COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNOUNCEMENT OF 2005 FINAL RESULTS

Results highlights

- **Profit attributable to equity holders of the Company rose by 62.1% to US$334,937,000**
- **Full-year dividend payout ratio was 56.6%**
- **Return on total assets was 13.1%, up 3.1 percentage points**
- **Return on equity holders of the Company was 20.0%, up 5.3 percentage points**
- **Total container terminal throughput rose by 16.2% to 26,079,612 TEUs, ranking the fifth among global container terminal operators**
- **Total number of terminal berths will increase from 72 to 100 with aggregate annual capacity to be increased by 50.4% to 54,900,000 TEUs**
- **Total container leasing fleet increased by 13.5% to 1,042,852 TEUs, pushed up its world ranking from number four in 2004 to number three in 2005**
- **Received nine awards on corporate achievements, investor relations and corporate governance**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	2005 US$'000	2004 US$'000 (Restated)
Turnover	3	**295,648**	275,296
Cost of sales		**(115,551)**	(112,639)
Gross profit		**180,097**	162,657
Other income	3	**43,572**	49,307
Administrative expenses		**(31,424)**	(30,790)
Other operating income		**12,726**	12,698
Other operating expenses		**(25,392)**	(33,245)
Profit on disposal of an available-for-sale financial asset	4	**61,875**	–
Operating profit	5	**241,454**	160,627
Finance costs	6	**(36,362)**	(27,206)
Operating profit after finance costs		**205,092**	133,421
Share of profits less losses of			
– jointly controlled entities		**72,969**	66,366
– associates		**82,320**	27,324
Profit before income tax		**360,381**	227,111
Income tax expenses	7	**(22,426)**	(18,021)
Profit for the year		**337,955**	209,090
Profit attributable to:			
Equity holders of the Company		**334,937**	206,646
Minority interests		**3,018**	2,444
		337,955	209,090
Earnings per share for profit attributable to the equity holders of the Company			
– basic	8	**US15.28 cents**	US9.57 cents
– diluted	8	**US15.19 cents**	US9.52 cents
Dividends	9	**190,333**	117,662

CONSOLIDATED BALANCE SHEET

AT 31ST DECEMBER 2005

	Note	**2005**	2004
		US$'000	*US$'000*
			(Restated)
Non-current assets			
Property, plant and equipment		**1,400,120**	1,219,043
Investment properties		**1,383**	882
Leasehold land and land use rights		**16,597**	16,696
Intangible assets		**3,803**	3,773
Jointly controlled entities		**403,486**	357,583
Associates		**483,514**	395,012
Deferred income tax assets		**246**	248
Available-for-sale financial assets		**275,595**	–
Investment securities		**–**	69,500
Finance lease receivables		**3,747**	4,654
Restricted bank deposits		**21,978**	11,297
		2,610,469	2,078,688
Current assets			
Inventories		**2,486**	1,637
Trade and other receivables	*10*	**84,133**	73,466
Derivative financial assets		**725**	–
Bank balances and cash		**157,337**	89,281
		244,681	164,384
Current liabilities			
Trade and other payables	*11*	**53,628**	51,414
Current income tax liabilities		**820**	834
Current portion of long term borrowings		**84,558**	35,520
Short term bank loans		**2,478**	2,658
		141,484	90,426
Net current assets		**103,197**	73,958
Total assets less current liabilities		**2,713,666**	2,152,646
Non-current liabilities			
Deferred income tax liabilities		**72,699**	51,873
Derivative financial liabilities		**2,007**	–
Long term borrowings		**748,617**	615,145
		823,323	667,018
Net assets		**1,890,343**	1,485,628
Capital and reserves attributable to the equity holders of the Company			
Share capital		**28,200**	28,003
Reserves		**1,772,959**	1,379,073
Proposed final dividend		**78,789**	69,111
		1,879,948	1,476,187
Minority interests		**10,395**	9,441
Total equity		**1,890,343**	1,485,628

NOTES

1. Basis of preparation and changes in principal accounting policies

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has undertaken to converge by 1st January 2005 Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") and interpretations (collectively the "HKFRSs") with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. As a result, the HKICPA has aligned HKFRSs with the requirements of IFRSs in all material respects which became effective for accounting periods beginning on or after 1st January 2005.

The consolidated financial statements of COSCO Pacific Limited ("COSCO Pacific" or the "Company") have been prepared in accordance with the HKFRSs issued by the HKICPA. The consolidated financial statements have been prepared under the historical cost convention except that available-for-sale financial assets, derivative financial assets/liabilities and investment properties are carried at fair value and certain buildings are carried at valuation as at 31st December 1994 less accumulated depreciation and impairment losses.

The adoption of new/revised HKFRSs

With effect from 1st January 2005, the Company and its subsidiaries (the "Group") adopted the new/revised HKFRSs below, which are relevant to its operations. The comparative figures have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
(Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property

HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKAS-Int 12	Consolidation – Special Purpose Entities
(Amendment)	Scope of HKAS-Int 12 Consolidation – Special Purpose Entities
HKAS-Int 15	Operating Leases – Incentives
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

Details of the major changes in principal accounting policies and their impacts on the Group's results and financial position, and the presentation of financial statements are disclosed in notes 2 and 40 to the Group's financial statements and a summary of which are set out in note 2 below.

2. Effects of change in principal accounting policies

(a) Effects on consolidated income statement for the year ended 31st December 2005

	Effect of adopting					
	HKAS 1 *US$'000* *(note (i))*	**HKAS 16** *US$'000* *(note (ii))*	**HKAS 17** *US$'000* *(note (iii))*	**HKASs 32 & 39** *US$'000* *(note (iv))*	**HKFRS 3** *US$'000* *(note (v))*	**Total** *US$'000*
Decrease in cost of sales	–	5,346	–	–	–	**5,346**
Decrease in administrative expenses	–	–	354	–	–	**354**
Increase in other operating income	–	–	–	2,280	–	**2,280**
Decrease in finance costs	–	–	–	818	–	**818**
Increase/(decrease) in share of profits less losses of jointly controlled entities	(12,384)	–	–	(492)	2,588	**(10,288)**
Increase/(decrease) in share of profits less losses of associates	(3,505)	–	–	57	(670)	**(4,118)**
(Increase)/decrease of income tax expenses	15,889	(1,166)	–	–	–	**14,723**
Increase in profit for the year	–	4,180	354	2,663	1,918	**9,115**
Increase in profit attributable to equity holders of the Company	–	4,180	354	2,663	1,918	**9,115**
Increase in earnings per share for profit attributable to the equity holders of the Company						
– basic *(US cent)*	–	0.1907	0.0161	0.1215	0.0875	**0.4158**
– diluted *(US cent)*	–	0.1894	0.0161	0.1208	0.0870	**0.4133**

(b) Effects on consolidated balance sheet as at 31st December 2005

	Effect of adopting					
	HKAS 1	**HKAS 16**	**HKAS 17**	**HKASs 32 & 39**	**HKFRS 3**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(note (i))	*(note (ii))*	*(note (iii))*	*(note (iv))*	*(note (v))*	
Non-current assets						
Increase/(decrease) in property, plant and equipment	(5,186)	5,346	(12,863)	–	–	**(12,703)**
Increase in investment properties	1,383	–	–	–	–	**1,383**
Increase in leasehold land and land use rights	–	–	16,597	–	–	**16,597**
Increase in intangible assets	3,803	–	–	–	–	**3,803**
Increase in jointly controlled entities	–	–	–	335	2,588	**2,923**
Increase in associates	–	–	–	4,129	19,582	**23,711**
Increase in available-for-sale financial assets	–	–	–	275,595	–	**275,595**
Decrease in investment securities	–	–	–	(86,921)	–	**(86,921)**
	–	5,346	3,734	193,138	22,170	**224,388**
Current assets						
Increase in trade and other receivables	–	–	–	1,166	–	**1,166**
Increase in derivative financial assets	–	–	–	725	–	**725**
	–	–	–	1,891	–	**1,891**
Current liabilities						
Decrease in current portion of long term borrowings	–	–	–	495	–	**495**
	–	–	–	495	–	**495**
Increase in net current assets	–	–	–	2,386	–	**2,386**
Increase in total assets less current liabilities	–	5,346	3,734	195,524	22,170	**226,774**
Non-current liabilities						
Increase in deferred income tax liabilities	–	(1,166)	–	–	–	**(1,166)**
Increase in derivative financial liabilities	–	–	–	(2,007)	–	**(2,007)**
Decrease in long term borrowings	–	–	–	10,190	–	**10,190**
	–	(1,166)	–	8,183	–	**7,017**
Increase in net assets	–	4,180	3,734	203,707	22,170	**233,791**
Capital and reserves attributable to the equity holders of the Company						
Increase/(decrease) in reserves	–	4,180	3,734	203,707	22,170	**233,791**
Increase in total equity	–	4,180	3,734	203,707	22,170	**233,791**

Notes:

(i) HKAS 1

In prior years, minority interests at balance sheet date were presented separately in the consolidated balance sheet. With the adoption of HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests in the balance sheet date are presented within the Group's equity, separately from the capital and reserves attributable to the equity holders of the Company.

