

Container terminals COSCO Pacific holds various interests in 10 container terminals strategically located at Hong Kong and Shenzhen in the Pearl River Delta, Shanghai and Zhangjiagang in the Yangtze River Delta, and Qingdao and Dalian in Northern China. Hong Kong and China mainland recorded a reputable growth in container throughput in 2002. Benefitting from the growth of China trade and transportation, COSCO Pacific recorded a 26.2% increase in aggregate throughput to 13,420,639 TEUs.

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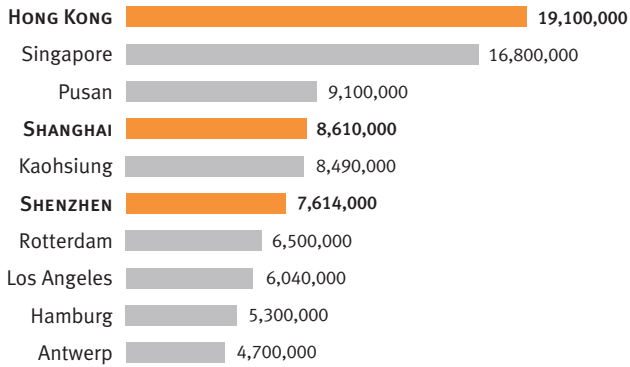




	TOTAL AREA (m ²)	NO. OF BERTHS	DEPTH ALONGSIDE (m)	HANDLING CAPABILITY (TEUs)
COSCO-HIT	300,000	2	-15.5	1,800,000
River Trade Terminal	650,000	60	-6.0 – -8.0	4,200,000
Yantian International Terminals	1,180,000	5	-14.0 – -15.5	4,500,000
Yantian International Terminals (Phase III)	900,000	4	-16.0	2,400,000
Shekou Container Terminals (Phase I)	234,000	2	-14.0	1,200,000
Shanghai Terminals	830,000	10	-9.4 – -10.5	3,500,000
Shanghai Pudong International Terminals	500,000	3	-12.0	2,300,000
Zhangjiagang Win Hanverky Terminal	200,000	2	-11.0	300,000
Qingdao Cosport International Terminals	250,000	1	-13.5	600,000
Dalian Port Container Co.	726,000	9	-12.1 – -14.0	1,800,000

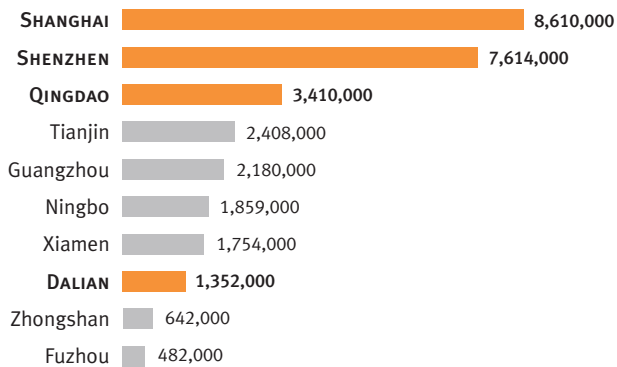
Top 10 world container ports (TEUs)

