HK.

B. PROPERTIES

Portions of the 49th Floor of COSCO Tower, 183 Queen's Road Central, Hong Kong known as Unit 4901 and Unit 4902A.

C. TERMS OF TENANCIES

(i) Unit 4901

23 months and 25 days commencing from 4th December 2003. The Tenant has an option to renew the tenancy for one year upon the expiry of the term from 29th November 2005.

(ii) Unit 4902A

24 months commencing from 29th November 2003. The Tenant has an option to renew the tenancy for one year upon the expiry of the term from 29th November 2005.

D. RENTALS (exclusive of rates and management fees payable by the Tenant)

(i) Unit 4901

The monthly rental is HK\$267,564.00 for a term of 23 months and 25 days and the aggregate amount of the rental for the whole term of the tenancy is HK\$6,376,942.

The rental for the option year shall be determined with reference to the prevailing market rent by an independent surveyor to be jointly appointed by the Landlord and the Tenant.

(ii) Unit 4902A

The monthly rental is HK\$72,436.00 for a term of 24 months and the aggregate amount of the rental for the whole term of the tenancy is HK\$1,738,464.

The rental for the option year shall be determined with reference to the prevailing market rent by an independent surveyor to be jointly appointed by the Landlord and the Tenant.

The total monthly rentals for the Properties are HK\$340,000.00.

E. GUARANTEES

COSCO HK shall provide two guarantees in the respective sums of HK\$802,692.00 and HK\$217,308.00 i.e. a total of HK\$1,020,000.00 (representing three months' rentals of Unit 4901 and Unit 4902A) to the Landlord as security for the due payment of rentals and other monies payable by the Tenant under the Tenancy Agreements.

USE OF PROPERTIES

COSCO Pacific intends to continue to occupy the Properties on a long term basis as the head office of itself and its subsidiaries ("COSCO Pacific Group") and as its principal place of business in Hong Kong. Since the head office of COSCO HK and some of the member companies of COSCO HK are located at COSCO Tower, the directors of COSCO Pacific are of the view that by taking up the Properties as the head office of the COSCO Pacific Group at COSCO Tower, it would provide synergy and convenience to the operation of the COSCO Pacific Group and the COSCO HK group of companies.

BASIS UPON WHICH THE RENTALS AND THE CONSIDERATION WERE DETERMINED

The rentals payable under the Tenancy Agreements and the terms and conditions of the Tenancy Agreements were arrived at after arm's length negotiations between the Landlord and the Tenant conducted through COSCO International and COSCO Pacific.

In negotiating the rentals under the Tenancy Agreements, the directors of COSCO Pacific made reference to an independent opinion given by DTZ Debenham Tie Leung Limited, a professional valuer jointly engaged by COSCO International and COSCO Pacific, in their letter dated 12th January 2004 that the total rentals of HK\$340,000 per month exclusive of rates and management fees for the Properties are at market levels and are fair and reasonable.

The directors of COSCO Pacific (including independent non-executive directors other than Mr. Alexander Reid HAMILTON who has abstained to opine on the subject matter given his common directorship in COSCO Pacific and COSCO International) considered that the terms and conditions of the Tenancy Agreements are fair and reasonable and in the interests of COSCO Pacific and its shareholders taken as a whole.

CONNECTED TRANSACTIONS

The Landlord is a wholly-owned subsidiary of COSCO International. The Tenant is a wholly-owned subsidiary of COSCO Pacific. COSCO HK is the controlling shareholder of both COSCO International and COSCO Pacific, controlling as at the date hereof approximately 59.40% of the entire issued share capital of COSCO International and approximately 53.22% of the entire issued share capital of COSCO Pacific.

Therefore, the transactions contemplated under the Tenancy Agreements and the Guarantees constitute connected transactions under the Listing Rules because COSCO HK, COSCO International, COSCO Pacific, the Landlord and the Tenant are all connected persons.

However, since the total consideration (excluding the option year) under the Tenancy Agreements, being HK\$8,115,406, is less than 3% of the consolidated net asset value of COSCO Pacific (HK\$9,666,243,600 @US\$1:HK\$7.8 being the consolidated net asset value of COSCO Pacific up to 30th June 2003 as shown in the interim report of COSCO Pacific published on 22nd September 2003 less the interim dividend for 2003 paid in October 2003), COSCO Pacific is only required to, in pursuance to Rule 14.25 (1) of the Listing Rules, disclose the transactions by way of a press announcement and the inclusion of certain information in relation to the transactions described herein in its published annual reports and accounts for the relevant financial years as required under Rule 14.25(1)(A) to (D) of the Listing Rules.

COSCO International will comply with the requirements of the Listing Rules and give separate press announcement and/or convene special general meetings in respect of the Tenancy Agreements and the Guarantees (if required).

COSCO Pacific and COSCO International will further comply with the requirements (if any) of the Listing Rules and give separate press announcements and/or convene special general meetings in respect of the exercise of the options under the Tenancy Agreements.

COSCO INTERNATIONAL

The principal activities of COSCO International together with its subsidiaries are property investment and development, ship trading and supplying services, infrastructure investment and building construction and civil engineering.

COSCO PACIFIC

The principal activities of COSCO Pacific Group are container leasing and container terminal operations.

GENERAL

Further information on the transactions as contemplated in the Tenancy Agreements and the Guarantees will be set out in the published annual report and accounts of COSCO Pacific for the relevant financial years as required under Rule 14.25(1)(A) to (D) of the Listing Rules.

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

Hong Kong, 12th January 2004

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