COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 1199)

2007 FINAL RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

- Profit attributable to equity holders of the Company increased by 47.0% to US$427,768,000

- Propose a final cash dividend of US3.924 cents (2006: US4.147 cents) and a special final cash dividend of US2.296 cents (2006: Nil). Full-year dividend was US9.406 cents (2006: US8.847 cents) with payout ratio (excluding the financial effect of the CIMC Put Options associated with the CIMC Share Reform) of 56.6% (2006: 56.6%)

- Increasing the momentum of terminal expansion with the total number of terminal berths increased from 115 to 140 and the total number of container berths in operation was 87 with an annual capacity of 47,450,000 TEUs; total container terminal throughput rose by 21.5% to 39,832,964 TEUs, ranking as the fifth largest container terminal operator in the world

- Total container leasing and management fleet increased by 21.5% to 1,519,671 TEUs, ranking as the second largest container leasing company in the world; further improved business operation model and optimised capital structure by the sale of 135,956 TEUs (as amended) of containers and providing after sale management service

- Realigned the business structure with the sale of the 20% shareholding interest in Chong Hing Bank to concentrate our resources on the development of our core businesses

- The Company was cited as one of the "Forbes Global 2000" by Forbes magazine and awarded "Hong Kong Outstanding Enterprises" by Economic Digest for three consecutive years; the Company also won "Best Corporate Governance Award" by The Asset magazine and "Corporate Governance Asia Recognition Awards" by Corporate Governance Asia magazine

- The Company was awarded "Hong Kong In-House Team of the Year" and "Shipping In-House Team of the Year" by Asian Legal Business (ALB), a well recognised professional magazine

FINAL RESULTS

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2007. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards.

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2007

	Note	**2007** *US$'000*	2006 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,474,264**	1,108,852
Investment properties		**1,676**	1,540
Leasehold land and land use rights		**43,654**	34,401
Intangible assets		**3,506**	3,839
Jointly controlled entities		**752,503**	476,764
Associates		**480,151**	619,590
Available-for-sale financial assets		**503,000**	376,589
Finance lease receivables		**2,315**	2,989
Deferred income tax assets		**1,271**	162
Derivative financial instruments		**4,641**	-
Restricted bank deposits		**506**	158
		3,267,487	2,624,884
Current assets			
Inventories		**10,105**	3,553
Trade and other receivables	3	**193,496**	133,629
Available-for-sale financial assets		**13,620**	-
Derivative financial instruments		**-**	579
Cash and cash equivalents		**386,867**	224,510
		604,088	362,271
Total assets		**3,871,575**	2,987,155

CONSOLIDATED BALANCE SHEET (Continued)
AS AT 31ST DECEMBER 2007

	Note	**2007**	2006
		US$'000	*US$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**28,790**	28,583
Reserves		**2,543,971**	2,051,627
Proposed final and special dividends		**139,632**	92,424
		2,712,393	2,172,634
Minority interests		**62,266**	35,567
Total equity		**2,774,659**	2,208,201
LIABILITIES			
Non-current liabilities			
Derivative financial instruments		**-**	4,362
Deferred income tax liabilities		**8,620**	2,202
Long term borrowings		**874,435**	518,932
Other long term liabilities		**5,189**	5,207
		888,244	530,703
Current liabilities			
Trade and other payables	4	**153,739**	172,728
Derivative financial instruments		**-**	55,181
Current income tax liabilities		**15,334**	7,676
Current portion of long term borrowings		**25,904**	2,421
Short term bank loans		**13,695**	10,245
		208,672	248,251
Total liabilities		**1,096,916**	778,954
Total equity and liabilities		**3,871,575**	2,987,155
Net current assets		**395,416**	114,020
Total assets less current liabilities		**3,662,903**	2,738,904

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2007

	Note	**2007**	2006
		US$'000	*US$'000*
Revenue	2	**298,948**	297,473
Cost of sales		**(152,513)**	(133,651)
Gross profit		**146,435**	163,822
Investment income		**21,874**	19,747
Administrative expenses		**(55,582)**	(33,806)
Other operating income	5	**27,934**	35,304
Other operating expenses		**(9,561)**	(13,216)
Profit on disposal of containers	6	**25,975**	84,454
Initial recognition of put options granted in connection with share reform of an associate	7	**-**	(140,064)
Fair value gain on put options granted	7	**55,181**	84,883
		55,181	(55,181)
Operating profit	8	**212,256**	201,124
Finance income	9	**10,466**	12,621
Finance costs	9	**(49,878)**	(44,203)
Operating profit after finance income and costs		**172,844**	169,542
Share of profits less losses of			
- jointly controlled entities		**106,933**	85,070
- associates		**80,326**	89,042
Profit on disposal of an associate	10	**90,742**	-
Profit before income tax		**450,845**	343,654
Income tax expenses	11	**(17,796)**	(49,196)
Profit for the year		**433,049**	294,458
Profit attributable to:			
Equity holders of the Company		**427,768**	291,082
Minority interests		**5,281**	3,376
		433,049	294,458
Dividends	12	**211,003**	197,370
Earnings per share for profit attributable to equity holders of the Company			
- basic	13	**US19.09 cents**	US13.14 cents
- diluted	13	**US18.99 cents**	US13.07 cents

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These consolidated financial statements have been prepared under the historical cost convention except that, available-for-sale financial assets, derivative financial instruments 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.

In 2007, the Group adopted HKAS 1 (Amendment) "Capital Disclosures" and HKFRS 7 "Financial Instruments: Disclosures" which are relevant to its operations. HKAS 1 (Amendment) and HKFRS 7 introduce new disclosures relating to capital management and financial instruments respectively. These standards do not have any impact on the classification and valuation of the financial instruments.

The HKICPA has issued other certain new and revised HKFRSs which are mandatory for the Group's accounting periods on or after 1st January 2007. The adoption of these HKFRSs in the current year did not result in any significant changes to the Group's accounting policies and had no material effect on the consolidated financial statements.

The HKICPA has issued the following new or revised HKFRSs which are not yet effective for the year ended 31st December 2007 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions	1st March 2007
HK(IFRIC)-Int 12	Service Concession Arrangement	1st January 2008
HK(IFRIC)-Int 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	1st January 2008
HK(IFRIC)-Int 13	Customer Loyalty Programmes	1st July 2008
HKFRS 8	Operating Segments	1st January 2009
HKAS 1 (Revised)	Presentation of Financial Statements	1st January 2009
HKAS 23 (Revised)	Borrowing Costs	1st January 2009
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations	1st January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 3 (Revised)	Business Combination	1st July 2009

The Group will apply the above standards and interpretations from 1st January 2008 or later period. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the consolidated financial statements will be resulted.

2. SEGMENT INFORMATION

(a) Primary reporting format - business segments

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format.

Unallocated costs represent corporate finance costs less interest income. Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, inventories and receivables, and mainly exclude deferred income tax assets, jointly controlled entities, associates, available-for-sale financial assets, derivative financial instruments, restricted bank deposits and cash and cash equivalents. Segment liabilities comprise operating liabilities and primarily exclude items such as current and deferred income tax liabilities, borrowings and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets. Capital expenditure also includes additions resulting from business combinations.