Source: Shipping Exchange Bulletin

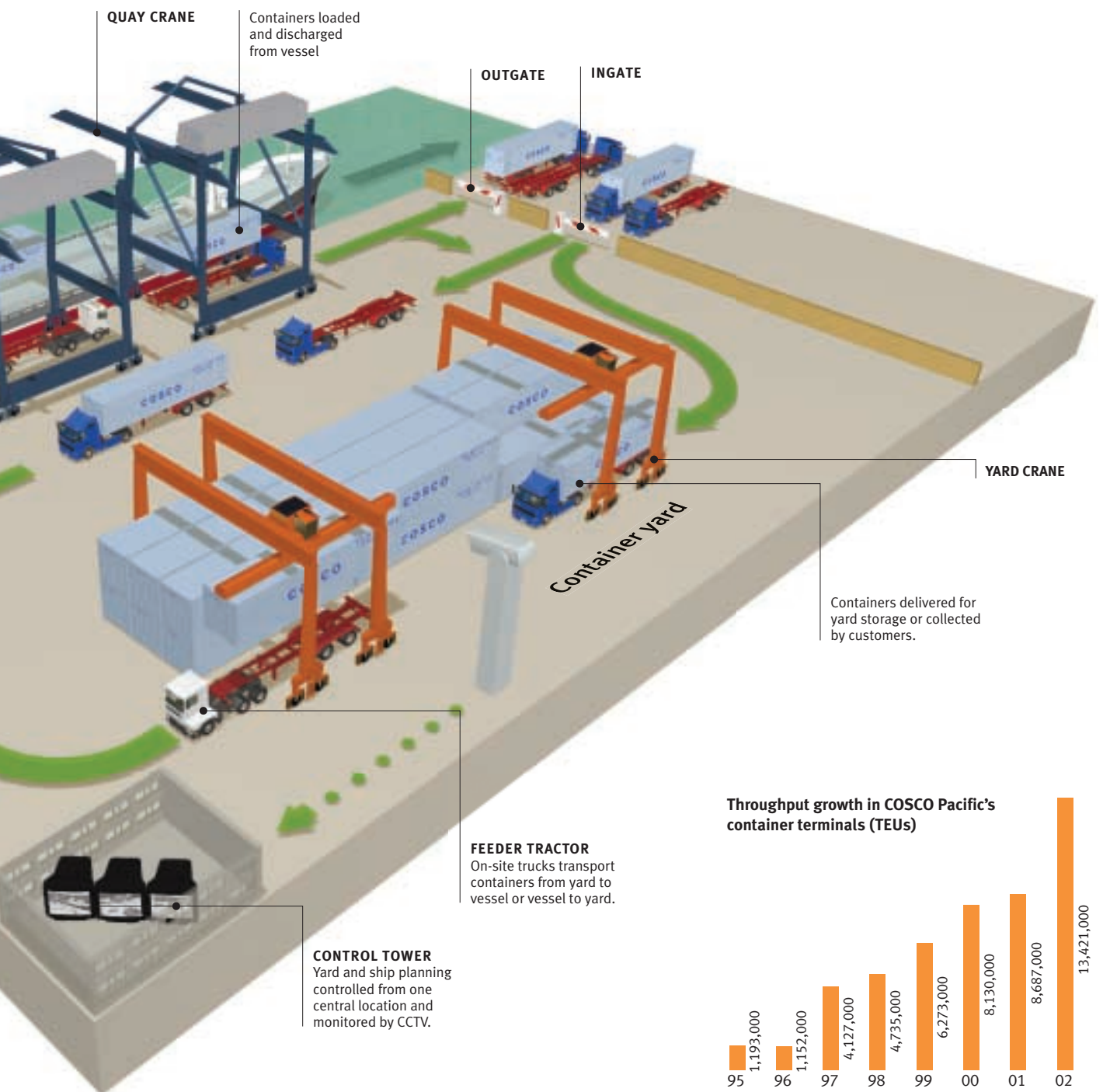


Top 10 China mainland container ports (TEUs)

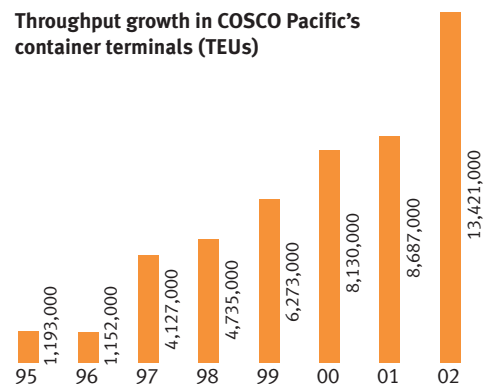
Source: Shipping Exchange Bulletin



Container terminals COSCO Pacific has various interests in ten container terminals in the coastal area of China mainland and in Hong Kong, with a total throughput of 13,420,639 TEUs, endeavouring to be one of the leading container terminal operators in Asia.



Throughput growth in COSCO Pacific's container terminals (TEUs)



Container terminals review

THROUGHPUT OF TERMINAL			
Unit: TEUs	2002	2001	+/-
COSCO-HIT	1,526,074	1,301,966	+17.2%
River Trade Terminal	1,797,096	1,262,235	+42.4%
Yantian International Terminals	4,181,478	2,751,885	+51.9%
Shekou Container Terminals*	883,572	750,689	+17.7%
Shanghai Terminals	3,049,080	2,609,800	+16.8%
Zhangjiagang			
Win Hanverky Terminal	202,348	161,208	+25.5%
Qingdao Cosport			
International Terminals	454,528	600,329	-24.3%
Dalian Port Container Co.*	1,326,463	1,198,076	+10.7%
Total	13,420,639	10,636,188	+26.2%