In prior years, the Group's share of taxation of jointly controlled entities and associates was included as part of the Group's income tax in the consolidated income statement. With effect from 1st January 2005, in accordance with the implementation guidance HKAS 1, the Group has changed the presentation and includes the share of taxation of jointly controlled entities and associates in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax. These changes in presentation have been applied retrospectively and comparative figures have been amended accordingly.

In addition, investment properties and intangible assets are now required to be presented on the face of balance sheet.

(ii) HKAS 16

The residual values and useful lives of property, plant and equipment are now required to be reviewed and adjusted, if appropriate, at least at each financial year end. The depreciation charge of containers for the year ended 31st December 2005 has been calculated based on the revised estimated residual values. This represents a change in accounting estimate which has been accounted for prospectively. The effect of this change is to decrease the depreciation charge for the year ended 31st December 2005 by US$5,346,000 while increasing the deferred income tax charge of US$1,166,000.

(iii) HKAS 17

The adoption of revised HKAS 17 has resulted in a change in an accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land and land use rights were accounted for at cost or at valuation as at 31st December 1994 less accumulated amortisation and impairment losses.

This change in accounting policy has been applied retrospectively so that the comparative figures presented have been restated to conform with the changed policy. The effect on the adoption of the HKAS 17 is to increase the opening equity as at 1st January 2005 and 2004 by US$3,380,000 and US$3,026,000 respectively and to increase the profit for the year ended 31st December 2004 by US$354,000.

The Group applied this new accounting policy in 2005 consistently and the related effect of adoption is to increase the total equity at 31st December 2005 by US$3,734,000 and to increase the profit for the year ended 31st December 2005 by US$354,000.

(iv) HKASs 32 and 39

The adoption of HKASs 32 and 39 has resulted in changes in the accounting policies relating to the following:

(i) the Group's investment securities which were previously stated at cost less provision for impairment losses are now redesignated as available-for-sale financial assets and carried in the balance sheet at their fair values. The amount, being the difference between the fair values of these available-for-sale financial assets and their previous carrying amounts, of US$234,311,000 as at 31st December 2004 was credited to the Group's opening equity as at 1st January 2005. During the year, the net change in fair value of available-for-sale assets was adjusted to investment revaluation reserve, resulting in the total carrying amount of the available-for-sale financial assets increasing to US$275,595,000 as at 31st December 2005;

(ii) the interest rate swap contracts as entered into between the Group and certain financial institutions are now classified as derivative financial instruments and recognised in the balance sheet at their respective fair values. In prior years, derivative financial instruments were not required to be recognised in the balance sheet pursuant to the Statements of Standard Accounting Practice issued by the HKICPA. The recognition of interest rate swap contracts at their fair values as at 31st December 2004 resulted in a net increase in the Group's opening equity as at 1st January 2005 by US$1,619,000.

    In addition, the Group has adopted hedge accounting when the hedging relationship between the interest rate swap contracts with notional principal amounts of US$200,000,000 and the notes as issued by the Group was fully designated and documented. The adoption of hedge accounting reduced the fair value loss on interest rate swap contracts for the year ended 31st December 2005 by US$6,008,000.

    The Group applied the new policy consistently during the year. Fair value gains on interest rate swap contracts not qualified as hedges was recognised in the income statement within other operating income. Changes in the fair value of derivatives that were designated and qualified as fair value hedge were recorded in the income statement, together with any changes in fair value of the hedged asset or liability that were attributable to the hedged risk.

(iii) The Group's loans or notes which were previously stated at their original carrying amounts are now required to be stated initially at their fair values, net of transaction costs incurred, and then subsequently stated at amortised cost. The unamortised transaction costs in respect of these loans and notes of US$5,852,000 as at 31st December 2004, which were previously expensed as incurred, were included in the related loans or notes by a corresponding credit adjustment to the Group's opening equity as at 1st January 2005. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

As HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities on a retrospective basis, all the related financial impacts on the Group's financial statements are reflected as opening adjustments to the Group's equity as at 1st January 2005 and accordingly, the comparative figures as presented in the financial statements have not been restated.

(v) HKFRS 3

The adoption of HKFRS 3 has resulted in a change in the accounting policy for goodwill and negative goodwill. The derecognition of negative goodwill from the acquisition of an associate of US$19,886,000 was credited to the Group's opening equity as at 1st January 2005.

With effect from 1st January 2005, no amortisation of goodwill/negative goodwill is required. Accordingly, the Group's share of results of jointly controlled entities and associates for the year ended 31st December 2005 were increased and decreased by US$2,588,000 and US$670,000 respectively.

3 Turnover and other income

	2005	2004
	US$'000	*US$'000*
Turnover		
Operating lease rentals		
– containers	**274,476**	255,921
– generator sets	**963**	345
Finance lease income on containers	**532**	573
Container handling, transportation and storage income	**6,839**	7,200
Container terminal operation income	**12,496**	11,050
Container management income	**342**	207
	295,648	275,296
Other income		
Sale of inventories	**22,618**	24,709
Interest income	**4,361**	3,286
Dividend income from listed and unlisted investments	**16,537**	21,260
Gross rental income from investment properties	**56**	52
	43,572	49,307
	339,220	324,603

Segment information

(a) Primary reporting format – business segments

	Container leasing and related businesses *US$'000*	Container terminal and related businesses *US$'000*	Logistics and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Banking businesses *US$'000*	Corporate and other businesses *US$'000*	Total *US$'000*
Year ended 31st December 2005							
Turnover							
– total revenues	276,313	19,338	–	–	–	–	295,651
– inter-segment sales	–	(3)	–	–	–	–	(3)
External sales	276,313	19,335	–	–	–	–	295,648
Segment results	137,233	4,765	(5,899)	(2,540)	–	–	133,559
Dividend income from							
– a listed investment	–	–	–	–	–	768	768
– unlisted investments	–	15,769	–	–	–	–	15,769
Profit on disposal of an available-for-sale financial asset *(note 4)*	–	61,875	–	–	–	–	61,875
Unallocated income/(expenses)							
– net corporate expenses	–	–	–	–	–	(9,162)	(9,162)
– corporate finance costs	–	–	–	–	–	(15)	(15)
– corporate interest income	–	–	–	–	–	2,298	2,298
Operating profit/(loss) after finance costs	137,233	82,409	(5,899)	(2,540)	–	(6,111)	205,092
Share of profits less losses of							
– jointly controlled entities	–	54,825	15,064	3,080	–	–	72,969
– associates	–	16,658	–	55,636	10,026	–	82,320
Profit before income tax							360,381
Income tax expenses							(22,426)
Profit for the year							337,955
At 31st December 2005							
Segment assets	1,554,198	52,403	–	14	–	–	1,606,615
Jointly controlled entities	–	201,266	183,980	18,240	–	–	403,486
Associates	–	120,224	–	193,343	169,947	–	483,514
Available-for-sale financial assets	–	264,523	–	–	–	11,072	275,595
Unallocated assets							85,940
							2,855,150
Segment liabilities	578,132	127,692	127,725	55,000	–	–	888,549
Unallocated liabilities							76,258
							964,807
Capital expenditure	337,333	4,435	–	–	–	49	341,817
Depreciation and amortisation	105,938	1,313	–	–	–	415	107,666
Impairment loss of:							
– containers	2,327	–	–	–	–	–	2,327
– trade receivables	1,389	–	–	–	–	–	1,389
Other non-cash expenses	3,357	232	190	82	–	36	3,897

	Container leasing and related businesses *US$'000*	Container terminal and related businesses *US$'000*	Logistics and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Banking businesses *US$'000*	Corporate and other businesses *US$'000*	Total *US$'000*
Year ended 31st December 2004 (Restated)							
Turnover							
– total revenues	257,046	18,255	–	–	–	–	257,301
– inter-segment sales	–	(5)	–	–	–	–	(5)
External sales	257,046	18,250	–	–	–	–	275,296
Segment results	120,130	2,730	(5,122)	(53)	–	–	117,685
Dividend income from unlisted investments	–	21,260	–	–	–	–	21,260
Unallocated income/(expenses)							
– net corporate expenses	–	–	–	–	–	(5,987)	(5,987)
– corporate finance costs	–	–	–	–	–	(512)	(512)
– corporate interest income	–	–	–	–	–	975	975
Operating profit/(loss) after finance costs	120,130	23,990	(5,122)	(53)	–	(5,524)	133,421
Share of profits less losses of							
– jointly controlled entities	–	51,455	11,849	3,062	–	–	66,366
– associates	–	17,544	–	–	9,780	–	27,324
Profit before income tax							227,111
Income tax expenses							(18,021)
Profit for the year							209,090
At 31st December 2004 (Restated)							
Segment assets	1,324,511	52,084	–	2,604	–	–	1,379,199
Jointly controlled entities	–	169,389	172,297	15,897	–	–	357,583
Associates	–	104,708	–	127,514	162,790	–	395,012
Investment securities	–	56,425	–	–	–	13,075	69,500
Unallocated assets							41,778
							2,243,072
Segment liabilities	405,068	109,200	127,724	55,000	–	–	696,992
Unallocated liabilities							60,452
							757,444
Capital expenditure	275,357	1,081	–	–	–	498	276,936
Depreciation and amortisation	100,472	1,262	–	–	–	435	102,169
Impairment losses of containers	474	-	–	–	–	–	474
Other non-cash expenses	1,511	88	98	1	–	6	1,704

Segment assets as at 31st December 2004 and depreciation and amortisation for the year then ended have been restated as a result of the adoption of HKAS 17.