Segment assets and liabilities

	Container terminal and related businesses	Container leasing, management, sale and related businesses	Logistics and related businesses	Container manufacturing and related businesses	Corporate and other businesses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31st December 2007						
Segment assets	**335,136**	**1,362,505**	**14,115**	**4,782**	**-**	**1,716,538**
Jointly controlled entities	**513,234**	**-**	**220,429**	**18,840**	**-**	**752,503**
Associates	**111,758**	**-**	**-**	**368,393**	**-**	**480,151**
Available-for-sale financial assets	**503,000**	**-**	**-**	**-**	**13,620**	**516,620**
Unallocated assets						**405,763**
						3,871,575
Segment liabilities	**18,816**	**131,335**	**-**	**-**	**-**	**150,151**
Unallocated liabilities						**946,765**
						1,096,916
At 31st December 2006						
Segment assets	203,256	1,074,953	-	3	-	1,278,212
Jointly controlled entities	250,743	-	202,186	23,835	-	476,764
Associates	188,918	-	-	255,729	174,943	619,590
Available-for-sale financial assets	368,000	-	-	-	8,589	376,589
Unallocated assets						236,000
						2,987,155
Segment liabilities	9,948	160,451	7	55,181	-	225,587
Unallocated liabilities						553,367
						778,954

2. SEGMENT INFORMATION (Continued)

(a) Primary reporting format - business segments (Continued)

Segment revenue, results and other information

	Year ended 31st December 2007					
	Container terminal and related businesses US$'000	Container leasing, management, sale and related businesses US$'000	Logistics and related businesses US$'000	Container manufacturing and related businesses US$'000	Corporate and other businesses US$'000	Total US$'000
Revenue						
External sales	**51,095**	**247,853**	**-**	**-**	**-**	**298,948**
Segment results	**21,754**	**100,711**	**(427)**	**-**	**(12,761)**	**109,277**
Dividend income from						
- a listed investment	**-**	**-**	**-**	**-**	**639**	**639**
- unlisted investments	**21,184**	**-**	**-**	**-**	**-**	**21,184**
Profit on disposal of containers included under property, plant and equipment	**-**	**25,975**	**-**	**-**	**-**	**25,975**
Fair value gain on put options granted	**-**	**-**	**-**	**55,181**	**-**	**55,181**
Unallocated costs						
- finance income						**10,466**
- finance costs						**(49,878)**
Operating profit after finance income and costs						**172,844**
Share of profits less losses of						
- jointly controlled entities	**86,082**	**-**	**19,663**	**1,188**	**-**	**106,933**
- associates	**5,530**	**-**	**-**	**67,168**	**7,628**	**80,326**
Profit on disposal of an associate	**-**	**-**	**-**	**-**	**90,742**	**90,742**
Profit before income tax						**450,845**
Income tax expenses						**(17,796)**
Profit for the year						**433,049**
Capital expenditure	**49,621**	**590,932**	**-**	**-**	**79**	**640,632**
Depreciation and amortisation	**6,921**	**76,670**	**-**	**-**	**435**	**84,026**
Share-based compensation	**-**	**-**	**-**	**-**	**11,190**	**11,190**
Other non-cash expenses	**-**	**1,019**	**-**	**-**	**421**	**1,440**

2. SEGMENT INFORMATION (Continued)

(a) Primary reporting format - business segments (Continued)

Segment revenue, results and other information (Continued)

	Year ended 31st December 2006					
	Container terminal and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Logistics and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Corporate and other businesses *US$'000*	Total *US$'000*
Revenue						
- total revenue	28,474	269,000	-	-	-	297,474
- inter-segment sales	(1)	-	-	-	-	(1)
External sales	28,473	269,000	-	-	-	297,473
Segment results	12,257	147,236	(200)	5,624	(12,769)	152,148
Dividend income from						
- a listed investment	-	-	-	-	476	476
- unlisted investments	19,227	-	-	-	-	19,227
Profit on disposal of containers included under property, plant and equipment	-	84,454	-	-	-	84,454
Initial recognition of put options granted in connection with share reform of an associate	-	-	-	(140,064)	-	(140,064)
Fair value gain on put options granted	-	-	-	84,883	-	84,883
Unallocated costs						
- finance income						12,621
- finance costs						(44,203)
Operating profit after finance income and costs						169,542
Share of profits less losses of						
- jointly controlled entities	57,837	-	18,351	8,882	-	85,070
- associates	18,537	-	-	57,727	12,778	89,042
Profit before income tax						343,654
Income tax expenses						(49,196)
Profit for the year						294,458
Capital expenditure	131,350	484,200	-	-	2,312	617,862
Depreciation and amortisation	2,880	84,832	-	-	407	88,119
Other non-cash expenses	16	8,013	-	-	1,016	9,045

2. SEGMENT INFORMATION (Continued)

(b) Secondary reporting format - geographical segments

In respect of container leasing, management, sale and related businesses, the movements of containers and generator sets of the Group and those managed on behalf of third parties 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 revenue and results by geographical areas for the related businesses.

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" issued by the HKICPA. These containers and generator sets are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is 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 Mainland China 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	Mainland China, Hong Kong, Singapore, Belgium, The Netherlands and Egypt
Logistics and related businesses	Mainland China, Hong Kong, Dubai and New York
Container manufacturing and related businesses	Mainland China

3. TRADE AND OTHER RECEIVABLES

	2007	2006
	US$'000	*US$'000*
Trade receivables		
- third parties	**28,118**	19,927
- fellow subsidiaries	**25,328**	24,375
- jointly controlled entities	**299**	-
- related companies	**168**	185
	53,913	44,487
Less: provision for impairment	**(3,713)**	(4,477)
	50,200	40,010
Other receivables, deposits and prepayments	**63,909**	15,731
Rent receivable collected on behalf of owners of managed containers	**39,243**	36,459
Current portion of finance lease receivables	**1,172**	1,442
Amounts due from		
- jointly controlled entities	**20,776**	30,072
- associates	**3,101**	845
- an investee company	**-**	9,070
- related companies	**16**	-
Loans receivable from		
- a jointly controlled entity	**8,508**	-
- an associate	**6,571**	-
	193,496	133,629

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

	2007	2006
	US$'000	*US$'000*
Within 30 days	**20,405**	18,573
31 - 60 days	**20,228**	15,764
61 - 90 days	**6,128**	3,825
Over 90 days	**3,439**	1,848
	50,200	40,010

The Group grants credit periods of 30 to 90 days to its customers.

4. TRADE AND OTHER PAYABLES

	2007 *US$'000*	2006 *US$'000*
Trade payables		
- third parties	**16,875**	39,774
- jointly controlled entities	**3,288**	2,935
- a minority shareholder of a subsidiary	**387**	36
- subsidiaries of an associate	**25,785**	30,024
- related companies	**-**	14
	46,335	72,783
Other payables and accruals	**65,103**	62,083
Payable to owners of managed containers	**39,614**	34,909
Current portion of other long term liabilities	**2,267**	1,488
Dividend payable	**24**	20
Amounts due to		
- fellow subsidiaries	**105**	270
- related companies	**5**	-
- minority shareholders of subsidiaries	**286**	1,175
	153,739	172,728

The ageing analysis of the trade payables was as follows:

	2007 *US$'000*	2006 *US$'000*
Within 30 days	**28,089**	1,192
31 - 60 days	**10,070**	15,347
61 - 90 days	**7,728**	45,155
Over 90 days	**448**	11,089
	46,335	72,783

Other payables and accruals include an amount of US$26,813,000 (2006: US$36,049,000) accrued for the purchase of containers which were delivered to the Group prior to the year end. The amount has not been included in the ageing analysis above.

5. OTHER OPERATING INCOME

	2007	2006
	US$'000	*US$'000*
Exchange gain, net	**7,992**	567
Finder fee	**-**	15,240
Profit on disposal of a jointly controlled entity	**-**	5,470
Management fee and other service income	**4,459**	6,300
Profit on disposal of available-for-sale financial assets	**7,418**	-
Others	**8,065**	7,727
	27,934	35,304

6. PROFIT ON DISPOSAL OF CONTAINERS

In current year, the Group disposed of containers included under property, plant and equipment with an aggregate net book value of approximately US$212,827,000 (2006: US$762,070,000) together with the related lease contracts to a third party for cash considerations of approximately US$238,802,000 (2006: US$846,524,000). The gain on the disposal before income taxes amounted to approximately US$25,975,000 (2006: US$84,454,000).