*These two terminals were acquired by COSCO Pacific during 2002

PORT OF HONG KONG

Hong Kong is an international shipping centre and the most important entreport of China. The high growth rate of China's external trade is a major factor in the rise in handling volume of Hong Kong container terminals. Throughput of Hong Kong terminals rose by 7.1% to 19,100,000 TEUs in 2002, which reflected that Hong Kong has maintained its competitive edge by providing a high level of flexibility, convenient and efficient services, and a wide variety of international routings. These benefits allow Hong Kong and major container terminals in southern China to supplement each other and work together to exploit the huge growth in China container trade and transportation needs.

COSCO Pacific has various equity interests of the following two terminals in Hong Kong, namely COSCO-HIT and River Trade Terminal.

COSCO-HIT

COSCO Pacific has a 50% interest in COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT"). Located at Terminal 8 East in Kwai Chung, the terminal occupies an area of 300,000 square metres. It has a quay length of 640 metres and a water depth alongside of 15.5 metres. The berths of the terminal are equipped with 8 post-

panamax quay cranes capable of handling two large container vessels simultaneously. Moreover, with berths of 350 metres designated for barges, all equipped with quay and harbour cranes, the berths provide dedicated services for river vessels and barges sailing across the Pearl River Delta. The terminal has a yard capacity for 25,000 TEUs, which is equipped with 696 reefer points, 32 yard cranes, 3 smaller cranes and other supporting facilities. The terminal operates 24 hours a day and 365 days a year. COSCO-HIT is committed to continuously upgrading its terminal facilities and improving its efficiency, including the use of advanced computer systems and communications equipment.

In 2002, throughput of COSCO-HIT rose by 17.2% to 1,526,074 TEUs (2001: 1,301,966 TEUs), whereas there was 5% growth of the total throughput of the Hong Kong Kwai Chung Terminals. Market share of the terminal also rose to 12.9% (2001: 11.5%) of the total throughput by Kwai Chung Terminals in 2002. Growth in China external trade is one of the main reasons for the increase in throughput of the COSCO-HIT. It is also due to the unceasing efforts of the company to improve the quality of services and efficient container processing to our



clients, which has earned their recognition. With its reputation for quality services and efficient operating standards, the terminal's prospects remain positive.

COSCO-HIT, Hongkong International Terminals Limited and Modern Terminals Limited formed a joint venture, OnePort Limited, in February 2003, in which COSCO-HIT has a 10% interest. The founding of OnePort Limited is a major collaboration in the terminal industry of Hong Kong as it is committed to provide clients with logistics related electronic information services, which is set to greatly increase the competitiveness of the industry.

River Trade Terminal

The Group has a 10% interest in River Trade Terminal Holdings Limited ("River Trade Terminal"). Located in Tuen Mun, Hong Kong, the terminal has an area of 65 hectares, with 60 berths on full completion and a designed annual handling capacity of 4,200,000 TEUs. The terminal provides container, cargo handling and related services for manufacturers transporting cargoes to and from the Pearl River Delta Region via Hong Kong. Its services include cargo loading, storage, transshipment, vanning and devanning, and container maintenance. The terminal handled 1,797,096 TEUs of containers in 2002, 42.4% up over 2001.

However, due to the competition of the market, the terminal recorded a loss in 2002. The Group has increased provision for its shareholder's loan by US\$3,296,000.

PORT OF SHENZHEN

In 2002, the total throughput at Shenzhen port reached approximately 7,614,000 TEUs, representing a growth of 50.1% from 2001, making Shenzhen the second largest container port in China mainland and the sixth largest port in the world. Backed by fast-growing economy and strong export industry of the Pearl River Delta Region, the future throughput of the port is expected to increase continuously.

COSCO Pacific has various equity interests in the following 3 terminals in Shenzhen, namely Yantian International Terminals, Yantian International Terminals (Phase III) and Shekou Container Terminals.

Yantian International Terminals

The Group has a 5% interest in Yantian International Container Terminals Ltd. ("Yantian International Terminals"), which is located at Dapeng Bay in Shenzhen and is one of the major container terminals in southern China. Yantian International Terminals occupy a total area of 1,180,000 square metres, namely, Phase I and Phase II of Yantian Port. There are a total of five berths, with a quay length of 2,350 metres, a water depth alongside of 14 metres, and an annual handling capacity of 4,500,000 TEUs. In 2002, throughput at the terminal further increased 51.9% to 4,181,478 TEUs, accounting for 54.9% of aggregate throughput of Shenzhen port.