(b) Secondary reporting format – geographical segments

In respect of container leasing and related businesses, the movements of containers and generator sets under operating leases or finance leases are known through report from the lessees but the Group is not able to control the movements of containers and generator sets except to the degree that the movements are restricted by the terms of the leases or where safety of the containers and generator sets is concerned. It is therefore impracticable to present segment turnover and results by geographical areas for the related business.

The Group's segment assets are primarily dominated by its containers and generator sets. The directors consider that the nature of the Group's business precludes a meaningful allocation of containers and generator sets and their related capital expenditure to specific geographical segments as defined under HKAS 14 "Segment Reporting". These containers and generator sets are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is also impractical to present segment assets and capital expenditure by geographical areas.

The activities of the container terminal and related businesses as conducted by certain subsidiaries of the Group are predominantly carried out in China mainland and Hong Kong.

The activities of the Group's jointly controlled entities and associates are predominantly carried out in the following geographical areas:

Business segments	**Geographical areas**
Container terminal and related businesses	Hong Kong, China mainland, Singapore and Belgium
Logistics and related businesses	China mainland
Container manufacturing and related businesses	China mainland
Banking businesses	Hong Kong

4. Profit on disposal of an available-for-sale financial asset

The amount represented gain on disposal of the 17.5% equity interest in Shekou Container Terminals Ltd. to China Merchants Holdings (International) Limited in March 2005.

5. Operating profit

Operating profit is stated after crediting and charging the following:

	2005 *US$'000*	2004 *US$'000* (Restated)
Crediting		
Exchange gain, net	**166**	51
Fair value gain on interest rate swap contracts not qualified as hedges	**3,984**	–
Net gain on interest rate swap contracts	**–**	3,835
Profit on disposal of property, plant and equipment	**2,142**	1,802
Profit on disposal of jointly controlled entities and dissolution of an associate, net	**–**	387
Revaluation surplus of investment properties	**501**	292
Reversal of provision for bad and doubtful debts	**14**	51
Charging		
Depreciation and amortisation	**107,666**	102,169
Impairment loss of containers	**2,327**	474
Cost of inventories sold	**15,836**	23,973
Cost of inventories expensed	**333**	292
Loss on disposal/write-off of property, plant and equipment	**478**	882
Outgoings in respect of investment properties	**4**	5
Provision for impairment of trade receivables	**1,389**	–
Provision for inventories	**–**	295
Write-off of inventories	**–**	285

6. Finance costs

	2005	2004
	US$'000	*US$'000*
		(Restated)
Interest expense on		
– bank loans	**17,041**	6,654
– other loans wholly repayable within five years	**378**	291
– notes not wholly repayable within five years	**16,222**	17,625
– loans from a minority shareholder of a subsidiary wholly repayable within five years	**–**	47
Amortised amount of discount on issue of notes	**227**	240
Amortised amount of transaction costs on bank loans and notes	**1,771**	–
	35,639	24,857
Other incidental borrowing costs and charges	**723**	2,349
	36,362	27,206

7. Income tax expenses

	2005	2004
	US$'000	*US$'000*
		(Restated)
Company and subsidiaries		
Current income tax		
– Hong Kong profits tax	**187**	512
– China mainland taxation	**989**	828
– Overseas taxation	**598**	127
– Over provision in prior years	**(176)**	(46)
	1,598	1,421
Deferred income tax	**20,828**	16,600
	22,426	18,021

The Group's share of income tax expenses of jointly controlled entities and associates of US$12,384,000 (2004: US$14,241,000) and US$3,505,000 (2004: US$3,522,000) is included in the consolidated income statement as share of profits less losses of jointly controlled entities and associates respectively.

Hong Kong profits tax has been provided at a rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year.

Taxation on profits from a subsidiary operating in China mainland has been calculated at an effective tax rate of 15.0% (2004: 15.0%) on the estimated assessable profit for the year.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

8. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2005	2004 (Restated)
Profit attributable to equity holders of the Company	**US$334,937,000**	US$206,646,000
Weighted average number of ordinary shares in issue	**2,192,078,336**	2,160,041,074
Basic earnings per share	**US15.28 cents**	US9.57 cents
Basic earnings per share – excluding the profit on disposal of an available-for-sale financial asset *(for information only)*	**US12.46 cents**	N/A

Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding share options granted by the Company had been exercised.

	2005	2004 (Restated)
Profit attributable to equity holders of the Company	**US$334,937,000**	US$206,646,000
Weighted average number of ordinary shares in issue	**2,192,078,336**	2,160,041,074
Adjustments for assumed conversion of share options	**13,180,650**	10,080,534
Weighted average number of ordinary shares for diluted earnings per share	**2,205,258,986**	2,170,121,608
Diluted earnings per share	**US15.19 cents**	US9.52 cents
Diluted earnings per share – excluding the profit on disposal of an available-for-sale financial asset *(for information only)*	**US12.38 cents**	N/A

9. Dividends

	2005 *US$'000*	2004 *US$'000*
Interim, paid, of US3.614 cents (2004: US2.231 cents) per ordinary share	**79,253**	48,090
2005 special interim dividend, paid, of US1.453 cents per ordinary share	**31,871**	–
Final, proposed, of US3.583 cents (2004: US3.165 cents) per ordinary share	**78,789**	69,111
Additional dividends paid on shares issued due to the exercise of share options before the closure of register of members:		
– 2004/2003 final	**72**	163
– 2005/2004 interim	**253**	298
– 2005 special interim	**95**	–
	190,333	117,662

Note: At a meeting held on 23rd March 2006, the directors declared a final dividend of HK27.8 cents (equivalent to US3.583 cents) per ordinary share. This proposed dividend declared are not reflected as dividend payable in the financial statements until it has been approved at the annual general meeting, but will be reflected as an appropriation of retained profits for the year ending 31st December 2006.

10. Trade and other receivables

	2005	2004
	US$'000	*US$'000*
Trade receivables (net of provision)	**63,153**	54,309
Other receivables, deposits and prepayments	**12,556**	15,247
Current portion of finance lease receivables	**1,283**	1,301
Amounts due from		
– jointly controlled entities	**7,071**	2,294
– associates	**70**	315
	84,133	73,466

The ageing analysis of the trade receivables (net of provision) was as follows:

	2005	2004
	US$'000	*US$'000*
Within 30 days	**31,132**	25,533
31-60 days	**25,869**	22,409
61-90 days	**5,340**	5,287
Over 90 days	**812**	1,080
	63,153	54,309

The Group grants credit periods ranging from 30 to 90 days to its trade customers.

11. Trade and other payables

	2005	2004
	US$'000	*US$'000*
Trade payables	**24,527**	2,558
Other payables and accruals	**29,059**	48,819
Dividend payable	**18**	14
Amounts due to fellow subsidiaries	**24**	23
	53,628	51,414

The ageing analysis of the trade payables was as follows:

	2005	2004
	US$'000	*US$'000*
Within 30 days	**6,505**	1,947
31-60 days	**312**	329
61-90 days	**17,670**	268
Over 90 days	**40**	14
	24,527	2,558

The financial figures above in respect of the Announcement of 2005 Final Results ("Announcement") have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31st December 2005. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

FINAL DIVIDEND

The directors recommended the payment of a final cash dividend of HK27.8 cents (2004: HK24.6 cents) per share, subject to approval by shareholders at the Annual General Meeting to be held on 18th May 2006. The proposed final cash dividend will be payable on or before 1st June 2006 to shareholders whose names appear on the register of members of the Company on 18th May 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15th May 2006 to Thursday, 18th May 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final cash dividend, all transfer documents, accompanied by relevant share certificates must be lodged with the Company's Hong Kong Registrar and Transfer Office, Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Friday, 12th May 2006.