For the disposal of containers in June 2006, the Group also received a finder fee income of approximately US$15,240,000 in respect of its services rendered prior to the completion of the entire disposal transaction. The finder fee income was recognised and included as other operating income in the consolidated income statement for the prior year.

7. SHARE REFORM

On 25th May 2006, the Company issued 424,106,507 put options (the "Put Options") to holders of the A-shares not having trading restrictions (the "CIMC Tradeable A-Shares") of China International Marine Containers (Group) Co., Ltd. ("CIMC"), an associate of the Group listed on the Shenzhen Stock Exchange, as consideration for the former's approval of the removal of the trading restrictions on the CIMC shares held by the Group. The Put Options were listed on the Shenzhen Stock Exchange. The holders of the Put Options were entitled to require the Company to buy from them 1.370 CIMC Tradeable A-Shares at an exercise price of RMB7.302 per share during the 5 trading days immediately prior to and including 23rd November 2007.

The Put Options were derivative financial instruments as defined under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") issued by the HKICPA and were carried in the balance sheet at their fair value in accordance with HKAS 39.

Upon expiry of exercisable period, none of the Put Options was exercised and in accordance with HKAS 39, a fair value gain of US$55,181,000 was recognised in the consolidated income statement in the current year.

8. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2007	2006
	US$'000	*US$'000*
Crediting		
Dividend income from listed and unlisted investments	**21,823**	19,703
Rental income from investment properties	**51**	44
Exchange gain, net	**7,992**	567
Fair value gain on interest rate swap contracts not qualified as hedges	**73**	605
Profit on disposal of property, plant and equipment (excluding the sold containers)	**1,037**	632
Profit on disposal of a jointly controlled entity	**-**	5,470
Revaluation surplus of investment properties	**136**	157
Reversal of provision for impairment of trade receivables	**966**	1,676
Charging		
Amortisation of		
- leasehold land and land use rights	**532**	167
- intangible assets	**713**	781
Depreciation of		
- owned property, plant and equipment leased out under operating leases	**75,452**	83,642
- other owned property, plant and equipment	**7,329**	3,529
Impairment loss of containers	**400**	2,533
Cost of inventories sold	**49,049**	32,965
Outgoings in respect of investment properties	**2**	6
Provision for impairment of trade and finance lease receivables	**394**	3,061
Provision for inventories	**28**	143
Rental expense under operating leases of		
- buildings leased from third parties	**1,384**	1,695
- buildings leased from fellow subsidiaries	**877**	833
- buildings leased from a jointly controlled entity	**33**	33
- leasehold land and land use rights leased from minority shareholders of subsidiaries	**1,822**	1,068
- plant and machinery leased from third parties	**255**	373
- plant and machinery leased from a minority shareholder of a subsidiary	**160**	25
Total staff costs (including directors' emoluments and retirement benefit costs)		
Wages, salaries and other benefits	**31,003**	22,599
Share-based compensation	**11,190**	-
Less: Amounts capitalised in intangible assets	**(104)**	(74)
	42,089	22,525

9. FINANCE INCOME AND COSTS

	2007 US$'000	2006 US$'000
Finance income		
Interest income on		
- bank balances and deposits	**8,742**	11,480
- loans to jointly controlled entities and associates	**1,724**	1,141
	10,466	12,621
Finance costs		
Interest expenses on		
- bank loans	**(27,814)**	(20,795)
- other loans wholly repayable within five years	**-**	(8)
- notes not wholly repayable within five years	**(20,154)**	(18,547)
- amount due to a minority shareholder of a subsidiary	**-**	(658)
Amortised amount of		
- discount on issue of notes	**(202)**	(214)
- transaction costs on bank loans and notes	**(783)**	(3,944)
	(48,953)	(44,166)
Less: amount capitalised in construction in progress	**293**	789
	(48,660)	(43,377)
Other incidental borrowing costs and charges	**(1,218)**	(826)
	(49,878)	(44,203)

10. PROFITS ON DISPOSAL OF AN ASSOCIATE

On 24th August 2007, the Group entered into a Sale and Purchase Agreement to dispose of its entire 20% shareholding interest in Chong Hing Bank Limited, a company listed in Hong Kong, at cash consideration of HK$2,088,000,000 (equivalent to approximately US$268,474,000) to COSCO (Hong Kong) Group Limited, a fellow subsidiary. The sale was completed on 26th November 2007 and resulted in a profit of US$90,742,000.

11. INCOME TAX EXPENSES

	2007	2006
	US$'000	*US$'000*
Current income tax		
- Hong Kong profits tax	**2,771**	230
- China mainland taxation	**574**	1,332
- Overseas taxation	**9,171**	117,912
- (Over)/under provision in prior years	**(29)**	135
	12,487	119,609
Deferred income tax charge/(credit)	**5,309**	(70,413)
	17,796	49,196

The Group's shares of income tax expenses of jointly controlled entities and associates of US$13,050,000 (2006: US$12,243,000) and US$6,210,000 (2006: US$4,717,000) are included in the Group's shares of profits less losses of jointly controlled entities and associates respectively.

Hong Kong profits tax has been provided at a rate of 17.5% (2006: 17.5%) 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. The overseas taxation charged in 2006 included the estimated capital gain tax provision in connection with the disposal of containers in 2006.

12. DIVIDENDS

	2007	2006
	US$'000	*US$'000*
Interim dividend paid of US3.186 cents (2006: US3.526 cents) per ordinary share	**71,388**	78,213
2006 special interim dividend paid of US1.174 cents per ordinary share	**-**	26,042
Final dividend proposed of US3.924 cents (2006: US4.147 cents) per ordinary share	**88,089**	92,424
Special final dividend proposed of US2.296 cents (2006: Nil) per ordinary share	**51,543**	-
Exchange difference	**(657)**	-
Additional dividends paid on shares issued due to the exercise of share options before the closure of register of members:		
- 2006/2005 final	**442**	668
- 2007/2006 interim	**198**	17
- 2006 special interim	**-**	6
	211,003	197,370

12. DIVIDENDS (Continued)

Note:

At a meeting held on 7th April 2008, the directors recommended the payment of a final cash dividend of HK30.6 cents (equivalent to US3.924 cents) and special final cash dividend of HK17.9 cents (equivalent to US2.296 cents) per ordinary share. These proposed final cash dividend and special final cash dividend are not reflected as dividend payable in these consolidated financial statements until they have been approved at the annual general meeting, but will be reflected as an appropriation of retained profits for the year ending 31st December 2008.

13. EARNINGS PER SHARE

(a) 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.

	2007	2006
Profit attributable to equity holders of the Company	**US$427,768,000**	US$291,082,000
Weighted average number of ordinary shares in issue	**2,240,304,150**	2,214,684,013
Basic earnings per share	**US19.09 cents**	US13.14 cents

(b) 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.

	2007	2006
Profit attributable to equity holders of the Company	**US$427,768,000**	US$291,082,000
Weighted average number of ordinary shares in issue	**2,240,304,150**	2,214,684,013
Adjustments for assumed issuance of shares on exercise of share options	**11,776,391**	11,604,078
Weighted average number of ordinary shares for diluted earnings per share	**2,252,080,541**	2,226,288,091
Diluted earnings per share	**US18.99 cents**	US13.07 cents

14. EVENT AFTER THE BALANCE SHEET DATE

During the period from 10th December 2007 to 24th March 2008, COSCO Container Industries Limited, a wholly owned subsidiary of the Company, acquired a total of 148,320,037 B shares of CIMC (representing approximately 5.57% of the issued share capital of CIMC) on the Shenzhen Stock Exchange in the PRC at an aggregate cash consideration of approximately HK$2,139,058,000 (equivalent to approximately US$274,238,000). Together with the 432,171,843 A shares of CIMC (representing approximately 16.23% of the issued share capital of CIMC) held by the Group, the Group's interest in CIMC has increased to approximately 21.80%. As at 31st December 2007, the Group held 432,171,843 A shares and 8,342,010 B shares of CIMC, representing approximately 16.54% of the issued share capital of CIMC.

