COSCO PACIFIC LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNOUNCEMENT OF 2006 INTERIM RESULTS

RESULTS HIGHLIGHTS

- Turnover increased by 5.9% to US$150,286,000
- Profit attributable to the equity holders of the Company declined by 36.5% to US$136,404,000
- Earnings per share dropped by 37.0% to US6.18 cents
- Interim dividend* of HK27.4 cents (2005: HK28.1 cents) per share and special interim dividend** of HK9.1 cents (2005: HK11.3 cents) per share were declared
- Dividend payout was 51.7% (2005: 51.7%) excluding non-cash expense on the issuance of CIMC Put Options

* The calculation of interim dividend is based on the profit attributable to equity holders excluding non-recurrent net profit from the disposal of 600,082 TEU of containers on 30th June 2006 and the non-cash expense on the issuance of CIMC Put Options.

** The calculation of special interim dividend is based on the non-recurrent net profit from the disposal of 600,082 TEU of containers.

- Total throughput in container terminal operation increased by 23.5% to 14,974,748 TEUs
- Investments in 23 joint venture terminal companies with an aggregate of 104 berths
- Container leasing fleet increased by 8.1% to 1,111,336 TEUs, average utilisation rate decreased to 96.0% (2005: 96.4%)
- Ultimate disposal of containers with a volume of 600,082 TEUs and provision of container after-sales management services for optimising the business model and the capital structure

RESULTS

The board of directors (the "Directors") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to present the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June 2006. The unaudited interim results have been reviewed by the Company's Audit Committee.

The Group's unaudited condensed consolidated income statement, condensed consolidated balance sheet and explanatory notes 1 to 14 as presented below are extracted from the Group's unaudited condensed consolidated financial statements for the six months ended 30th June 2006 (the "unaudited Condensed

Consolidated Financial Statements") which have been reviewed by the Company's auditors, PricewaterhouseCoopers, in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), except that the scope of their review did not extend to the Group's share of net assets and results of two listed associates, China International Marine Containers (Group) Co., Ltd. ("CIMC") and Liu Chong Hing Bank Limited ("LCHB"), which were accounted for under the equity method on the basis of their published interim financial information. Accordingly, their independent review report has been modified in this respect. Details of the modification were be set out in the Group's interim report.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2006

		Six months ended 30th June	
		2006	2005
	Note	***US$'000***	*US$'000*
			(Restated)
Turnover	2	**150,286**	141,898
Cost of sales		**(62,091)**	(58,937)
Gross profit		**88,195**	82,961
Other gains		**12,903**	11,029
Other operating income	3	**48,724**	22,343
Other operating expenses		**(20,650)**	(15,554)
Administrative expenses		**(16,020)**	(15,131)
Profit on disposal of containers	4	**84,454**	—
Profit on disposal of an available-for-sale financial asset	5	**—**	61,875
Initial recognition of put options granted in connection with share reform of an associate	6	**(140,064)**	—
Fair value gain on put options granted	6	**75,777**	—
Operating profit	7	**133,319**	147,523
Finance costs	8	**(26,242)**	(16,310)
Operating profit after finance costs		**107,077**	131,213
Share of profits less losses of			
— jointly controlled entities		**40,898**	42,177
— associates		**40,501**	53,300
Profit before income tax		**188,476**	226,690
Income tax expenses	9	**(50,453)**	(10,457)
Profit for the period		**138,023**	216,233
Profit attributable to:			
Equity holders of the Company		**136,404**	214,770
Minority interests		**1,619**	1,463
		138,023	216,233

	Note	Six months ended 30th June 2006 US$'000	2005 US$'000 (Restated)
Dividends			
— interim	10	**78,213**	79,253
— special interim	10	**26,042**	31,871
		104,255	111,124
Earnings per share for profit attributable to the equity holders of the Company			
— basic	11	**US6.18 cents**	US9.81 cents
— diluted	11	**US6.14 cents**	US9.73 cents

