



COSCO Pacific Limited

(Incorporated in Bermuda with Limited Liability)

2003 Interim Results

The board of directors of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to announce the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2003. The unaudited interim results have been reviewed by the Company's Audit Committee.

Profit attributable to shareholders for the six months ended 30th June 2003 amounted to US\$73,608,000, representing an increase of 5.4% compared with US\$69,843,000 for the corresponding period in the previous year. Earnings per share were US3.4284 cents compared with US3.2556 cents for the corresponding period in the previous year. The new accounting policy on deferred taxation as a result of the adoption of the revised SSAP 12 during the period resulted in provision for net deferred taxation charge of US\$6,100,000 for the six months ended 30th June 2003 (2002: US\$3,073,000).

During the period, the outbreak of SARS affected the economic growth in individual areas but the Group was not seriously affected. The Group's container leasing and container terminal businesses performed satisfactorily.

- Turnover increased 8.4% to US\$125,756,000
- Profit attributable to shareholders increased 5.4% to US\$73,608,000
- Earnings per share were US3.4284 cents (2002: US3.2556 cents)
- Return on equity was 11.6%
- Container leasing fleet increased 12.8% to 755,043 TEUs
- Container terminals throughput rose 24.4% to 8,334,461
- Net assets per share up 1.9% to HK\$4.64
- Proposed interim dividend HK13.8 cents (2002: HK11.0 cents)
- Dividend payout ratio was 51.6% (2002: 43.3%)

CONTAINER LEASING

Benefiting from the growth in China trade, container leasing business of the Group grew faster than expected during the period. As at 30th June 2003, Florens Container Holdings Limited, a wholly owned subsidiary of the Company, owned and operated a container fleet of 755,043 TEUs, up 12.8% from a year ago, and accounted for approximately 9.3% of the global market share (2002: 8.8%).

The Group primarily provides 10-year container leasing service for COSCO Container Lines Company Limited ("COSCON"), the world's seventh largest container liner operator, and provides both long term and short term container leasing services for other international customers ("International Customers"). These International Customers include major global shipping companies. The top 20 International Customers accounted for approximately 75.9% (2002: 71.2%) of the Group's total container rental income with International Customers while the total number of customers reached 183 (2002: 173).

As at 30th June 2003, the Group leased a total of 306,763 TEUs (2002: 325,129 TEUs) to COSCON, which represents 40.6% (2002: 48.6%) of the entire container fleet. Containers available to International Customers rose to 448,280 TEUs (2002: 344,136 TEUs), representing 59.4% (2002: 51.4%) of the total container fleet.

While containers leased to COSCON remained 100% utilised during the period, the overall average utilisation rate of the Group stood at 95.1% (2002: 91.9%), still well above the industry average of approximately 88% (2002: approximately 80%).

CONTAINER TERMINAL AND RELATED BUSINESSES

Fuelled by the strong performance in the China trade during the period, container terminal and related businesses of the Group reported relatively good performance as a whole. The container terminals, in which the Group has interests, achieved a combined throughput of 8,334,461 TEUs, representing an increase of 24.4% from the corresponding period of the previous year. According to the latest ranking by Drewry Shipping Consultant, a renowned shipping research institute, COSCO ranked eighth among the world's top ten leading port operators.

Throughput (in TEUs)	Six months ended 30 th June		+/-
	2003	2002	
Cosco-HIT Terminals	702,457	671,331	+4.6%
River Trade Terminal	1,074,348	820,791	+30.9%
Yantian Int'l Container Terminals	2,312,234	1,773,087	+30.4%
Shekou Container Terminals	633,549	347,078	+82.5%
Shanghai Container Terminals	1,640,200	1,324,300	+23.9%
Shanghai Pudong Int'l Container Terminals	999,643	817,200	+22.3%
Zhangjiagang Win Hanverky Container	123,689	107,028	+15.6%
Qingdao Cosport Int'l Container Terminal	128,858	267,347	-51.8%
Dalian Port Container	719,483	570,834	+26.0%
Combined throughput	8,334,461	6,698,996	+24.4%
Combined throughput of China mainland terminals	6,557,656	5,206,874	+25.9%

- COSCO Pacific holds 20% interest in Shanghai Pudong International Container Terminals Limited. The joint venture company commenced operation officially on 1st March 2003.
- COSCO Pacific disposed of its entire 10% interest in the River Trade Terminal in June 2003 and resulted in a loss of US\$2,192,000.
- Plangreat Limited, a wholly owned subsidiary of the Company, and its subsidiaries provide container stevedoring, storage, repairs and transportation services. During the period, turnover of Plangreat Limited and its subsidiaries amounted to US\$4,649,000 (2002: US\$4,666,000).
- During the period, production volume of Shanghai CIMC Far East Container Co., Ltd. and Tianjin CIMC North Ocean Container Co., Ltd. recorded a 94.8% increase; production volume of Shanghai COSCO Kansai Paint & Chemicals Co., Ltd. and Tianjin COSCO Kansai Paint & Chemicals Co., Ltd., recorded a 47.7% increase while that of Shanghai CIMC Reefer Containers Co., Ltd. recorded a 4.8% decrease. The above five jointly controlled entities continued to contribute to the Group's profit.
- The Group has a 20% interest in Liu Chong Hing Bank Limited, which contributed US\$4,218,000 to the Group's pre-tax profit, a decrease of 5.1% compared with the corresponding period in the previous year.

NEW DEVELOPMENTS

Qingdao Qianwan Container Terminal Co., Ltd.