FINAL DIVIDEND

The directors recommended the payment of a final cash dividend of HK30.6 cents (2006: HK32.2 cents) per share and a special final cash dividend of HK17.9 cents (2006: Nil) per share, subject to approval by shareholders at the Annual General Meeting to be held on 15th May 2008. The proposed final cash dividend and special final cash dividend will be payable on or before 29th May 2008 to shareholders whose names appear on the register of members of the Company on 15th May 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 9th May 2008 to Thursday, 15th May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final cash dividend and special final cash dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 8th May 2008.

FINANCIAL REVIEW

Overall analysis of results

The profit attributable to equity holders of the Group was US$427,768,000, a 47.0% increase from US$291,082,000 recorded in 2006. If the financial effect of the CIMC Put Options associated with the CIMC Share Reform was excluded, the Group's profit attributable to equity holders would be US$372,587,000, a 7.6% increase as compared to US$346,263,000 recorded last year. With the continuous robust growth in China's import and export trade and the worldwide shipping market, the Group's total container terminal throughput reached 39,832,964 TEUs in 2007, a 21.5% increase from the 32,791,713 TEUs recorded in 2006. Therefore, the net profit from container terminal business for the year reached US$128,267,000, representing a significant increase of 27.5% over the amount of US$100,581,000 in 2006.

In June, November and December 2007, an aggregate of 135,956 TEUs (as amended) of containers were disposed of while 326,715 TEUs of newly manufactured containers were purchased in the same year. As at 31st December 2007, the total container fleets amounted to 1,519,671 TEUs, in which 762,618 TEUs were managed containers. (In June 2006, 600,082 TEUs of containers were disposed of and 268,236 TEUs of newly manufactured containers were purchased; as at 31st December 2006, the total container fleets amounted to 1,250,609 TEUs, in which 629,881 TEUs were managed containers). In 2007, the net profit contribution from the container leasing, management and sale businesses amounted to US$117,994,000 (2006: US$184,344,000), a 36.0% drop as compared with last year. The decrease was mainly due to the one-off disposal of 600,082 TEUs of containers at the end of June last year, which generated non-recurring net gain and a finder fee income aggregated to approximately US$65,000,000.

Logistics business provided a net profit of US$19,236,000 to the Group, a 6.0% increase over the amount of US$18,151,000 recorded last year.

The net profit from container manufacturing business (excluding the financial effect of the CIMC Put Options associated with the CIMC Share Reform) amounted to US$68,356,000 in 2007, a 5.4% drop over US$72,233,000 recorded in 2006.

Furthermore, in order to concentrate our resources on the development of our core businesses such as terminal and container business, the Group completed the disposal of the 20% shareholding interest in Chong Hing Bank during the year, which generated a net profit of US$90,742,000. The cash received was mainly used for the development of terminal business and the distribution of special final dividend . To achieve a higher return on capital through strategic acquisitions, disposal and repositioning, the Group achieved a return on equity holders of the Company of 17.5% (2006: 14.4%) and return on net assets of 17.2% (2006: 14.2%).

Financial Analysis

Revenue

Revenue of the Group were US$298,948,000 for the year, a 0.5% increase from US$297,473,000 of last year. Revenues were primarily contributed by the container leasing business. Since the strategic disposal of 600,082 TEUs of containers in June 2006, the Group further disposed of 135,956 TEUs (as amended) of containers during the year, so that while optimising the business model and capital structure of the container leasing operation, the Group can expand business opportunities by providing container management expertise to strategic investors to help them manage their container portfolio. The disposal resulted in revenue from container leasing dropping from US$219,566,000 of last year to US$181,334,000. Revenue from container management rose by US$3,266,000 from US$4,061,000 of last year to US$7,327,000. Revenue from leasing of reefer-container generator sets rose by 29.8% from US$1,368,000 of last year to US$1,775,000. In addition to leasing income, proceeds from the disposal of returned containers amounted to US$57,038,000, a 31.1% increase as compared to US$43,513,000 of last year. The increase was mainly attributable to the number of returned containers sold increased from 48,071 TEUs of last year to 56,759 TEUs during the year.

Revenue from container terminal operations showed very strong growth for the year. With the operational commencement of Quan Zhou Pacific Container Terminal Co., Ltd. ("Quan Zhou Pacific Terminal") since September 2006, Quan Zhou Pacific Terminal contributed throughput volume of 856,784 TEUs (2006: 241,272 TEUs) and revenue of US$24,089,000 for the year, a 310.6% increase from US$5,867,000 of last year. With the newly acquired berth No. 17 commencing its operation in October last year and with the continuous benefits of exploring new business opportunities and improving operational efficiency, allowed Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky Terminal") to achieve a significant increase in its throughput to 601,801 TEUs, an 32.0% over 455,946 TEUs last year. Revenue from Zhangjiagang Win Hanverky Terminal also recorded an increase to US$17,763,000, a 18.0% rise from US$15,048,000 last year. Yangzhou Yuanyang International Ports Co. Ltd. ("Yangzhou Yuanyang Terminal") was reclassified from a jointly controlled entity to a subsidiary in December 2007 and the revenue in December was US$1,532,000.

With increased business of container handling, storage, repairs and drayage operations, the revenue of Plangreat Limited and its subsidiaries and COSCO Ports Services (Guangzhou) Limited amounted to US$7,711,000, a 2.0% rise from US$7,558,000 of last year.

Cost of sales

Cost of sales, mainly comprising depreciation, net book value of disposal on returned containers, depot expenses, repairs and maintenance and operating expenses, was US$152,513,000, a rise of 14.1% from US$133,651,000 of last year. The strategic disposal of containers last year resulted in a reduction in depreciation of containers to US$74,667,000, a 10.1% drop from US$83,059,000 of last year. Since the number of returned containers sold increased to 56,759 TEUs from 48,071 TEUs of last year, net book value of returned containers disposed of was US$49,049,000, a 48.8% rise from US$32,965,000 of last year. In addition, the commissioning of Quan Zhou Pacific Terminal and Berth No. 17 in Zhangjiagang Win Hanverky Terminal in September and October last year respectively, also increased operating expenses.

Investment income

Investment income, comprising mainly dividend income, increased by 10.8% from US$19,747,000 of last year to US$21,874,000. During the year, Yantian International Container Terminals Ltd. declared dividend of US$18,610,000, a rise of 2.5% as compared to US$18,154,000 of last year. In addition, Dalian Port Container Co., Ltd. and Tianjin Five Continents International Container Terminal Co., Ltd. declared dividend of US$1,099,000 (2006: US$1,073,000) and US$1,475,000 (2006: Nil) respectively during the year.

Administrative expenses

Administrative expenses were US$55,582,000, a rise of 64.4% from US$33,806,000 of last year. The increase was mainly due to the granting of share options to continuous contract employees and certain directors of the Company by the Group. In accordance with the HKFRS 2 “Share-based Payment” issued by HKICPA, all share options granted are recognised at their fair value as share-based payment of employees’ benefits. Accordingly, the expense of such share-based payment of employees’ benefits was US$11,190,000 for the year (2006: N/A). Commencement of Quan Zhou Pacific Terminal’s operation in September last year also triggered additional administrative expenses. In addition, human resources, marketing, office, professional consultation, entertainment and travelling expenses rose during the year as the Group continued to strengthen its marketing and new project development.