FINANCIAL REVIEW

Overall analysis of results

Turnover of the Group was US$295,648,000 for the year, 7.4% up from US$275,296,000 in 2004. Profit attributable to the equity holders recorded a significant increase to US$334,937,000, 62.1% up from last year's US$206,646,000 (as restated). Earnings per share rose to US15.28 cents from US9.57 cents (as restated) a year ago. The significant increase in profit attributable to the equity holders was in part due to the acquisition of approximately 16.23% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC"), which brought a net profit contribution to the Group of US$55,636,000 (2004: N/A). Meanwhile, the continuous boom in China's import/export trade and the shipping market had helped the Group to achieve an outstanding performance in its container leasing and container terminal businesses. Further, the disposal of the 17.5% equity interest in Shekou Container Terminals Ltd. ("Shekou Terminal") in March, had enabled the Group to achieve a dual objective: re-deploying the investment portfolio to better capitalise on the strategic development of the Pearl River Delta while generating a profit of US$61,875,000.

During the past year, the Group placed a significant emphasis on achieving a high return on capital, by pursuing strategic acquisitions while repositioning the Group's business portfolio. These efforts have resulted in the return on equity holders of the Company increasing to 20.0% from 14.7% (as restated) in 2004, and return on total assets also registering an increase to 13.1% from 10.0% (as restated) in 2004. Our Group's financial position remained strong, reflecting a proper balance between investment return and gearing.

Turnover

Turnover for container leasing and related businesses in 2005 was US$276,313,000, 7.5% up from US$257,046,000 in 2004. Amongst the two major customer groups, COSCO Container Lines Company Limited ("COSCON"), a fellow subsidiary, contributed rental income of US$126,400,000, 4.6% up from US$120,805,000 in 2004, with number of containers reaching 377,324 at 31st December 2005 (2004: 327,845 TEUs). Rental income from other international customers ("International Customers"), on the other hand, accounted for US$148,076,000, 9.6% up from US$135,116,000 in 2004. The increase was due to number of container fleet for International Customers being expanded from 591,283 TEUs to 665,528 TEUs in order to cope with the relatively stable demand in the shipping market and the relatively high average utilisation rate. Besides rental income from leasing, there were interest income from finance lease (US$532,000 versus US$573,000 in 2004, down 7.2%); income from container management (US$342,000 versus US$207,000 in 2004, up 65.2%); and income from leasing of reefer-container generator sets (US$963,000 versus US$345,000 in 2004, up 179.1%).

Turnover from Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Harverky Terminal"), was US$12,496,000, 13.1% up from US$11,050,000 in 2004. Increased turnover was due to Zhangjiagang Win Harverky Terminal's continuous efforts to explore new business opportunities, which had boosted the throughput from 328,199 TEUs in 2004 to 377,121 TEUs in 2005, up 14.9%.

Plangreat Limited, a wholly owned subsidiary of the Company, and its subsidiaries are engaged in container stevedoring, storage, repairs and drayage services in Hong Kong. Turnover from Plangreat Limited and its subsidiaries was US$6,839,000 (2004: US$7,200,000). The decline in turnover this year was attributed to lower demand for such container services in Hong Kong due to higher percentage of container traffic being transshipment passing through Hong Kong.

Cost of sales

Cost of sales, comprising mainly depreciation, depot expenses, repairs and maintenance and operating expenses, was US$115,551,000, 2.6% up from US$112,639,000 in 2004. The increase was due to higher number of containers driving up depreciation to US$105,933,000 (2004: US$100,066,000). Depreciation accounted for 91.7% of cost of sales (2004: 88.8%). Relatively high utilisation rate during the year had helped to lower the operational cost of containers by US$2,484,000.

Other income

Other income was US$43,572,000, a decrease of US$5,735,000 from US$49,307,000 in 2004. During the year, 26,838 TEUs (2004: 39,488 TEUs) of containers returned from COSCON upon expiry of their leases ("Returned Containers") were sold, generating proceeds of US$22,618,000 (2004: US$24,709,000). Dividends of US$15,072,000 (2004: US$15,009,000) were declared by Yantian International Container Terminals Ltd. ("Yantian Terminal"). In addition, additional dividends of US$511,000 in respect of year 2004 were received from Shekou Terminal in 2005. Interest income received during the year amounted to US$4,361,000, compared with US$3,286,000 in 2004.

Administrative expenses

Administrative expenses increased by 2.1% from a year ago to US$31,424,000. Human resources and travelling expenses increased while professional fees and depreciation had a reduction during the year.

Net other operating expenses

Other net operating expenses were US$12,666,000, 38.4% decreased from US$20,547,000 (as restated) in 2004. Returned Containers sold numbered 26,838 TEUs (2004: 39,488 TEUs), totalling a carrying value of US$15,836,000 (2004: US$23,973,000). As the selling price of old reefer-containers was relatively low, provision for impairment losses was made this year amounting to US$2,327,000 (2004: US$474,000). As a result of the HKFRSs, fair value gain on interest rate swap contracts amounting US$3,984,000, which was not qualified as hedges, was included in other operating income during the year. Whereas an aggregate amount of the realised and unrealised gain on interest rate swap contracts of US$3,835,000 was accounted for in 2004.

Profit on disposal of an available-for-sale financial asset

The disposal of the 17.5% equity interest in Shekou Terminal, which was accounted for as an available-for-sale financial asset at the time, generated a profit of US$61,875,000 during the year.

Finance costs

Finance costs increased by 33.7% to US$36,362,000 (2004 as restated: US$27,206,000). Cost of borrowing gradually increased as interest rate entered into a rising cycle since 2004. Average borrowing for the year 2005 increased by 20.0% to US$731,565,000 (2004: US$609,503,000). The Group's average cost of borrowing, including amortisation of transaction costs on bank loans and notes, was 4.97% (2004 as restated: 4.46%).

Share of profits less losses from jointly controlled entities and associates

Net profit contribution from jointly controlled entities amounted to US$72,969,000, an increase of 9.9% from US$66,366,000 (as restated) in 2004. Efforts of COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") in exploring new business opportunities resulted in throughput being increased to a record high of 1,841,193 TEUs (2004: 1,697,212 TEUs), while net profit contribution was slightly lower than that of 2004 due to changes in cargo mix and increasing interest rate. Yangzhou Yuanyang International Ports Co. Ltd. ("Yangzhou Yuanyang Terminal") and Yingkou Container Terminals Company Limited ("Yingkou Terminal") made good profit contributions for the year, with Yangzhou Yuanyang Terminal's throughput being increased by 33.1% to 157,123 TEUs in 2005 and Yingkou Terminal increased by 61.2% to 633,573 TEUs.

Throughput of Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") increased by 20.1% to 5,443,086 TEUs (2004: 4,532,769 TEUs) and contributed a net profit of US$21,225,000, 35.3% higher than 2004. Throughput of COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") increased by 6.8% to 611,013 TEUs (2004: 571,863 TEUs), while generating a net profit of US$2,659,000, 18.9% higher than 2004. The newly acquired Nanjing Port Longtan Container Co., Ltd. ("Nanjing Longtan Terminal") had a minor start-up loss in 2005. Shanghai CIMC Far East Container Co., Ltd. ("Shanghai CIMC Far East"), which operation was ceased in July 2005 due to restrictions imposed by China's environmental protection policy, was still in the process of liquidation. Shanghai CIMC Reefer Containers Co., Ltd. ("Shanghai CIMC Reefer") and Tianjin CIMC North Ocean Container Co., Ltd. (Tianjin CIMC North Ocean") both contributed higher net profits than 2004. Net profit contribution from COSCO Logistics Co., Ltd. ("COSCO Logistics") increased by 7.0% to US$15,064,000 in 2005. No goodwill amortisation for the Group was required in 2005. In 2004, amortisation of goodwill amounted to US$2,507,000, attributable to the investment in Qingdao Qianwan Terminal, COSCO Logistics and Yingkou Terminal.

Net profit contribution from associates amounted to US$82,320,000, registering an increase of 201.3% from US$27,324,000 (as restated) in 2004. CIMC, which became an associate of the Group in December 2004 after the acquisition of its approximately 16.23% equity interest by the Group, made a net profit contribution of US$55,636,000 in 2005 (2004: N/A). Throughput of Shanghai Container Terminals Limited ("Shanghai Terminal") leveled 2004 while net profit contribution decreased by 5.6%. Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal"), achieved 2,471,840 TEUs in throughput (2004: 2,339,479 TEUs) and reported an increase of 21.4% in net profit contribution to US$9,963,000. Liu Chong Hing Bank Limited ("Liu Chong Hing Bank") contributed a net profit of US$10,026,000 (2004: US$9,780,000). Antwerp Gateway NV ("Antwerp Terminal") acquired at the end of 2004 recorded a loss of US$1,304,000 due to operation being in the start-up phase.