On 18th July 2003, an equity transfer agreement was entered into in Beijing by COSCO Ports (Qianwan) Limited, a wholly owned subsidiary of COSCO Pacific, and Qingdao Port (Group) Co., Ltd., pursuant to which COSCO Ports (Qianwan) Limited agreed to acquire a 20% interest of Qingdao Qianwan Container Terminal Co., Ltd. ("QQCT") from Qingdao Port (Group) Co., Ltd. QQCT operates three berths at Qianwan Phase II and handled approximately 800,000 TEUs in 2002.

QQCT held a signing ceremony of the co-operation agreement in Beijing on 21st July 2003 which was witnessed by China's Premier Wen Jiabao and Tony Blair, Prime Minister of the United Kingdom. The agreement extended the scope of the joint venture to Qianwan Phase III. In Qianwan Phase III, three berths are in operation and two other berths will be put into operation towards the end of the year. Three more berths will be built in the coming two years. Upon completion of Phase III, QQCT will have an annual handling capacity of over 6,500,000 TEUs. COSCO Ports (Qianwan) Limited will invest approximately US\$180,000,000 in Qianwan Phase II and III projects with a total of 11 berths.

COSCO-PSA Terminal Private Limited

On 30th August 2003, COSCO Pacific signed the Heads of Agreement with PSA Corporation Limited whereby both parties agreed to set up a joint venture company for the operation of two container berths in the port of Singapore. The project will be undertaken in two phases with annual designed throughput capacity of 500,000 TEUs for each berth.

COSCO Logistics Company Limited

On 22nd September 2003, COSCO Pacific Logistics Company Limited, a wholly owned subsidiary of the Company, entered into agreements with China Ocean Shipping (Group) Company ("COSCO") to effect, subsequent to the fulfillment of certain conditions precedent , a capital increase and transfer of equity interest transaction for the acquisition of a 49% equity interest in COSCO Logistics Company Limited, a wholly owned subsidiary of COSCO. For details of the transaction, please refer to the

Company's announcement published in the South China Morning Post and Hong Kong Economic Times on 23rd September 2003.

ISSUANCE OF 10-YEAR BONDS

The Company has appointed three investment banks to act as Joint Bookrunners for the proposed debut issuance of approximately US\$300,000,000 fixed rate bonds with 10-year maturity. The proceeds will be mainly used for financing of new port acquisitions and for refinancing purposes. This financing will diversify the Company's fund raising channels and will improve its debt maturity profile. It is expected that the issuance will be completed by October this year subject to market conditions.

CORPORATE GOVERNANCE

To enhance the Company's corporate governance standard, during the board meeting held on 26th March 2003, the Board approved the establishment of three board committees, namely, (1) Investment and Strategic Planning Committee, (2) Corporate Governance Committee and (3) Risk Management Committee. These three committees have started operation. Two new committees, namely, (i) Nomination Committee and (ii) Remuneration and Assessment Committee, were established by the Company at the board meeting held on 22nd September 2003.

INVESTOR RELATIONS

In June 2003, COSCO Pacific was accredited as "The Asian Conglomerate Enterprise with the Best Investor Relations" by the globally renowned Institutional Investor Research Group.

PROSPECTS

On 9th June 2003, COSCO Pacific became a constituent stock of the Hang Seng Index, representing the first PRC shipping related company ever incorporated into the index. This has proved that our performance and efforts are widely recognised. We will continue to strengthen investors' confidence through our good management and sound corporate governance. It is one of our committed long term goals to become a highly profitable and effectively managed conglomerate.

Looking into the second half of the year, business sentiment should improve on the back of a recovering US economy and a relaxed global monetary regime. However, as structural imbalance still exists in the world's major economies, we remain cautiously optimistic in the longer term, in anticipation of a moderate and uneven economic recovery. China's economy is set to benefit from its accession to the World Trade Organisation, the hosting of the 2008 Beijing Olympic Games and the 2010 Shanghai World Expo. Meanwhile, Hong Kong's economy will be revitalised by the signing of Mainland-Hong Kong Closer Economic Partnership Arrangement.

The overall utilisation rate of the Group's container fleet in the first half of the year was higher than the industry's average. Business proportion of International Customers continued to grow, an evidence that the Group's container leasing business is increasingly competitive. The Group will rise to any opportunities to further expand its container leasing business so as to exploit economies of scale and strengthen its world leading position in container leasing business.

It is expected that the China's import and export trade will maintain its growth momentum, which should benefit container terminal operations in China mainland and Hong Kong. To this end, the Group's container terminal business will continue to grow in the second half of the year. The Group will adhere to its investment strategy in seizing suitable opportunities of container terminal investment so as to strengthen its container terminal business and command a leading position in the industry in Asia.

The Group will capitalise on the positioning of its core business laid down by its parent company and expand into logistics and other operations so as to cultivate new sources of profit and become a leading logistics service provider in China mainland and Hong Kong.

As a constituent stock of the Hang Seng Index, the Group has attached great importance to better corporate governance and transparency and is committed to creating shareholders' value and providing customers with quality services.

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Details of the interim results announcement will be available on our website (<http://www.coscopac.com.hk>), the South China Morning Post and Hong Kong Economic Times on 23rd September 2003. For further inquiry, please contact Mr. Raymond Yuan, General Manager of the Public Relations and Communications Department (Tel. 2809-8188; Fax: 2907-6088; E-mail: yuanqing@coscopac.com.hk).