Yantian International Terminals (Phase III)

The Group has 4.45% interest in Yantian International Container Terminals (Phase III) Limited ("Yantian International Terminals (Phase III)"). With an area of 900,000 square metres, the terminal will have 4 berths with a quay length of 1,400 metres, a water depth alongside of 16 metres. Its annual capacity will be 2,400,000 TEUs. It is expected that the first two berths will be put into operation at the end of 2003 and another 2 berths will be completed in 2004 and 2005 respectively.

Shekou Container Terminals

The Group has a 17.5% interest in Shekou Container Terminals Ltd. ("Shekou Container Terminals"), which is located at the southwestern part of the Shenzhen Special Economic Zone with an area of 234,000 square metres. The terminals are equipped with 2 berths, a quay length of 650 metres, a water depth alongside of 14 metres capable of handling 1,200,000 TEUs annually. Its throughput reached 883,572 TEUs in 2002, a 17.7% increase over 2001.

PORT OF SHANGHAI

Shanghai is China mainland's largest container hub port. The Yangtze River Delta where it is located is one of the most developed areas in the country. For these reasons, throughput at Shanghai port increased swiftly to 8,610,000 TEUs in 2002, and it is now ranked the 4th largest container port in the world. With the tremendous growth in China's external trade, Shanghai port is expected to remain the busiest port in China mainland in 2003. Its aggregate throughput may increase to 10,000,000 TEUs.

COSCO Pacific has various equity interests in the following 2 terminals in Shanghai, namely Shanghai Terminals and SPICT.

Shanghai Terminals

The Group has a 10% interest in Shanghai Container Terminals Ltd. ("Shanghai Terminals"), which has three terminals located in Zhanghuabang, Jungonglu and Baoshan at the entry of Huangpujiang in Baoshan District, Shanghai. Shanghai Terminals has 10 berths with a quay length of 2,281 metres, a water depth

alongside from 9.4 to 10.5 metres, and an area of 830,000 square metres that can accommodate 54,065 TEUs. Its current handling capacity is 3,500,000 TEUs .

During the year, Shanghai Terminals handled 3,049,080 TEUs, an increase of 16.8% from 2001, which represents 35.4% of Shanghai's overall throughput. The rise in throughput is mainly due to the position of Shanghai as the trading and shipping centre which benefits from the rapid growth of China's import and export trade. This strengthens its status as China mainland's hub port.

Shanghai Pudong International Container Terminals

The Shanghai Pudong International Container Terminals Limited ("SPICT") was opened on 1st March 2003. This is a joint venture company formed by Shanghai Waigaoqiao Free Trade Zone Stevedoring Company, Hutchison Ports Pudong Ltd., COSCO Pacific (China) Investments Co., Ltd. and S. I. Infrastructure Holdings Limited. SPICT manages and operates Phase I of the Shanghai Waigaoqiao Container Terminals.

COSCO Pacific (China) Investments Co., Ltd., a wholly owned subsidiary of COSCO Pacific, has invested about US\$46,000,000 in cash for a 20% interest of SPICT. The purchase consideration is funded by internal sources. Located at Waigaoqiao free trade zone area A, the terminal is a well-equipped container terminal in Shanghai, capable of handling larger-sized container vessels. The 3-berth terminal has a 900-metre quay length. In 2002, it handled 1,790,000 TEUs, a 24% increase over 2001, representing about 21% of the aggregate throughput of container terminals in Shanghai. Located at an advantageous position in Shanghai, it is a terminal with a prosperous future.

PORT OF ZHANGJIAGANG

Located at the down stream of the Yangtze River, the terminal is one of the major ports along the river.



Zhangjiagang Win Hanverky Terminal

The Group has a 51% interest in Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky Terminal"). It has two berths, with a quay length of 505 metres and a water depth alongside of 11 metres. It occupies an area of 200,000 square metres with an annual handling capacity of 300,000 TEUs. In 2002, throughput at the terminal increased 25.5% to 202,348 TEUs. The terminal is the only container terminal at Zhangjiagang. With cargo container shipping increasing along the Yangtze River, Zhangjiagang Win Hanverky Terminal is actively expanding the river trade business while continuously benefitting from foreign trade cargo growth.