Income tax expenses

Aggregate income tax expenses increased to US$22,426,000 from US$18,021,000 (as restated) in 2004, mainly due to higher provision required for deferred income tax due to increase in profits from the container leasing business.

FINANCIAL POSITION

Cash flow

Cash inflows of the Group remained stable. During 2005, net cash from operating activities amounted to US$287,063,000 (2004 as restated: US$271,140,000). The Group drew bank loans of US$321,119,000 (2004: US$252,950,000) and repaid US$128,385,000 in 2005 (2004: US$78,238,000). Net proceeds from the new shares issued upon the exercise of share options amounted to US$21,823,000 (2004: US$41,508,000). During the year, cash outflow for major capital investments of the Group totalled US$89,125,000 (2004: US$377,056,000), including: US$20,781,000 in Nanjing Longtan Terminal, US$12,082,000 in Qingdao Qianwan Terminal, US$19,516,000 in Tianjin Five Continents International Container Terminal Co., Ltd. ("Tianjin Five Continents Terminal"), US$15,894,000 in Antwerp Terminal, 15,052,000 in Yantian Terminal's Phase III, and US$5,800,000 in Dalian Automobile Terminal Co., Ltd. ("Dalian Automobile Terminal"). In 2004, the cash outflow for major investments included: acquisition of 49% equity interest in COSCO Logistics involving cash outflow of US$151,101,000; investment of US$61,131,000 in Qingdao Qianwan Terminal, and US$127,514,000 in CIMC. In addition to terminal investments, US$342,200,000 (2004: US$272,475,000) was paid during the year for purchase of containers.

Financing and credit facilities

In July 2005, a subsidiary of the Company obtained a loan facility of US$300,000,000 from thirteen banks on a club deal basis for a term of six years at a cost equivalent to London Interbank Offered Rate ("LIBOR") plus 50 basis points. Of this amount, US$180,000,000 was to be used to finance the purchase of containers and working capital and US$120,000,000 for re-financing purposes. Such loan, along with other favorable terms, not only reduced the Group's interest expenses but also optimised its debt structure as well.

As at 31st December 2005, cash balances and banking facilities available but unused amounted to US$179,315,000 and US$320,000,000 respectively (2004: US$100,578,000 and US$291,108,000 respectively), the total sum of which together with the Group's operating cash flow is sufficient to cover all the payables that fall due in 2006.

Assets and liabilities

As at 31st December 2005, total assets of the Group was US$2,855,150,000 (2004 as restated: US$2,243,072,000). Total liabilities amounted to US$964,807,000 (2004: US$757,444,000). Net asset value increased to US$1,890,343,000 from US$1,485,628,000 (as restated) a year ago, mainly due to the increase in the retained profits and the proceeds from the new shares issued upon the exercise of share options. The net assets value per share was US85.97 cents (2004 as restated: US68.03 cents), representing an increase of 26.4% over last year.

As at 31st December 2005, cash balances of the Group amounted to US$179,315,000 (2004: US$100,578,000). Total indebtedness of the Group amounted to US$835,653,000 (2004: US$653,323,000), with a net debt-to-equity ratio of 34.7% (2004 as restated: 37.2%). Interest coverage was 11.1 times (2004 as restated: 10.1 times).

Certain Group's property, plant and equipment and land use right with an aggregate net book value of US$512,957,000 (2004: US$331,647,000) and bank deposits of US$21,978,000 (2004: US$11,297,000) were pledged to various banks and financial institutions as securities against borrowings totaling US$345,618,000 (2004: US$176,392,000).

Contingent liabilities

As at 31st December 2005, the Group provided guarantees on a loan facility granted to an associate of US$21,920,000 (2004: N/A).

Debt analysis

	31st December 2005		31st December 2004	
	US$'000	*%*	*US$'000*	*%*
By repayment term				
Within the first year	**87,036**	**10.4**	38,178	5.9
Within the second year	**79,167**	**9.5**	44,046	6.7
Within the third year	**233,908**	**28.0**	58,609	9.0
Within the fourth year	**62,956**	**7.5**	202,087	30.9
Within the fifth year and after	**372,586**	**44.6**	310,403	47.5
	835,653 *	**100.0**	653,323 **	100.0
By type of borrowings				
Secured borrowings	**345,618**	**41.4**	176,392	27.0
Unsecured borrowings	**490,035**	**58.6**	476,931	73.0
	835,653 *	**100.0**	653,323 **	100.0
By domination of borrowings				
US dollar	**830,326**	**99.4**	649,795	99.5
RMB	**5,327**	**0.6**	3,528	0.5
	835,653 *	**100.0**	653,323 **	100.0

* *Net of discount on notes, effect of fair value hedge and unamortised transaction costs on borrowings and notes*
** *Net of discount on notes only*

Treasury policy

The Group controlled the foreign exchange risk by conducting borrowings as far as possible in currencies that match the Group's functional currency used for transacting the Group's major cash receipts and underlying assets. Borrowings for the container leasing business were conducted mainly in US dollars, which match well with the US dollar revenue and expenses of the leasing business, minimising any potential foreign exchange exposure.

In respect of the financing activities of jointly controlled entities and associates, such as COSCO-HIT Terminal, COSCO-PSA Terminal and Antwerp Terminal, all material borrowings were denominated in the respective functional currencies, with corresponding hedging policies being effected.

The Group continued to exercise stringent control over the use of financial derivatives to hedge against its interest rate exposure. As at 31st December 2005 and 31st December 2004, outstanding interest rate swap contracts comprised:

- Notional principals of contracts amounting to US$200,000,000 in total whereby the Group agreed to pay floating interest rates ranging from 105 basis points to 116 basis points above 6-month LIBOR from the banks in return for receiving the banks a fixed interest rate of 5.875%.

- Notional principals of contracts amounting to US$100,000,000 in total, whereby the Group agreed to pay fixed interest rates ranging from 3.88% to 4.90% per annum to the banks in return for receiving from the banks interest at 3-month LIBOR.

As at 31st December 2005, after adjusting the fixed rate borrowings for the effect of interest rate swap contracts, the Group's ratio of fixed-rate to floating-rate borrowings was 22.9% : 77.1% (2004: 31.0% : 69.0%). The Group continued to monitor and adjust its fixed and floating debt portfolio from time to time in light of market conditions, the objective of which is to reduce potential interest rate risk exposure.

BUSINESS REVIEW

Container terminals

Market review

Global container transportation volume rose 11.2% in 2005, driven by trade growth and increased containerisation.

China ranked number one in container throughput worldwide for the third consecutive year, with 75.8 million TEUs passing through its ports, a 21.3% increase and representing 18.8% of global market share. The increase was driven by a 28.4% rise in China's exports, which made up 7.6% of the world's total. The Ministry of Communications forecasts throughput to reach 140 million TEUs by 2010, implying a compound annual growth rate of around 13.1%. In addition, handling charges of import and export containers are in a rising trend, increasing 10% for terminals in Shanghai Port in 2005 and another 10% rise was announced in early 2006 (except Yangshan Port). In addition, a 10% rise was also announced in 2006 for the handling charges of import and export containers in Qingdao Port and Dalian Port.

Goals and strategy

With the development of its global network, COSCO Pacific ranked the world's fifth largest container terminal operator with 3.7% market share in 2004, according to "Annual Review of Global Container Terminal Operator 2005" issued by Drewry Shipping Consultants.

The Company's strategy is to invest in a superior network of terminals that will lead to increased flexibility and a comprehensive service offering for clients. To achieve this goal, we adopted a strategy to enhance investments and have made diversified investment in the three major regions of China: the Pearl River Delta, the Yangtze River Delta and the Bohai Rim, as well as accelerating our development of overseas markets.

Another major strategy is to forge a stronger partnership with leading global shipping lines and port operators, with COSCO Pacific's terminals being made open to all shipping lines. This close carrier-terminal strategic cooperation not only assures reliable demand, but also keeps the Company's management abreast of latest market conditions, thus allowing effective maneuver of operations in the short-term and more accurate forecasts of future demand. After years of development, the Group has significantly enhanced our professional management of terminal operations and raised its competitive power.

Performance in 2005

Total container terminal throughput increased by 16.2% in 2005 to 26,079,612 TEUs.

Container terminals in China performed well, achieving a throughput growth of 16.1% of significant growth was seen at Qingdao Qianwan Terminal and Yingkou Terminal in the Bohai Rim; Yangzhou Yuanyang Terminal and Zhangjiagang Win Hanverky Terminal in the Yangtze River Delta; and COSCO-HIT Terminal and the Yantian Terminal Phases I, II and III in the Pearl River Delta.