Net other operating income

Net other operating income was US$18,373,000 for the year, a drop of 16.8% from US$22,088,000 of last year. The difference was mainly due to a finder fee income of approximately US$15,240,000, which was related to the services provided to the disposal of 600,082 TEUs of containers last year. Excluding this factor, the net increase was mainly due to profit of US$7,418,000 from the disposal on shares of China Shipping Container Lines Co., Ltd and net foreign exchange gain.

Profit on disposal of containers

During the year, 135,956 TEUs (as amended) (2006: 600,082 TEUs) of containers were disposed of (the Group would provide after sale management service), which generated a profit before tax of US$25,975,000 (2006: US$84,454,000).

Initial recognition and subsequent fair value gain on put options

In 2006, the Company issued 424,106,507 put options to shareholders of the CIMC Tradeable A-shares. As none of the holders of the put options exercised the put options upon the maturity date, being 23rd November 2007, the provision related to the fair value of put options of US$55,181,000 made in 2006 was fully reversed.

Finance costs

Finance costs increased 12.8% from US$44,203,000 of last year to US$49,878,000 this year, which was mainly due to increase in the Group's average borrowings from US$664,431,000 of last year to US$761,478,000 for the year. The Group's average cost of borrowing, including current amortisation of transaction costs on bank loans and notes but before the write-off of unamortised transaction costs upon the early repayment of bank loans for the last year, was an average 6-month London Interbank Offer Rate ("LIBOR") plus 99 basis points as compared to the average LIBOR plus 100 basis points in 2006.

Share of profits less losses of jointly controlled entities and associates

In 2007, net profit contribution from jointly controlled entities amounted to US$106,933,000, an increase of 25.7% from US$85,070,000 in 2006. After COSCO-HIT Terminals (Hong Kong) Limited replaced four quay cranes last year to strive for better operational efficiency, the throughput in 2007 increased 9.3% from 1,688,697 TEUs of last year to 1,846,559 TEUs and the net profit amounted to US$25,125,000, a 5.8% rise from US$23,751,000 of last year. Throughput at Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") for the year increased by 21.7% to 8,237,501 TEUs, as compared to 6,770,003 TEUs of last year, and its net profit increased to US$31,409,000, which increased by 18.8% from US$26,429,000 of last year. Throughput of Nanjing Port Longtan Container Co., Ltd. ("Nanjing Longtan Terminal'') for the year increased by 35.7% to 950,289 TEUs, as compared to 700,098 TEUs of last year, and the net profit increased by 30.0%. Growth momentum in net profit also occurred at Yingkou Container Terminals Company Limited ("Yingkou Terminal'') as well as at the Yangzhou Yuanyang Terminal. Throughput at Yingkou Terminal and Yangzhou Yuanyang Terminal for the year was 1,125,557 TEUs (2006: 837,574 TEUs) and 253,772 TEUs (2006: 222,912 TEUs) respectively, representing a 34.4% and 13.8% growth respectively. Net profit of Yingkou Terminal and Yangzhou Yuanyang Terminal for the year increased by 42.2% and 2.7% respectively.

Upon the respective commencement of operation of Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminals") and Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") at the beginning of 2007, Ningbo Yuan Dong Terminals recorded a profit while Guangzhou South China Oceangate Terminal recorded a loss of US$4,270,000. Thus, the increase in net profit from jointly controlled entities for the year had slowed down slightly. In addition, Tianjin CIMC North Ocean Container Co., Ltd. and Shanghai CIMC Reefer Containers Co., Ltd., under influence of rising costs of raw materials, recorded a lower profit. Net profit from COSCO Logistics Co., Ltd. ("COSCO Logistics") for the year was US$19,663,000, an increase of 7.1% as compared to US$18,351,000 in 2006.

Yangzhou Yuanyang Terminal became a subsidiary from a jointly controlled entity since December 2007. Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") was reclassified from an associate to a jointly controlled entity and its net profit for the year was US$22,594,000, an increase of 46.3% as compared to US$15,439,000 of last year, which was mainly due to the increase of additional 10% equity interest holding in Shanghai Pudong Terminal by the Group in June last year as well as the increase of throughput from 2,650,007 TEUs to 2,723,722 TEUs.

Net profit from associates amounted to US$80,326,000 for the year, a decrease of 9.8% from US$89,042,000 of last year, mainly due to reclassification of Shanghai Pudong Terminal from an associate to a jointly controlled entity and decrease in profit after the disposal of Chong Hing Bank. The net profit from Chong Hing Bank during the year was US$7,628,000 (2006: US$12,778,000). The throughput of Shanghai Container Terminals Limited suffered a decrease of 6.9% at the level of 3,446,135 TEUs for the year as compared to 3,703,460 TEUs of last year and its profit dropped by 6.4% to US$6,392,000 from last year's level of US$6,831,000. Antwerp Gateway NV ("Antwerp Terminal") recorded a loss of US$922,000 for the year, 66.3% lower than last year. Net profit of CIMC was US$67,168,000 for the year, a 16.4% rise from US$57,727,000 of last year.

Profit on disposal of an associate

In order to concentrate on the development of our core businesses such as terminal and container businesses, the Group completed the disposal of the 20% shareholding interest in Chong Hing Bank during the year, which generated a net profit of US$90,742,000.

Income tax expenses

Aggregate income tax expenses decreased substantially by 63.8% to US$17,796,000 for the year from last year's US$49,196,000. The income tax expenses for last year mainly represented a net charge from the capital gain tax in relation to the disposal of 600,082 TEUs of containers and the write back of related deferred tax liabilities.

FINANCIAL POSITION

Cash flow

The disposal of containers and the disposal of 20% equity interest in Chong Hing Bank increased the cash inflow of the Group significantly. During the year, net cash from operating activities amounted to US$231,465,000 (2006: US$210,318,000). In 2007, the Group drew bank loans of US$611,292,000 (2006: US$517,103,000) and repaid US$286,319,000 (2006: US$889,986,000). During the year, the total cash outflow for major investments of the Group amounted to US$215,169,000, including US$37,212,000 in Guangzhou South China Oceangate Terminal, US$15,120,000 for additional equity interests of approximately 0.31% in CIMC, US$18,610,000 dividend income for reinvestment in Yantian International Container Terminals (Phase III) Limited ("Yantian Terminal Phase III"), US$6,158,000 in Ningbo Yuan Dong Terminals, US$28,756,000 in COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal"), US$9,005,000 in Yangzhou Yuanyang Terminal, US$1,703,000 in Antwerp Terminal, US$47,550,000 in Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") and US$51,055,000 in Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Port Euroasia Terminal"). Last year the cash outflow included US$57,973,000 for acquiring an additional 10% equity interests in Shanghai Pudong Terminal, US$34,336,000 in Guangzhou South China Oceangate Terminal, US$20,195,000 in Qingdao Qianwan Terminal, dividend income of US$9,087,000 for reinvestment in Yantian Terminal Phase III, US$9,196,000 in Dalian Port Container Co., Ltd, US$9,827,000 in Ningbo Yuan Dong Terminals and US$3,277,000 in Antwerp Terminal. During the year, cash payments for acquisition of property, plant and equipment amounted to US$682,829,000 (2006: US$438,923,000), out of which US$618,474,000 (2006: US$391,813,000) was for new container purchases.

Financing and credit facilities

A wholly-owned subsidiary of the Company completed a club loan of US$500,000,000 in May 2007, of which US$300,000,000 was set for new container purchases for the year and US$200,000,000 for general working capital. 17 banks participated in the club loan and the term of the loan was 6 years with the interest of 38 basis points over LIBOR. The loan was fully drawn down during the year. The terms and conditions of this financing package was privileged which would help to optimise the debt structure of the Group.