PORT OF QINGDAO

In 2002, the total throughput at Qingdao port reached 3,410,000 TEUs, representing a growth of 29.6% from 2001, making Qingdao the third largest container port in China mainland following Shanghai and Shenzhen. With well established port facilities, management and services, it is believed that Qingdao will become one of the most important hub ports in northern China with remarkable growth potential in the future.

Qingdao Cosport International Terminals

The Group has a 50% interest in Qingdao Cosport International Container Terminals Co., Ltd. ("Qingdao Cosport International Terminals"), which is located at no. 47 berth in Qingdao port with an area of 250,000 square metres. The terminal has a berth with a quay length of 349 metres, and a water depth alongside of 13.5 metres, providing highly efficient services with an annual handling capacity of 600,000 TEUs of containers. During the year, owing to the decision by the Qingdao municipal government to relocate Qingdao Port's foreign trade cargo berthing to the new Qianwan area, Qingdao Cosport International Terminals is now repositioned as the terminal handling domestic containers. In 2002, throughput of the terminal dropped by 24.3% to 454,528 TEUs.



Starting from 2003, all domestic container businesses in Qingdao port are designated to Qingdao Cosport International Terminals.

PORT OF DALIAN

Dalian Port is located at the southern end of the Liaoning Eastern Peninsula and is presently one of the largest international container ports in northern China. With northeastern China and eastern Mongolia as its major economic hinterland, the port has been expanded and re-structured continually over the past few years. By now, the port has become a large-scale integrated port which provides sophisticated services and facilities to its clients. There is still plenty of room for the port to further develop in the near future.

Dalian Port Container Co.

In December 2001, the Group participated in the establishment of Dalian Port Container Co., Ltd. ("Dalian Port Container Co."), a joint stock limited company in China mainland, and subscribed for 8% of the equity interest in this company. Dalian Port Container Co. holds a 51% interest in Dalian Container

Terminal Co., Ltd, Dalian's principal container terminal, and is a major shareholder of all other container terminals in Dalian. Dalian Port Container Co. has great development potential and plans to seek a listing on the Chinese stock market. During the year, the aggregate throughput of these terminals increased 10.7% to 1,326,463 TEUs.

PORT RELATED BUSINESSES

Container Handling and Storage

Our wholly owned subsidiary, Plangreat Limited, and its subsidiaries provide container handling, stevedoring, storage and repairing and transporting services to our clients. Its turnover decreased due to the shortage of empty containers in Hong Kong and the declining market demand for depot.

Shanghai Yixian Road

Twinbridge Development Corp. ("Twinbridge Corp."), in which COSCO Pacific has a 30% interest since 1997, participated in the Shanghai Yixian Road Project through a co-operative joint venture, Shanghai Yixian Road & Bridge Development Co., Ltd. ("SYRBL"), and was granted exclusive rights to collect tolls on three toll bridges, namely Wusong Toll Bridge, Wenchuan Toll Bridge and Jiangyang Toll Bridge.

As part of the urban transportation network in Shanghai which is under rapid development, the outer ring road and its tunnel have been completed and fully operational. Meanwhile, other roads and bridges in Shanghai are now toll-free. The People's Government of Baoshan District of Shanghai indicated its intention to terminate the exclusive operating rights for Shanghai Yixian Road. Following negotiations between Twinbridge Corp. and the People's Government of Baoshan District of Shanghai, it was agreed that the exclusive operating rights of Shanghai Yixian Road Project would be terminated. On 30th June 2002, an agreement was signed for disposal of the interests in SYRBL (the "Interests Assignment Agreement").

The interests assignment involves a transaction amount of RMB2,126,000,000, of which RMB1,930,000,000 being the investment recovered by and the compensation awarded to Twinbridge Corp., RMB26,000,000 as payments for all the taxes arising from the termination of the exclusive operating rights and RMB170,000,000 for repayment of bank loans due from SYRBL.

The Interests Assignment Agreement was approved by the relevant authorities on 26th August 2002. The one-time profit of US\$7,474,000 arising from the interests assignment was recognised in this calendar year. In 2002, the combined traffic flow of Wusong Toll Bridge, Wenchuan Toll Bridge and Jiangyang Toll Bridge increased by 2.0% over the corresponding period of the previous year.