For overseas market, a throughput growth of 19.1% was achieved. Throughput of COSCO-PSA Terminal kept rising as more services to and from Singapore Port are launched, contributing to an overall growth in throughput at overseas port operations. Operations in Antwerp Terminal commenced operation in September 2005.

Throughput of operating container terminals and annual growth rate

Container Terminal (Unit: TEUs)	Effective shareholding (%)	2005	2004	+/– (%)
Pearl River Delta		**9,196,652 ***	**7,956,727 ***	**+15.6**
COSCO-HIT Terminal	50	1,841,193	1,697,212	+8.5
Yantian Terminal (Phases I, II & III)	4.45–5	7,355,459	6,259,515	+17.5
Yangtze River Delta		**6,831,502**	**6,436,076**	**+6.1**
Shanghai Terminal	10	3,646,732	3,650,319	–0.1
Shanghai Pudong Terminal	20	2,471,840	2,339,479	+5.7
Zhangjiagang Win Hanverky Terminal	51	377,121	328,199	+14.9
Yangzhou Yuanyang Terminal	55.59	157,123	118,079	+33.1
Nanjing Longtan Terminal	20	178,686	–	N/A
Bohai Rim		**9,370,361**	**7,483,974**	**+25.2**
Qingdao Qianwan Terminal	20	5,443,086	4,532,769	+20.1
Qingdao Cosport Terminal	50	605,791	385,856	+57.0
Dalian Port Container Co.	8	2,467,465	2,172,252	+13.6
Dalian Port Terminal	20	132,984	–	N/A
Yingkou Terminal	50	633,573	393,097	+61.2
Tianjin Five Continents Terminal	14	87,462	–	N/A
Overseas		**681,097**	**571,863**	**+19.1**
COSCO-PSA Terminal	49	611,013	571,863	+6.8
Antwerp Terminal	20	70,084	–	N/A
Total throughput		**26,079,612**	**22,448,640**	**+16.2**

* *Shekou Terminal was disposed of on 23rd March 2005, and throughput from the terminal for both years have been excluded from the table above.*

In the Bohai Rim, overall growth was 25.2% to 9,370,361 TEUs. Throughput rose 20.1% at Qingdao Qianwan Terminal, driven by new berths commencing operation, as well as robust economic growth and export growth. Throughput increased 13.6% at Dalian Port Container Co., Ltd. ("Dalian Port Container Co.") to 2,467,465 TEUs. At Yingkou Terminal, throughput increased 61.2% to 633,573 TEUs. Dalian Port Container Terminal Co., Ltd. ("Dalian Port Terminal") commenced operations in July 2005 at berths 11 and 12. At Tianjin Five Continents Terminal, operations commenced in November 2005.

In the Yangtze River Delta, overall growth was 6.1% to 6,831,502 TEUs, mainly due to Shanghai Terminal and Shanghai Pudong Terminal operating at full capacity. These two terminals are expected to continue operating at full capacity in 2006, and should benefit from the 10% handling charges increase. At Zhangjiagang Win Hanverky Terminal, throughput rose 14.9% to 377,121 TEUs. At Yangzhou Yuanyang Terminal, throughput increased 33.1% to 157,123 TEUs. Nanjing Longtan Terminal commenced operation in September 2005.

In the Pearl River Delta, overall growth was 15.6% to 9,196,652 TEUs. Throughput at Yantian Terminal Phases I, II and III increased by 17.5% to 7,355,459 TEUs as new berths became operational amidst an increase in market demand. At COSCO-HIT Terminal in Hong Kong, throughput rose 8.5% to 1,841,193 TEUs, with demand continuing to grow moderately.

Overseas, overall growth was 19.1% to 681,097 TEUs. Throughput rose 6.8% at COSCO-PSA Terminal to 611,013 TEUs due to overall growth in throughput at Singapore Port and increased terminal operating efficiency. In Europe, Antwerp Terminal commenced operation in September 2005.

Outlook

The Board is optimistic on the ongoing prospect of container terminal operation. In particular, the global expansion of our businesses, strengthened terminal service and commercial cooperation will help us to benefit from the robust growth of global trade. In China, sustained growth in imports and exports is expected. With many ports reaching full capacity utilisation, investments in terminal are expected to achieve high investment returns.

The Chinese Central Government's 11th Five-Year Plan emphasises the promotion of the Pearl River Delta, Yangtze River Delta and Pan-Bohai Economic Zone, and reinforces their power-house role for the development of the hinterland. In the Bohai Rim, strong growth should be maintained at the container terminals due to anticipated sustainable economic growth, in particular foreign trade. Two berths at Dalian Port Terminal commenced operation in 2005, with another two coming on line in 2006. At Qingdao Qianwan Terminal, three berths will commence operation in early 2006. In 2006, Tianjin Five continent terminal's 4 berths will operate in whole year. As a result, handling capacity at the Company's terminals in the Bohai Rim appears set to increase. Additionally, Dalian Automobile Terminal will commence operation in the first half of 2006, and its turnover and performance are expected to rise gradually in coming years.

Driven by rapid economic growth in the Yangtze River Delta, a major trend will be a rapid increase in river transport due to the commencement of operation of Yangshan Deep Water Port. Transport to and from Yangshan along the Yangtze River is more cost effective and thus provides better value than land transport. This will drive immediate increases in throughput at feeder ports such as Nanjing Longtan Terminal, Zhangjiagang Win Hanverky Terminal and Yangzhou Yuanyang Terminal. In addition, Zhangjiagang Win Hanverky Terminal berth number 17 is to commence operation in 2006. Nanjing Longtan Terminal enjoys great potential since it is a major terminal in Nanjing Port and the largest inland river port in the Yangtze River Delta.

Throughput for terminals in the Pearl River Delta is expected to gain sustainable growth. Throughput at Yantian Terminal will continue to increase rapidly due to rising demand and new berths of Yantian Terminal Phase III commencing operation. Moderate growth is also expected at COSCO-HIT Terminal. Nansha Port, a deep-water port in the Pearl River Delta, is exposed to the delta's hinterland. The Pearl River Delta is home to many businesses that are expected to ship their goods via Nansha. Additionally, a large number of manufacturing plants are moving to Western Guangdong, an area served by Nansha, in order to benefit from lower costs. We believe, therefore, that Nansha Port will in the future become a major hub port in the Pearl River Delta for both domestic and foreign trade.

For overseas market , we expect a gradual rise in throughput at Antwerp Terminal, following the commencement of operation in September 2005. We forecast stable growth of throughput at COSCO-PSA Terminal, helped by throughput growth at the Port of Singapore, resulting from more services to and from COSCO-PSA Terminal. The Company believes that the Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") at Port Said, Egypt has great potential due to its superior location. The terminal's maximum capacity is 2.2 million TEUs and it is the only deep-water terminal at Port Said.

Acquisitions in 2005

During the year, COSCO Pacific further strengthened its global network both by acquiring new terminals and increasing its investment in existing terminals, with some projects undergoing government approval procedures. The Company's total number of berths increased by 30 to 100.

Yangshan Port Phase II (4 berths) and Guangzhou Nansha Port Phase II (6 berths) are currently under construction. Nanjing Longtan Terminal (5 berths) and Suez Canal Terminal (4 berths) are already in operation.

The berths acquired through extending the Company's investment in existing joint ventures were at Yantian Terminal Phase III expansion (6 berths), Dalian Port Terminal (4 berths) and Zhangjiagang Win Hanverky Terminal (1 berth).

In September 2005, Dalian Port Terminal entered into an agreement to acquire berths 13-16 of Dalian Dayaowan Phase II, with a capacity of 3.2 million TEUs and due to commence operations in 2006. COSCO Pacific also signed a letter of intent to operate a container terminal at North Port Basin in Tianjin Port.

In the Yangtze River Delta, the joint venture, in which the Company has 20% shareholding, was officially established to operate Nanjing Longtan Terminal. Nanjing Longtan has handling capacity of 1 million TEUs and commenced operation in September 2005. The Port of Nanjing is expected to benefit immediately from increased feeder traffic to and from Yangshan. Additionally, COSCO Pacific extended its investment in Zhangjiagang Win Hanverky Terminal by acquiring Berth 17.

Also in the Yangtze River Delta, the Company entered into a joint venture agreement to develop and operate four berths of Yangshan Port Phase II. The Company signed a letter of intent to take a 20% equity interest in a joint venture to operate 5 berths at Jintang Island Terminal in Ningbo Port. This terminal has handling capacity of 3.5 million TEUs and is to commence operation in 2007.