As at 31st December 2007, cash and bank balances was US$387,373,000 (2006: US$224,668,000) and there was no banking facilities available but unused (2006: US$40,000,000).

Assets and Liabilities

As at 31st December 2007, total assets of the Group were US$3,871,575,000 (2006: US$2,987,155,000). Total liabilities amounted to US$1,096,916,000 (2006: US$778,954,000). Net asset value increased to US$2,774,659,000 from US$2,208,201,000 in 2006, mainly due to an increase in retained profits and increase in the investment revaluation reserve as well as an increase of new shares issued upon the exercise of share options. The net asset value per share was US123.60 cents (2006: US99.08 cents) representing an increase of 24.7% over last year.

As at 31st December 2007, cash and bank balances of the Group amounted to US$387,373,000 (2006: US$224,668,000). Total outstanding loan amounted to US$914,034,000 (2006: US$531,598,000). Net debt to equity ratio increased from 13.9% to 19.0% and interest coverage was 10.0 times as compared with 8.8 times last year.

As at 31st December 2007, the Group did not have loan pledged by asset (as at 31st December 2006: land use rights with a net book value of US$1,645,000 were pledged to a bank by the Group to secure loans with an aggregate amount of US$500,000).

Debt analysis

	As at 31st December 2007		**As at 31st December 2006**	
	US$	**(%)**	**US$**	**(%)**
By repayment term				
Within the first year	39,599,000	4.3	12,666,000	2.4
Within the second year	43,054,000	4.7	189,840,000	35.7
Within the third year	61,460,000	6.7	10,821,000	2.0
Within the fourth year	96,531,000	10.6	11,526,000	2.2
Within the fifth year and after	673,390,000	73.7	306,745,000	57.7
	914,034,000 *	100.0	531,598,000 *	100.0
By category				
Secured borrowings	-	-	500,000	0.1
Unsecured borrowings	914,034,000	100.0	531,098,000	99.9
	914,034,000	100.0	531,598,000	100.0
By denominated currency				
US dollar	800,134,000	87.5	464,622,000	87.4
RMB	113,900,000	12.5	66,976,000	12.6
	914,034,000	100.0	531,598,000	100.0

* *Net of unamortised discount on notes and transaction costs on borrowings and notes.*

Contingent Liabilities

As at 31st December 2007, the Group provided guarantees on a loan facility granted to an associate of US$25,747,000 (2006: US$25,304,000) and the Group did not have any significant contingent liabilities.

Treasury Policy

The Group contained 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 with the US dollar revenue and expenses of the Group's container leasing business so as to minimize any potential foreign exchange exposure.

In regard to the financing activities of jointly controlled entities and associates, all material borrowings were denominated in the respective functional currencies, with corresponding hedging policies being affected.

The Group continued to exercise stringent control over the use of financial derivatives to hedge against its interest rate exposure. As at 31st December 2007, outstanding interest rate swap contracts comprised:

- Notional principals of contracts amounting to US$200,000,000 (2006: US$200,000,000) in total, whereby the Group agreed to pay floating interest rates ranging from 105 to 116 basis points above 6 month LIBOR to the banks in return for receiving from the banks a fixed interest rate of 5.875% per annum.

- During last year, the notional principals of contracts of outstanding interest rate swap contracts amounted to US$100,000,000 in total. In accordance with the interest rate swap contracts, the Group agreed to pay interests at a fixed interest rate ranging from 3.88% to 4.90% per annum to the banks in return for receiving from the banks an interest income at the rate of 3 month LIBOR. Such interest rate swap contracts had expired during the year.

As at 31st December 2007, after adjusting the fixed rate borrowings for the effect of the interest rate swap contracts, 10.9% (2006: 35.7%) of the Group's borrowings fell in the category of fixed rate loans. The Group would continue to monitor its debt portfolio and adjust the mix of fixed and floating interest rates from time to time in light of market conditions in order to reduce the potential exposure to interest rate risk.

Event After the Balance Sheet Date

During the period from 10th December 2007 to 24th March 2008, COSCO Container Industries Limited, a wholly owned subsidiary of the Company, acquired a total of 148,320,037 B shares of CIMC (representing approximately 5.57% of the issued share capital of CIMC) on the Shenzhen Stock Exchange in the PRC at an aggregate cash consideration of approximately HK$2,139,058,000 (equivalent to approximately US$274,238,000). Together with the 432,171,843 A shares (representing approximately 16.23% of the issued share capital of CIMC) held by the Group, the Group's interest in CIMC has increased to approximately 21.80%. As at 31st December 2007, the Group held 432,171,843 A shares and 8,342,010 B shares of CIMC, representing approximately 16.54% of the issued share capital of CIMC.

BUSINESS REVIEW

Terminal Business

In China, the rapid economic growth, the continuous improvement of cargo transportation system and the increasing cargo containerization rate were driving the ports achieving strong container throughput growth for the past few years. Following with this growth, the China's total throughput recorded 112.7 million TEUs in 2007, representing a year-on-year growth of 20.4% over 2006. Meanwhile, the major ports congestion in Europe and America accumulated stronger demand for terminal services.

According to Drewry Shipping Consultants' "Annual Review of Global Container Terminal Operators 2007" published in September 2007, COSCO Pacific ranked as the fifth largest operator with a 5% global market share, representing a year-on-year increase of 1.3 percentage points. As of 31st December 2007, the Company had various interests in 27 terminal companies located at 18 ports in China and overseas and involved in the investment, operation and management of 140 berths, among which 87 were container berths in operation, with an annual handling capacity amounting to 47,450,000 TEUs.

In 2007, container throughput totaled 39,832,964 TEUs, a 21.5% increase over 2006; among which, the throughput of 16 domestic terminal joint venture companies in Mainland China reached 36,040,901 TEUs, a 20.6% increase over 2006. The profit contribution for terminal division rose by 27.5% to US$128,267,000.

The ports of Hong Kong, Shenzhen, Shanghai, Ningbo, Qingdao, Dalian and Tianjin which are among the major hub ports in coastal region in China, continued to have solid cargo throughput performance in 2007. The throughput growth of feeder ports performed satisfactorily. The container throughput of four major economic regions of China, namely Bohai Rim, Yangtze River Delta, Pearl River Delta and Southeast Coastal Areas continued to rise.

Bohai Rim presented a most prominent performance, and has become a focus of COSCO Pacific's terminal expansion in recent years. Container throughput handled by the six terminal joint ventures in Bohai Rim totaled 16,931,145 TEUs, a 26.1% increase over 2006. The throughput of Yangtze River Delta increased by 7.4% to 8,307,080 TEUs. The aggregate throughput of Pearl River Delta and Southeast Coastal Areas increased by 21.6% to 12,649,235 TEUs.

The terminals which we had controlling stakes performed satisfactorily during the year. The container throughput of Zhangjiagang Win Hanverky Terminal increased by 32.0% to reach 601,801 TEUs. The container throughput of Yangzhou Yuanyang Terminal reached 253,772 TEUs, a 13.8% increase over 2006 and its throughput of break-bulk cargo increased by 9.0% to 7,196,428 tons. Since its commissioning in September 2006, Quan Zhou Pacific Terminal has been achieving outstanding performance with throughput in 2007 increased by 255.1% to 856,784 TEUs.

The performance of overseas terminals was satisfactory. COSCO-PSA Terminal in Singapore handled 833,892 TEUs, a 32.8% surge over 2006. The throughput of Antwerp Terminal in Belgium reached 792,459 TEUs, a 32.3% over 2006. Suez Canal Terminal in Egypt, in which the Group has completed its share transfer in October 2007, handled 319,153 TEUs from November to December 2007.