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2006

	Note	As at 30th June 2006 US$'000	As at 31st December 2005 US$'000
Non-current assets			
Property, plant and equipment		**739,405**	1,400,120
Investment properties		**1,383**	1,383
Leasehold land and land use rights		**18,085**	16,597
Intangible assets		**3,735**	3,803
Jointly controlled entities		**452,251**	403,486
Associates		**548,953**	483,514
Deferred income tax assets		**1,294**	246
Available-for-sale financial assets		**296,014**	275,595
Finance lease receivables		**3,728**	3,747
Restricted bank deposits		**158**	21,978
		2,065,006	2,610,469
Current assets			
Inventories		**10,195**	2,486
Trade and other receivables	12	**115,781**	84,133
Derivative financial assets		**1,330**	725
Bank balances and cash		**973,011**	157,337
		1,100,317	244,681

	Note	As at 30th June 2006 US$'000	As at 31st December 2005 US$'000
Current liabilities			
Trade and other payables	13	**149,572**	53,628
Current income tax liabilities		**124,627**	820
Current portion of long term borrowings		**750**	84,558
Short term bank loans		**346,501**	2,478
		621,450	141,484
Net current assets		**478,867**	103,197
Total assets less current liabilities		**2,543,873**	2,713,666
Non-current liabilities			
Deferred income tax liabilities		**—**	72,699
Derivative financial liabilities		**75,324**	2,007
Long term borrowings		**459,276**	748,617
Other long term liabilities		**5,952**	—
		540,552	823,323
Net assets		**2,003,321**	1,890,343
Capital and reserves attributable to the equity holders of the Company			
Share capital		**28,448**	28,200
Reserves		**1,861,078**	1,772,959
Proposed final dividend		**—**	78,789
Interim dividends declared		**104,255**	—
		1,993,781	1,879,948
Minority interests		**9,540**	10,395
Total equity		**2,003,321**	1,890,343

Notes

1. Basis of preparation and principal accounting policies

The unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by HKICPA.

The unaudited Condensed Consolidated Financial Statements should be read in conjunction with the annual financial statements for the year ended 31st December 2005 (the "2005 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and interpretations issued by the HKICPA.

(a) *Adoption of new/revised HKFRSs*

The accounting policies and methods of computation used in the preparation of the unaudited Condensed Consolidated Financial Statements are consistent with those used in the 2005 Annual Financial Statements, except that the Group has adopted the following new standards, interpretations and amendments to published standards (collectively the "new/revised HKFRSs") issued by HKICPA which are relevant to its operations and mandatory for the financial year ending 31st December 2006:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKFRS 4 and HKAS 39 (Amendment)	Financial Guarantee Contracts
HKFRS Interpretation 4	Determining whether an Arrangement contains a Lease

The adoption of the above new/revised HKFRSs in the current period did not have any significant effects on the unaudited Condensed Consolidated Financial Statements or result in any significant changes in the Group's accounting policies.

The HKICPA has issued certain new standards, interpretations and amendments which are not yet effective for the year ending 31st December 2006. The Group has not early adopted the above standards, interpretations and amendments in the unaudited Condensed Consolidated Financial Statements but 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 accounting policies and presentation of the financial statements will result.

(b) *Change in an accounting estimate*

The directors have reviewed the residual values and useful lives of property, plant and equipment at 1st January 2006. The depreciation charge of containers for the six months ended 30th June 2006 has been calculated based on the revised estimated residual values. This represents a change in an accounting estimate and has been accounted for prospectively. The effect of this change is to decrease the depreciation charge by approximately US$1,682,000 and decrease the deferred income tax credit by approximately US$355,000 for the six months ended 30th June 2006.

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 net corporate expenses and corporate finance costs less corporate interest income. Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, inventories, receivables and operating cash, and mainly exclude deferred income tax assets and investments in jointly controlled entities, associates and available-for-sale financial assets.

Segment liabilities comprise operating liabilities and exclude items such as current and deferred income tax liabilities, corporate borrowings and related hedging derivatives.

