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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

CONTINUING CONNECTED TRANSACTIONS

On 3 June 2005, the following agreements were entered into for a term of three years up to 31 December 2007:

- (i) the Container Services Master Agreement between COSCO, COSCON and Plangreat;
- (ii) the Shipping Services Master Agreement between COSCO, COSCON, COSCO Ports and Zhangjiagang Win Hanverky; and
- (iii) the Short Term Container Leasing Master Agreement between COSCO, COSCON and Florens.

Each of the Agreements and the transactions contemplated thereunder constitute continuing connected transactions for the purpose of the Listing Rules and are subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

BACKGROUND

The Company had applied, and the Stock Exchange had granted on 13 December 1996, 15 April 1997 and 12 September 2001, waivers from compliance with the then connected transactions requirements of the Listing Rules in respect of certain continuing connected transactions between COSCO and its subsidiaries (excluding the Group) and the Group in relation to container related services, shipping related services and Short Term Leases respectively for an indefinite period (description of which was included in the Company's 2004 annual report). In view of the changes to the Listing Rules in relation to continuing connected transactions which took effect on 31 March 2004, the Group has entered into the Container Services Master Agreement, the Shipping Services Master Agreement and the Short Term Container Leasing Master Agreement in accordance with the new requirements.

No master agreements had previously been entered into by the Group in relation to such continuing connected transactions. The periods of the existing individual agreements are (i) one to two years for agreements relating to container related services; (ii) one year for agreements relating to shipping related services; and (iii) one to three years for agreements relating to Short Term Leases. The future individual agreements signed pursuant to the Container Services Master Agreement, the Shipping Services Master Agreement and the Short Term Container Leasing Master Agreement may be of different periods not exceeding three years each.

The Continuing Connected Transactions constitute continuing connected transactions for the purpose of the Listing Rules. As it is expected that the relevant percentage ratios in relation to each category of the Continuing Connected Transactions will all be less than 2.5% for the years 2005 to 2007, the Continuing Connected Transactions are exempt from the independent Shareholders' approval requirements. However, as one or more of the relevant percentage ratios in relation to each category of the Continuing Connected Transactions will be 0.1% or more, the Continuing Connected Transactions are subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

Summaries of the Agreements and the respective Annual Caps are set out in the section headed "The Agreements" below. The Company will comply with the requirements under Rule 14A.36 of the Listing Rules if the annual aggregate value of any category of Continuing Connected Transactions exceeds the corresponding Annual Cap.

THE AGREEMENTS

(1) Container Services Master Agreement

Date: 3 June 2005

Parties: COSCO
COSCON
Plangreat

Duration: 1 January 2005 to 31 December 2007

Nature of transaction: Provision of container related services by Plangreat and its subsidiaries to members of the COSCO Group (including COSCON) including but not limited to maintenance, handling, stevedoring, repair, import, export, loading, discharging, transshipment, collection, delivery, storage, shifting, restowage and disposal of containers, lighter berthing, midstream operation and trailers' transportation.

Terms: At rates no less favourable to Plangreat and its subsidiaries than that at which Plangreat and its subsidiaries charge Independent Third Parties for the relevant services.

Annual Cap:	Year ended			
	31 December	2005	2006	2007
		US\$6,642,000	US\$6,642,000	US\$6,642,000

Basis of the Annual Cap: By reference to nature of the transactions, the aggregate annual values of the transactions for the three years ended 31 December 2004 of US\$8,419,000, US\$8,259,000 and US\$6,619,000 respectively, the existing scale and operations of the businesses of Plangreat and its subsidiaries, and the anticipated volume of such businesses.

(2) Shipping Services Master Agreement

Date:	3 June 2005												
Parties:	COSCO COSCON COSCO Ports Zhangjiagang Win Hanverky												
Duration:	1 January 2005 to 31 December 2007												
Nature of transaction:	Provision of shipping related services by COSCO Ports and its subsidiaries to members of the COSCO Group (including COSCON), including but not limited to the handling, storage and maintenance of cargoes at the port of Zhangjiagang.												
Terms:	At rates no less favourable to COSCO Ports and its subsidiaries than that at which COSCO Ports and its subsidiaries charge Independent Third Parties for the relevant services.												
Annual Cap:	<table><thead><tr><th>Year ended</th><th></th><th></th><th></th></tr><tr><th>31 December</th><th>2005</th><th>2006</th><th>2007</th></tr></thead><tbody><tr><td></td><td>US\$3,478,000</td><td>US\$4,076,000</td><td>US\$4,691,000</td></tr></tbody></table>	Year ended				31 December	2005	2006	2007		US\$3,478,000	US\$4,076,000	US\$4,691,000
Year ended													
31 December	2005	2006	2007										
	US\$3,478,000	US\$4,076,000	US\$4,691,000										
Basis of the Annual Cap:	By reference to nature of the transactions, the aggregate annual values of the transactions for the three years ended 31 December 2004 of US\$1,257,000, US\$1,196,000 and US\$1,378,000 respectively, the existing scale and operations of the businesses of COSCO Ports and its subsidiaries, the anticipated growth and development of such businesses (including the anticipated acquisition of a new berth in 2005 leading to the increase of the handling capacity and revenue of the port of Zhangjiagang) and the expectation that more members of the COSCO Group will use the services of the port of Zhangjiagang.												