During the year, COSCO Pacific also signed a joint venture agreement to develop and operate Berths 5-10 of Guangzhou Nansha Port Phase II. It has a capacity of 4.2 million TEUs and the first 2 berths are expected to commence operations in the fourth quarter of 2006. The Company also intensified its investment in Yantian Terminal by acquiring six berths in Yantian through Yantian Terminal Phase III expansion.

In line with its strategy of enhancing its global network, COSCO Pacific entered into an agreement to acquire a 20% equity interest in the Suez Canal Terminal at Port Said, Egypt in December 2005. This terminal consists of 4 berths and commenced operations in October 2004. Throughput is forecast to exceed 1 million TEUs in 2006 at the port, which has a maximum capacity of 2.2 million TEUs. This acquisition when formally completed will have great potential for future growth due to its superior location at the northern entrance of the Suez Canal and on all major shipping lanes between Asia and Europe and the Mediterranean.

Container leasing

Market review

Global containerised trade grew 11.2% in 2005, according to Drewry Shipping Consultants. Demand for containers in 2005 was also boosted by global economic growth, a strong increase in China's foreign trade and a higher containerisation rate.

Business review

In 2005, Florens ranked the world's third largest container leasing company, up from the fourth place in the previous year. Its share of the global market was approximately 10.9% in 2005, up from 10.1% in 2004. Florens' customer base grew from 218 in 2004 to 256 in 2005, and container fleet capacity increased by 13.5% to 1.04 million TEUs.

Container fleet movement (TEUs)	**2005**	2004
Total number of containers (as at 1st January)	**919,128**	808,825
New containers purchased	**168,592**	155,526
Containers returned from COSCON upon expiry of leases		
– Total	**(26,354)**	(38,055)
– Re-leased	**344**	2,436
– Disposed of and pending for disposal	**(26,010)**	(35,619)
Ownership transferred to customers upon expiry of finance leases	**(629)**	(508)
Defective containers written off	**(4)**	(259)
Total loss of containers declared and compensated by customers	**(18,225)**	(8,837)
Total number of containers (as at 31st December)	**1,042,852****	919,128*

* *Including 34,603 TEUs (2004: 23,639 TEUs) managed on behalf of a third party.*

Container fleet analysis by type of container (TEUs)

31st December 2005	**Total**	**COSCON**	**International Customers**
Total number of containers	**1,042,852**	**377,324**	**665,528**
		36.2%	**63.8%**
Dry (%)	**95.3**	**92.8**	**96.8**
Reefer (%)	**3.6**	**6.8**	**1.9**
Special (%)	**1.1**	**0.4**	**1.3**

31st December 2004	Total	COSCON	International Customers
Total number of containers	919,128	327,845	591,283
		35.7%	64.3%
Dry (%)	94.7	92.0	96.3
Reefer (%)	4.0	7.4	2.1
Special (%)	1.3	0.6	1.6

Rental income

Turnover rose 7.5% to US$276,313,000 in 2005, driven by strong global trade growth and our increase in market share.

In 2005, containers returned from COSCON upon expiry of the leases totalled 26,354 TEUs, compared with 38,055 TEUs in 2004. The total number of Returned Containers disposed of during the year was 26,838 TEUs, compared with 39,488 TEUs in the previous year. The disposal generated a net profit of US$6,122,000 in 2005.

Florens' average utilisation rate was around 95.5% in 2005, slightly down from 97.0% in 2004, but was 4.6% above the industry average of around 90.9%.

Outlook

We maintain a positive outlook of both China trade and the global economy. The main drivers of the development of container leasing and its revenue are sustainable growth in both global trade and container trade, increased containerisation globally and a higher leasing rate. Demand will also come from the commissioning of new vessels capacity of 1.22 million TEUs in 2006, which will benefit the container leasing industry. Container box prices are expected to be stable.

Container manufacturing

Market review

Demand was extraordinarily strong in the first half of 2005 due to a front-loaded demand pattern. According to Containerisation Yearbook, China's containerisation rate was around 55% in 2004, compared with the world average of 70%. After rising initially, both container prices and corten steel prices stabilised subsequently at a more moderate level.

Business review

COSCO Pacific has shareholdings in four container manufacturing companies: China International Marine Containers (Group) Co., Ltd. ("CIMC") (approximately 16.23%), Shanghai CIMC Reefer (20.0%), Shanghai CIMC Far East (20.0%) and Tianjin CIMC North Ocean (22.5%). These companies contributed US$58,717,000 to COSCO Pacific's net profit in 2005.

Container production volume (TEUs)

Company	2005	2004	Change (%)
CIMC	**1,304,500***	1,639,600*	–20.4%
Shanghai CIMC Far East	**62,919**	136,690	–54.0%
Shanghai CIMC Reefer	**48,645**	40,320	+20.6%
Tianjin CIMC North Ocean	**101,077**	133,968	–24.6%

* CIMC's production volume includes production volumes of Shanghai CIMC Far East, Shanghai CIMC Reefer and Tianjin CIMC North Ocean.

Container sales volume (TEUs)

Company	2005	2004	Change (%)
CIMC	**1,361,358***	1,570,809*	–13.3%
Shanghai CIMC Far East	**64,592**	135,559	–52.4%
Shanghai CIMC Reefer	**47,646**	39,972	+19.2%
Tianjin CIMC North Ocean	**104,064**	130,129	–20.0%

* CIMC's sales volume includes sales volumes of Shanghai CIMC Far East, Shanghai CIMC Reefer and Tianjin CIMC North Ocean.

Excluding Shanghai CIMC Far East, the total net profit contribution from Shanghai CIMC Reefer and Tianjin CIMC North Ocean increased by 88.3%. Shanghai CIMC Far East halted production in July due to environmental issues that arose as a result of its location in the vicinity of residential areas. The company is currently in liquidation.

In 2005, CIMC was ranked the world's number one container manufacturer, and maintained its global market share of about 54%. COSCO Pacific completed the acquisition of an approximately 16.23% equity interest in CIMC in December 2004, which resulted in a maiden contribution from CIMC of contributing US$55,636,000 to the Group's net profit in 2005 (2004: N/A).

Outlook

In 2006, we expect that growth to be steady with demand will be driven by an increase in the containerisation rate in China, rising foreign trade and the commissioning of new container ships.

We expect container price to stabilise at the current level, given stable corten steel prices so far in the first quarter of 2006.

Logistics

In 2005, COSCO Logistics maintained its ranking as China's number one logistics enterprise among 100 largest logistics providers in China. During the year, shipping agency business handled 180,263 vessels, of which 45,482 vessels (2004: 44,510 vessels) were handled through our wholly-owned agencies. For the year under review, freight forwarding business handled 100 million tones of cargoes, of which 1,600,000 TEUs were included in sea-freight forwarding agency business. Net profit contribution from the Group's logistics business rose 7.0% to US$15,064,000.

On 14th November 2005, COSCO entered into a letter of intent with TNT N.V. in Beijing for the setting up of a logistics joint venture, under which strategic partnership will be formed for strategic cooperation and complementary purposes to further explore the logistics market in the PRC and Asia Pacific Region. Details are still under discussion.

COSCO Logistics successfully bid for the following large-scale logistics projects in 2005.

- Chemical logistics: Changzhou Worldbest Radic Co. Ltd.
- Super-scale petrochemical logistics: Saudi Arabia Aramco - Sumitomo Rabigh Petrochemical Project
- Automotive logistics: Beijing DaimlerChrysler Benz, Harbin Hafei Motor
- Home appliance logistics: Hisense' sole logistics provider, Changhong's logistics provider

- Extra-large cargo logistics: CSPC project

- Logistic provider: "Genevese Festival 2005 – China Being the Honored Guest" Exhibition, "The 2005 World Exposition, Aizhi, Japan"

- Logistic provider: China Nuclear Industry Huaxing Construction Company and China Zhongyuan Engineering Company

- Super-large-scale power plant project logistics: "Pakistan Chashma Nuclear Power Plant Phase II – China Nuclear Industry Huaxing Construction Company and China Zhongyuan Engineering Company", "Dongfang Electric Corporation's India Power Plant Project"

Outlook

In 2006, COSCO Logistics is poised to expand all of its core operations, particularly third party logistics. Specifically, through the expansion of overseas businesses of our customers, the logistics for products operated by the company will expand into overseas markets. Specialty logistics for products includes services for the home appliance, automobile, chemical and food industries. Industries that require project logistics include power generation, petrochemicals and the convention and exhibition business.

To meet expansion objectives, COSCO Logistics will increase investment in technology, people and management, enhance service capabilities, increase the share of business on existing customers; pursue new customers and business; and identify new earning drivers. We will also continue to enhance operational flows, strengthen quality control, reduce operating costs and improve efficiency.

The strategic partnership between COSCO Logistics and TNT N.V, will lead to further expansion into the home appliance logistics business in Asia Pacific, as the company takes further steps towards becoming a global leader in logistics.