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

Segment turnover, results and other segment information

	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
Six months ended 30th June 2006							
Turnover							
— total revenues	**139,606**	**10,681**	**—**	**—**	**—**	**—**	**150,287**
— inter-segment sales	**—**	**(1)**	**—**	**—**	**—**	**—**	**(1)**
External sales	**139,606**	**10,680**	**—**	**—**	**—**	**—**	**150,286**
Segment results	**83,230**	**1,270**	**(3,747)**	**(1,614)**	**—**	**—**	**79,139**
Dividend income from							
— a listed investment	**—**	**—**	**—**	**—**	**—**	**476**	**476**
— unlisted investments	**—**	**9,087**	**—**	**—**	**—**	**—**	**9,087**
Profit on disposal of containers *(note 4)*	**84,454**	**—**	**—**	**—**	**—**	**—**	**84,454**
Initial recognition of Put Options granted in connection with share reform of an associate *(note 6)*	**—**	**—**	**—**	**(140,064)**	**—**	**—**	**(140,064)**
Fair value gain on Put Options granted *(note 6)*	**—**	**—**	**—**	**75,777**	**—**	**—**	**75,777**
Unallocated costs							
— net corporate expenses	**—**	**—**	**—**	**—**	**—**	**(3,116)**	**(3,116)**
— corporate finance costs	**—**	**—**	**—**	**—**	**—**	**(300)**	**(300)**
— corporate interest income	**—**	**—**	**—**	**—**	**—**	**1,624**	**1,624**
Operating profit/(loss) after finance costs	**167,684**	**10,357**	**(3,747)**	**(65,901)**	**—**	**(1,316)**	**107,077**
Share of profits less losses of							
— jointly controlled entities	**—**	**26,374**	**9,321**	**5,203**	**—**	**—**	**40,898**
— associates *(note i)*	**—**	**7,331**	**—**	**26,843**	**6,327**	**—**	**40,501**
Profit before income tax							**188,476**
Income tax expenses							**(50,453)**
Profit for the period							**138,023**
Capital expenditure	**186,175**	**303**	**—**	**—**	**—**	**2,010**	**188,488**
Depreciation and amortisation	**56,003**	**759**	**—**	**—**	**—**	**193**	**56,955**
Amortised amount of transaction costs on bank loans and notes	**3,629**	**—**	**—**	**—**	**—**	**—**	**3,629**
Other non-cash expenses	**506**	**81**	**91**	**39**	**—**	**—**	**717**

	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
Six months ended 30th June 2005 (Restated)							
Turnover							
— total revenues	132,380	9,520	—	—	—	—	141,900
— inter-segment sales	—	(2)	—	—	—	—	(2)
External sales	132,380	9,518	—	—	—	—	141,898
Segment results	63,316	2,581	(1,782)	(767)	—	—	63,348
Dividend income from							
— a listed investment	—	—	—	—	—	768	768
— unlisted investments	—	8,177	—	—	—	—	8,177
Profit on disposal of an available-for-sale financial asset *(note 5)*	—	61,875	—	—	—	—	61,875
Unallocated costs							
— net corporate expenses	—	—	—	—	—	(3,955)	(3,955)
— corporate finance costs	—	—	—	—	—	(170)	(170)
— corporate interest income	—	—	—	—	—	1,170	1,170
Operating profit/(loss) after finance costs	63,316	72,633	(1,782)	(767)	—	(2,187)	131,213
Share of profits less losses of							
— jointly controlled entities	—	27,307	7,628	7,242	—	—	42,177
— associates *(note i)*	—	8,171	—	40,236	4,893	—	53,300
Profit before income tax							226,690
Income tax expenses							(10,457)
Profit for the period							216,233
Capital expenditure	276,865	2,868	—	—	—	29	279,762
Depreciation and amortisation	53,722	628	—	—	—	214	54,564
Amortised amount of transaction costs on bank loans and notes	593	—	—	—	—	—	593
Other non-cash expenses	54	74	96	41	—	2	267