(3) Short Term Container Leasing Master Agreement

Date:	3 June 2005
Parties:	COSCO COSCON Florens
Duration:	1 January 2005 to 31 December 2007
Nature of transaction:	Grant of Short Term Leases by Florens and its subsidiaries to members of the COSCO Group (including COSCON), which are entered into according to the business needs of the members of the COSCO Group and the charges are based on market.

Terms: At rates no less favourable to Florens and its subsidiaries than that at which Florens and its subsidiaries charge Independent Third Parties for the relevant leases.

Annual Cap:	Year ended			
	31 December	2005	2006	2007
		US\$2,700,000	US\$3,100,000	US\$3,500,000

Basis of the Annual Cap: By reference to nature of the transactions, the aggregate annual values of the transactions for the three years ended 31 December 2004 of US\$474,000, US\$556,000 and US\$878,000 respectively, the existing scale and operations of the container leasing business of the Group, the anticipated growth and development of such businesses and the anticipated demand for such leasing services. Such anticipation is supported by the fact that to date, Short Term Leases contributing to approximately 50% of the Annual Cap for 2005 have already been committed.

RELATIONSHIP BETWEEN THE COMPANY AND THE COUNTERPARTIES TO THE AGREEMENTS

COSCO is the ultimate controlling Shareholder of the Company. COSCON is a wholly-owned subsidiary of COSCO. Accordingly, members of the COSCO Group and COSCON are connected persons (as defined in the Listing Rules) of the Company.

The COSCO Group is a diversified group focusing mainly on shipping and modern logistics businesses. They also serve as shipping agencies and provide services in freight forwarding, ship building, ship repairing, terminal operation, container paint manufacturing, trade, financing, real estate, information technology, business consulting and contract employment. COSCON is principally engaged in container shipping businesses.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the businesses of container leasing, container terminals, logistics, container manufacturing and other investments. The Board considers that the Continuing Connected Transactions are consistent with the business and commercial objectives of the Group and will increase the revenue of the Group.

The Board considers that the Continuing Connected Transactions will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms. The Board is also of the view that the terms of the Agreements are fair and reasonable and in the interests of the Shareholders as a whole. The independent non-executive directors of the Company have concurred with such views of the Board.

DEFINITIONS

“Agreements”	the Container Services Master Agreement, the Shipping Services Master Agreement and the Short Term Container Leasing Master Agreement
“Annual Cap”	the maximum aggregate annual value of the relevant category of Continuing Connected Transactions for the relevant year set by the Company
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of the Company
“Container Services Master Agreement”	the Container Services Master Agreement dated 3 June 2005 entered into between COSCO, COSCON and Plangreat
“COSCO”	China Ocean Shipping (Group) Company (中國遠洋運輸(集團)總公司), a company established in the PRC and the ultimate controlling Shareholder of the Company
“COSCO Group”	COSCO and its associates (excluding the Group)
“COSCO Ports”	COSCO Ports (Holdings) Limited (中遠碼頭控股有限公司), a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company
“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 COSCO
“Company”	COSCO Pacific Limited
“Continuing Connected Transactions”	(a) the provision of container related services contemplated under the Container Services Master Agreement; (b) the provision of shipping related services contemplated under the Shipping Services Master Agreement; and (c) the Short Term Leases contemplated under the Short Term Container Leasing Master Agreement
“Florens”	Florens Container Holdings Limited (佛羅倫貨箱控股有限公司), a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries (including Florens)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of any member of the Group, the directors, the chief executives, the controlling shareholders, the substantial shareholders (as such terms are defined in the Listing Rules) of the Company or its subsidiaries, and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Plangreat”	Plangreat Limited, a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shipping Services Master Agreement”	the Shipping Services Master Agreement dated 3 June 2005 entered into between COSCO, COSCON, COSCO Ports and Zhangjiagang Win Hanverky
“Short Term Lease(s)”	leases of containers for a term of less than 10 years
“Short Term Container Leasing Master Agreement”	the Short Term Container Leasing Master Agreement dated 3 June 2005 entered into between COSCO, COSCON and Florens.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	as such term is defined under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“Zhangjiagang Win Hanverky”	Zhangjiagang Win Hanverky Container Terminal Co., Ltd. (張家港永嘉集裝箱碼頭有限公司), a sino-foreign equity joint venture company established in the PRC and owned as to 51% by the Group and 49% by Zhangjiagang Port Group Co. Ltd (張家港港務集團有限公司)

As at the date of this announcement, the Board comprises 16 executive directors, namely, Mr. WEI Jiafu (Chairman), Mr. LIU Guoyuan (Vice Chairman), Mr. ZHANG Fusheng, Mr. WANG Futian, Mr. CHEN Hongsheng, Mr. LI Jianhong, Mr. MA Zehua, Mr. MA Guichuan, Mr. LI Yunpeng, Ms. SUN Yueying, Mr. SUN Jiakang (Managing Director), Mr. XU Lirong, Mr. HE Jiale, Mr. WONG Tin Yau, Kelvin, Mr. LU Chenggang, Mr. QIN Fuyan; three independent non-executive directors, namely, Dr. LI Kwok Po, David, Mr. LIU Lit Man, Mr. Alexander Reid HAMILTON; and one non-executive director, namely, Mr. KWONG Che Keung, Gordon.

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

Hong Kong, 3 June 2005

Please also refer to the published version of this announcement in the (The Standard)