Operating Container Terminals	2007 (TEUs)	2006 (TEUs)	Changes over corresponding year
Bohai Rim	**16,931,145**	**13,431,338**	**+26.1%**
Qingdao Qianwan Container Terminal Co., Ltd.	8,237,501	6,770,003	+21.7%
Qingdao Cosport International Container Terminals Co., Ltd.	1,005,439	744,276	+35.1%
Dalian Port Container Co., Ltd.	3,723,833	2,885,276	+29.1%
Dalian Port Container Terminal Co., Ltd.	850,359	421,068	+102.0%
Tianjin Five Continents International Container Terminal Co., Ltd.	1,988,456	1,773,141	+12.1%
Yingkou Container Terminals Company Limited	1,125,557	837,574	+34.4%
Yangtze River Delta	**8,307,080**	**7,732,423**	**+7.4%**
Shanghai Container Terminals Limited	3,446,135	3,703,460	-6.9%
Shanghai Pudong International Container Terminals Limited	2,723,722	2,650,007	+2.8%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	601,801	455,946	+32.0%
Yangzhou Yuanyang International Ports Co. Ltd.	253,772	222,912	+13.8%
Nanjing Port Longtan Container Co., Ltd.	950,289	700,098	+35.7%
Ningbo Yuan Dong Terminals Limited	331,361	N/A	N/A
Pearl River Delta and Southeast Coastal Areas	**12,649,235**	**10,400,888**	**+21.6%**
COSCO-HIT Terminals (Hong Kong) Limited	1,846,559	1,688,697	+9.3%
Yantian International Container Terminals Ltd. (Phases I, II and III)	9,368,696	8,470,919	+10.6%
Guangzhou South China Oceangate Container Terminal Company Limited	577,196	N/A	N/A
Quan Zhou Pacific Container Terminal Co., Ltd.	856,784	241,272	+255.1%
Overseas	**1,945,504**	**1,227,064**	**+58.5%**
COSCO-PSA Terminal Private Limited	833,892	627,894	+32.8%
Antwerp Gateway NV	792,459	599,170	+32.3%
Suez Canal Container Terminal S.A.E.	319,153	N/A	N/A
Total container throughput in Mainland China	**36,040,901**	**29,875,952**	**+20.6%**
Total container throughput	**39,832,964**	**32,791,713**	**+21.5%**

Expand our terminal portfolio in 2007

In 2007, COSCO Pacific successfully expanded its terminal business by increasing our investments in Qianwan port area of Qingdao and Jiangdu port area of Yangzhou. By acquiring a 70% equity interest in Xiamen Yuanhai Container Terminal Co., Ltd. and a 80% equity interest in Jinjiang Pacific Ports Development Co., Ltd., COSCO Pacific took substantial interests in container terminals in the Southeast Coastal Area, which will be developed as the fourth largest economic development zone in China. Moreover, a concession agreement was signed between Suez Canal Terminal and Egyptian government in respect of the terminal development of phase II at East Port Said in Egypt in order to expand its investments in this port. COSCO-PSA Terminal in Singapore increased one additional operational berth according to the related terms of the existing joint venture agreement.

Terminal investments in 2007	Shareholdings	Container terminal		Break-bulk cargo terminal	
		No. of berths	Throughput (TEUs)	No. of berths	Throughput (Tons)
Qingdao New Qianwan Container Terminal Co., Ltd.	16%	10	6,000,000	--	--
Xiamen Yuanhai Container Terminal Co., Ltd.	70%	4	2,800,000	--	--
Jinjiang Pacific Ports Development Co., Ltd.	80%	2	800,000	3	4,200,000
Yangzhou Yuanyang International Ports Co., Ltd.	55.59%	--	--	2	1,850,000
Suez Canal Container Terminal S.A.E.	20%	4	2,550,000	--	--
Total		20	12,150,000	5	6,050,000

During the year, we added a total of 25 berths, including 20 container berths and 5 break-bulk cargo berths, in our terminal portfolio by new acquisition and expansion of existing terminal operations. Starting from next year, together with the commencement of the construction of Tianjin Port Euroasia Terminal on 20th September 2007, the above new berths will gradually commence operation. Furthermore, a letter of intent was also signed for acquiring interests in Fuzhou Port Group. Further cooperation is being discussed.

In 2007, a total of 15 berths of our existing terminal portfolio commenced operation. It included the 6 berths of Guangzhou South China Oceangate Terminal. These 6 berths became operational with 2 berths in March and 4 berths in September. 1 berth of Ningbo Yuan Dong Terminals, which commenced operation in March, 2 berths of Yantian Terminal Phase III, which commenced operation in March and September, and 4 operating berths of Suez Canal Terminal, of which the transfer of the share was completed in October. No. 1 and No. 2 berths at the Jiangdu port area of Yangzhou also commenced operation in December. With the full year operation in 2008, these 15 newly operational berths will contribute as an organic throughput growth engine of our terminal division in 2008. Moreover, 1 additional berth of COSCO-PSA Terminal in Singapore commenced operation in January 2008.

Container Leasing, Management and Sale Businesses

COSCO Pacific's container leasing, management and sale businesses are operated and managed by Florens Container Holdings Limited, a wholly owned subsidiary of the Company, and its subsidiaries ("Florens"). Facing with fierce competition in the market, Florens has continued to maintain the leading position by making prompt adjustments of the operation strategies and fully exerting its potential. Profit contribution from the container leasing, management and sale businesses dropped by 36.0% to US$117,994,000.

As at 31st December 2007, the Group owned and managed the container fleet of 1,519,671 TEUs, a year-on-year increase of 21.5%, and ranked as the world's second largest container leasing operator with an approximately 13.2% of the global market share. The average utilization rate over the year was 94.5% (2006: 96.2%), which was still higher than the industry average of approximately 93.0% (2006: 91.8%). The slight decrease in utilization rate was mainly attributable to the purchase of approximately 58,000 TEUs of containers by Florens strategically in advance since the forth quarter of 2007 in response to the upward trend of container price and the container demand from our customers in the first quarter of 2008. Average age of the container fleet was 3.75 years (2006: 4 years).

Fleet Capacity Movement	**2007 (TEUs)**	2006 (TEUs)	**y-o-y (%)**
Fleet capacity as of 1st January	**1,250,609**	1,042,852	+19.9
New containers purchased	**326,715**	268,236	+21.8
Managed containers deposited by a third party	**10,778**	-	N/A
Containers returned from COSCON upon expiry of leases			
- Total	**(51,464)**	(43,981)	+17.0
- Re-leased	**502**	648	-22.5
- Disposed of and pending for disposal	**(50,962)**	(43,333)	+17.6
Ownership transferred to customers upon expiry of finance leases	**(469)**	(172)	+172.7
Defective containers written off	**-**	(11)	-100.0
Total loss of containers declared and compensated by customers	**(17,000)**	(16,963)	+0.2
Fleet capacity as of 31st December	**1,519,671**	1,250,609	+21.5

In order to further optimise and enhance the operation model and minimise the operation risks of the container leasing business, sale and managed back model had gradually been developed. In 2007, a profit before tax of US$25,975,000 was generated from the sale and managed back 135,956 TEUs (as amended) of containers and the cash consideration of US$241,139,000 (including the receipt of US$2,337,000 deal management fee) was received. As at 31st December 2007, the size of the managed container fleet increased to 762,618 TEUs (2006: 629,881 TEUs), representing 50.2% (2006: 50.4%) of the total fleet. The size of owned container fleet amounted to 757,053 TEUs (2006: 620,728 TEUs), representing 49.8% (2006: 49.6%) of the total fleet, of which 517,311 TEUs (2006: 456,877 TEUs) were leased to COSCON while 239,742 TEUs (2006: 163,851 TEUs) were available to international customers.