Other investments

Liu Chong Hing Bank

The Group has a 20% equity interest in Liu Chong Hing Bank, which contributed net profit of US$10,026,000 to the Group, an increase of 2.5% from last year.

CORPORATE GOVERNANCE

The Company continues to achieve high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest in general. The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Corporate Governance Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st December 2005, except for the following deviations:

Code provision A.4.2 (the last sentence)

The code provision A.4.2 of the Corporate Governance Code (the last sentence) provides that every director (including directors appointed with specific terms) should be subject to retirement by rotation at least once every three years. According to Bye-law 87(1) of the Bye-laws of the Company then in effect before 20th May 2005, however, at each annual general meeting, one-third (if the number of directors is not a multiple of three then the number nearest to three) of the directors for the time being shall retire from office by rotation provided that notwithstanding anything therein, the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to be retired in each year.

The Bye-laws of the Company constitutes a deviation from the last sentence of the code provision A.4.2 of the Corporate Governance Code. To comply with the last sentence of the code provision A.4.2 of the Corporate Governance Code, amendment to Bye-law 87(1) of the Bye-laws of the Company was proposed and approved by the shareholders at the annual general meeting of the Company held on 20th May 2005.

Code provision A.4.2 (the first sentence)

The code provision A.4.2 of the Corporate Governance Code (the first sentence) provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Paragraph 4(2) of Appendix 3 of the Listing Rules and the existing Bye-law 86(2) of the Bye-laws of the Company, however, require any director appointed by the board to fill a causal vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election at that meeting.

Certain directors of the Company who were appointed by the Board to fill a casual vacancy during the year 2005 did not retire at the special general meeting of the Company held on 5th December 2005 and will only offer themselves for re-election at the forthcoming annual general meeting. The above constitutes a deviation from the first sentence of code provision A.4.2 of the Corporate Governance Code. The Company will put forward at its forthcoming annual general meeting to be held in May 2006 a proposal to amend the Bye-law 86(2) of the Bye-laws of the Company to comply with the first sentence of the code provision A.4.2 of the Corporate Governance Code.

Code provision E.1.2

The code provision E.1.2 of the Corporate Governance Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to unexpected business commitment, Mr. WEI Jiafu, the Chairman of the Board who resides in Beijing, was unable to attend the annual general meeting of the Company held on 20th May 2005 in Hong Kong. This constitutes a deviation from the code provision E.1.2 of the Corporate Governance Code.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises four independent non-executive directors of the Company and its terms of reference had been modified to incorporate certain provisions set out in the Corporate Governance Code. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the audited financial statements for the year ended 31st December 2005.

Remuneration and Assessment Committee

The Remuneration and Assessment Committee comprises five members, a majority of whom are independent non-executive directors. Its terms of reference had been modified to incorporate certain provisions set out in the Corporate Governance Code. The Committee formulates the Group's remuneration policy of directors and senior management, reviews and determines their remuneration packages and makes recommendations to the Board the remuneration of directors.

Other Board Committees

Besides the above committees, the Board has also established various committees which include Executive Committee, Investment and Strategic Planning Committee, Corporate Governance Committee, Risk Management Committee and Nomination Committee. Each committee has its defined scope of duties and terms of reference.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31st December 2005.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the year ended 31st December 2005. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the year ended 31st December 2005.

INVESTOR RELATIONS

COSCO Pacific values communication with its shareholders and investors and considers it a top priority to ensure that they are kept continually informed of the Company's performance and strategy. The Company's award-winning investor relations team actively seeks to engage investors in dialogue, and welcomes and acts on feedback.

In 2005, the Company undertook the following investor relations activities:

- Continuous tracking of market developments and identification of potential investor concerns
- Regular one-on-one meetings and conference calls with fund managers and analysts
- Press conferences and analyst briefings held in conjunction with interim and final results announcements, along with Q&A sessions for analysts and the media
- Regular briefings for fund managers and analysts on current status and future strategies
- Timely disclosure of the latest business developments via the corporate website and the news media

We are confident that these initiatives accurately convey to investors not only the value of our Company, but also our management philosophy, investment and development strategies, and our perceptions of the global business environment.

Market recognition

COSCO Pacific's dedication towards improving investor relations has won it accolades from the investment community, and has been recognised through the following awards:

- Listed Enterprise with the Best Investor Relations from Institutional Investor
- Honors in Best Overall Presentation – Annual Report from ARC International
- Conglomerate Enterprise with the Best Investor Relations in Asia and Chinese Enterprise with the Best Investor Relations from Institutional Investor

In recognition of the Company's achievements, both in the Asia Pacific and globally, COSCO Pacific was included in:

- Standard & Poor's Top 30 Stock Picks in 2005
- Forbes' Top 2000 Enterprises in 2005
- FinanceAsia's Top 10 Chinese Enterprises with the Best Dividend Policy for two consecutive years
- CFO Asia's Top 50 Management Teams in Asia
- Economist Digest's Hong Kong Outstanding Enterprises in 2005
- "Shipping In-House Team of the Year" in the ALB Hong Kong Law Awards by Asian Legal Business

CORPORATE CULTURE

Employee relations

As at 28th February 2006, COSCO Pacific has a team of 432 employees in China, Asia, America, Europe and Australia etc. Under the leadership of its management, it has become one global team that delivers strong spirit of teamwork, harmony and efficiency.

The Company is committed to continual professional development and believes that regular training is essential to drive the skills and innovation that will allow the Company to move at the cutting edge of its industry. Through training, COSCO Pacific employees hone their judgement and ability to make sound business decisions.

The Company believes that an impartial and competitive remuneration policy is quintessential to success, thereby continuing to perfect its remuneration and bonus system. In recent years, a share option scheme was adopted in order to ignite and maintain employees' passion for their work.

For team building, COSCO Pacific's employees participate in various arranged social gatherings, all of which strengthen a sense of belonging and the cohesiveness of the team.

Responsibility to the community

COSCO Pacific is committed to building strong relationships with the communities. Making contributions to the society is a crucial part of our culture.

In 2005, members of senior management continued to give lectures and engage students at universities in both mainland China and Hong Kong. In January 2005, the Company donated an amount of RMB1.5 million to the Shanghai Maritime University to endow a special scholarship to foster future leaders of the shipping and logistics industries in China.

At our operating facilities and offices, COSCO Pacific welcomes students and the public to learn about and exchange views on our business. For example, transport and logistics students from The Hong Kong Institute of Vocational Education visited Hong Kong's Terminal 8 East in May 2005 to see at first hand the complexities of terminal operations. In November 2005, the Company welcomed a delegation from The Chinese Manufacturers' Association of Hong Kong as part of the China Overseas Friendship Association 7th Seminar on Hong Kong Market Economy and Management.

The Company is also actively involved in cultural activities that enrich community life. One example is Opera Hong Kong. In May 2005, COSCO Pacific was a platinum sponsor of a hugely successful Opera Hong Kong gala concert.

The Company is committed to carry out our civil duties as a corporate entity, so as to help improve the society and environment in which we are living.

PROSPECTS

Looking ahead into 2006, with the world economy sustaining a high growth, and the ever improving logistics in the hinderlands of the Pearl River Delta, the Yangtze River Delta and the Bohai Rim, we believe the operating environment and prospects for the Group is very promising.

The Company's high-growth, high-return strategy for the container terminal business, with throughput driven by organic growth and new investments, is expected to be the key earnings driver in 2006. The container leasing business is expected to contribute stable profit growth, with the main demand drivers being new vessels, an increased containerisation rate in China, and the replacement of used containers. We view the manufacturing business as complementary, and benefiting from the same drivers as container leasing. Stable profit growth in logistics is seen as a contributor of stable, consistent growth to the profits of the Company as a whole.

In line with our mission of creating shareholder value, our management team will strive for rapid and consistent growth, in order to maintain and enhance COSCO Pacific's position as a global industry leader.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Mr. WEI Jiafu[2] (Chairman), Mr. CHEN Hongsheng[1], Mr. LI Jianhong[1], Ms. SUN Yueying[1], Mr. SUN Jiakang[1] (Vice Chairman & Managing Director), Mr. XU Lirong[2], Mr. WONG Tin Yau, Kelvin[1], Mr. WANG Zhi[1], Mr. QIN Fuyan[1], Dr. LI Kwok Po, David[3], Mr. LIU Lit Man[3], Mr. CHOW Kwong Fai, Edward[3] and Mr. Timothy George FRESHWATER[3].

[1] *Executive Director*
[2] *Non-executive Director*
[3] *Independent Non-executive Director*

By Order of the Board
SUN Jiakang
Vice Chairman & Managing Director

Hong Kong, 23rd March 2006

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