While expanding the container sale and managed back business, Florens continued to expand the size of its owned container fleet. Newly purchased containers in the year amounted to 326,715 TEUs, a 21.8% increase as compared with last year, in which newly acquired containers for COSCON and other international customers were 112,754 TEUs and 213,961 TEUs respectively, representing 34.5% and 65.5% of the total purchase of the year respectively. As at 31st December 2007, the number of customers rose to 280 (2006: 270).

During the year, COSCON returned 51,464 TEUs (2006: 43,981 TEUs) of containers upon expiry of the 10-years leases. Total returned containers of 56,759 TEUs (2006: 48,071 TEUs) were disposed of for the year, of which 51,365 TEUs (2006: 47,624 TEUs) of containers were returned from COSCON in or before 2007 upon the expiry of the 10-years leases. Net profit on disposal of old containers was US$6,583,000 (2006: US$8,794,000).

Logistics Business

Profit contribution from COSCO Logistics, 49% owned by COSCO Pacific, for the year amounted to US$19,236,000, a 6.0% increase as compared with the corresponding period last year. Major businesses of COSCO Logistics such as shipping agency, freight forwarding, product logistics and project logistics performed excellently during the year. They provided quality services to the customers, further enhanced the 50% market share in China in respect of shipping agency, accelerated the development of freight forwarding business and obtained contracts of logistics services for many major projects.

Container Manufacturing Business

In 2007, as a result of the volatile pricing of raw materials, net profit from Shanghai CIMC Reefer Containers Co., Ltd. and Tianjin CIMC North Ocean Container Co., Ltd. provided to the Group decreased to US$1,188,000 (2006: US$8,882,000). As at 31st December 2007, COSCO Pacific has a 16.54% shareholding interest in CIMC. As a result of increasing investment income, net profit from CIMC rose by 16.4% to US$67,168,000 (2006: US$57,727,000).

COSCO Pacific granted 424,106,507 put options to shareholders of the CIMC Tradeable A-Shares in 2006. As none of the put options was exercised upon its expiry on 23rd November 2007, the provision related to the fair value of put options of US$55,181,000 made in 2006 was fully reversed.

Disposal of Non-core Business

The pace of Company business structure adjustment had been further accelerated. The net profit attributable to the disposal of 20% of equity interest in Chong Hing Bank of US$90,742,000, which has realised approximately of US$268,474,000 in cash. The cash consideration from the disposal is to be used for investments in our core businesses and distribution of special final dividend.

CORPORATE GOVERNANCE

The Company continues to achieve high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest as a whole. The Company has fully complied with the code provisions of the Code on Corporate Governance Practices 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 2007.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises four independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the consolidated financial statements for the year ended 31st December 2007.

Remuneration Committee

The Remuneration Committee comprises five members, a majority of whom are independent non-executive directors. 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 regarding the remuneration of directors.

Other Board Committees

In addition to the above committees, the Board has also established various committees which include Executive Committee, Nomination Committee, Investment and Strategic Planning Committee, Corporate Governance Committee and Risk Management Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website: www.coscopac.com.hk.

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 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

OVERALL MANAGEMENT AND AWARDS

COSCO Pacific keeps on improving the quality of company management, level of corporate governance and profitability, and dedicates to creating value for our shareholders. During the year, we have gained recognition in our industry and capital market with the following awards:

(1) awarded "Hong Kong In-House Team of the Year" and "Shipping In-House Team of the Year" by Asian Legal Business (ALB), a well recognized professional magazine

(2) cited as one of the "Forbes Global 2000" by Forbes magazine for three consecutive years

(3) awarded "Hong Kong Outstanding Enterprises" by Economic Digest for three consecutive years

(4) won "Corporate Governance Asia Recognition Awards" from Corporate Governance Asia magazine

(5) awarded "Best Corporate Governance Award" by The Asset magazine

(6) awarded "Best Investor Relations" by IR magazine

INVESTOR RELATIONS

COSCO Pacific continued its pursuit of the highest standards of transparency of enterprise. While being committed to maximising shareholders' value and improving corporate profitability, the Company is also determined to ensure the highest standards of corporate governance, transparency and accountability. During the year, we actively engaged in various activities of enhancing corporate governance and initiated the sponsorship of the Directors of the Year Awards organized by The Hong Kong Institute of Directors. The Company espouses the core principles of corporate governance, which are based on the checks and balances system, and seeks to maximise shareholders' investment returns through balancing the interests of our shareholders. The Board and the senior management of COSCO Pacific will continue to follow these principles and to act in the long-term interests of its shareholders and stakeholders.

CORPORATE CULTURE

Team Building

As of 29th February 2008, COSCO Pacific had 1,061 employees in China, Asia, America, Europe and Australia.

The Company is committed to providing professional and continual development opportunities for its staff by organising various training sessions to enhance the management and professional standards of our executives on an on-going basis and encourage our staff to study hard and behave aggressively. Established a remuneration and bonus mechanism on the basis of equity and fairness, the Company never stops to make it perfect. In 2007, we organized various activities to promote internal communications, enrich their personal lives and cultivate the spirit of teamwork. The granting of share options to the staff in April 2007 has been pivotal in strengthening their sense of belonging. The workforce of COSCO Pacific has grown up to a globalised, united group in pursuit of excellence.

Social Responsibilities

During 2007, the Company had been actively participating in charity and poverty alleviation. In June, our employees took part in the "Lifeline-Express" charity lottery sales for donation to help patients blinded by cataracts in remote area in China; in December, we donated RMB 2,000,000 to the COSCO Charity Fund under the Ministry of Civil Affairs of the PRC. The Company pays much attention to shoulder its responsibility on protecting the environment, for this reason, we formally entered the Business Environment Council in September in an effort to promote sustainable development of our society; we maintained participation in the large-scale promotional event "Project CLEAN AIR" co-organized by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment. In November, as an initiated sponsor, we supported the "Directors of the Year Award" organized by The Hong Kong Institute of Directors.

COSCO Pacific will be continuously committed to carrying out our civil duties as a corporate entity to reward the society by actively participating in public welfare activities and community services while supporting environmental protection.

PROSPECTS

2008 will be a year full of challenges and opportunities. Global economic growth will be further slowed by the deepening sub-prime crisis in the United States. However, the Chinese economy will still be stimulated by strong growth in domestic consumption and China's import trade is expected to maintain a solid upward trend. As a result, we expect domestic cargo volume to increase and containerised shipping is also likely to increase amid such favourable conditions. Meanwhile, Chinese economic growth will remain healthy under proper control by the government's macro-economic tightening policies. All told, the China factor will definitely provide excellent opportunities for the further development of COSCO Pacific.

Focusing on ports and terminals as the principal earnings driver and the largest profit center of COSCO Pacific, we are dedicated to strengthening our terminal portfolio so as to build a stronger and a larger platform for the business. Enjoying a high degree of synergy with our parent company, COSCO Pacific is gaining footholds as it establishes a global terminal network strategically located in China and overseas. In turn we are able to provide superior services to our customers around the world. We aim to maintain our leading position as a global port operator through further investment; taking majority stakes and thereby maximizing enterprise value and profitability through controlling interests.

In parallel, we continue to strengthen our container leasing business and expand our container management services with an asset light business model. The objectives of COSCO Pacific are fourfold: to grow a stronger portfolio of business operations, to maintain our position as a market leader, to further enhance our profitability and to maximize our shareholder returns.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Dr. WEI Jiafu[2] (Chairman), Mr. CHEN Hongsheng[1], Mr. LI Jianhong[1], Mr. XU Lirong[2], Ms. SUN Yueying[1], Mr. XU Minjie[1] (Vice Chairman & Managing Director), Dr. SUN Jiakang[2], Dr. WONG Tin Yau, Kelvin[1], Mr. WANG Zhi[1], Mr. YIN Weiyu[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
COSCO Pacific Limited
XU Minjie
Vice Chairman & Managing Director

Hong Kong, 7th April 2008