Segment assets and liabilities

	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
As at 30th June 2006							
Segment assets	**1,737,483**	**57,853**	**—**	**15,572**	**—**	**—**	**1,810,908**
Jointly controlled entities	**—**	**230,603**	**198,926**	**22,722**	**—**	**—**	**452,251**
Associates *(note ii)*	**—**	**172,571**	**—**	**204,461**	**171,921**	**—**	**548,953**
Available-for-sale financial assets	**—**	**287,109**	**—**	**—**	**—**	**8,905**	**296,014**
Unallocated assets							**57,197**
							3,165,323
Segment liabilities	**314,410**	**128,900**	**127,724**	**119,287**	**—**	**—**	**690,321**
Unallocated liabilities							**471,681**
							1,162,002

	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*
As 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 *(note ii)*	—	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

Notes:

(i) For the six months ended 30th June 2006, the Group's share of the unaudited profits (net of income tax expenses) of CIMC and LCHB, listed associates of the Group, amounted to US$26,843,000 (2005: US$40,236,000) and US$6,327,000 (2005: US$4,893,000) respectively.

(ii) As at 30th June 2006, the Group's share of the unaudited net assets of CIMC and LCHB amounted to US$204,461,000 (31st December 2005: US$193,343,000) and US$171,921,000 (31st December 2005: US$169,947,000) respectively.

(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 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

3. Other operating income

	Six months ended 30th June	
	2006	2005
	US$'000	*US$'000*
		(Restated)
Sale of inventories	**18,901**	12,148
Finder fee *(note 4)*	**15,240**	—
Others	**14,583**	10,195
	48,724	22,343

4. Profit on disposal of containers

The Group disposed of containers with an aggregate net book value of US$762,070,000 (representing volume of approximately 600,082 twenty-feet equivalent units) as at 30th June 2006 (the "Sold Containers") to a third party for a cash consideration of approximately US$846,524,000 (the "Disposal"). The Disposal was completed during the period and the gain on Disposal before taxes amounted to US$84,454,000.

The Group has also received a finder fee of approximately US$15,240,000 in respect of its services rendered for the entire transaction prior to the completion of the Disposal. The finder fee has been recognised and included in the condensed consolidated income statement as other operating income *(note 3)*.

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

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

6. Share reform

On 25th May 2006, the Company had granted 424,106,507 put options (the "Put Options") to holders of the A-Shares not having trading restrictions (the "CIMC Tradeable A-Shares") of CIMC, an associate of the Group listed on 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 are entitled to require the Company to buy from them 1.128 CIMC Tradable A-Shares at an exercise price of RMB8.868 per share during the 5 trading days immediately prior to, but not including 25th November 2007. The closing price of CIMC Tradable A-Shares on 30th June 2006 was RMB16.10 per share. If all the Put Options are exercised in full, the Company will have to pay a total sum of approximately RMB4,241,000,000 (equivalent to approximately US$530,429,000) in cash and the Group's equity interest in CIMC will be increased from 16.23% to approximately 37.26% after the acquisition.

The Put Options are derivative financial instruments as defined under HKAS 39 "Financial Instruments: Recognition and Measurement". Accordingly, upon issuance of the Put Options, the Group recognised a liability in the amount of US$140,064,000, the fair value of the Put Options, and recognised a debit of the same amount in the condensed consolidated income statement.

The Put Options have been carried in the condensed consolidated balance sheet at their fair value in accordance with HKAS39. Accordingly, the decrease of fair value of the Put Options of US$75,777,000 from the initial recognition of US$140,064,000 as at 25th May 2006 to that of US$64,287,000 as at 30th June 2006 have been credited to the condensed consolidated income statement for the current period. In the event that no Put Options are exercised, further credit would be made to the consolidated income statement in the periods up to the expiry of the Put Options and the accumulated credit would be equal to the balance of the initially recognised liability.

7. Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2006	2005
	US$'000	*US$'000*
		(Restated)
Crediting		
Sale of inventories	**18,901**	12,148
Dividend income from		
— a listed investment	**476**	768
— unlisted investments	**9,087**	8,177
Fair value gain on interest rate swap contracts not qualified as hedges	**775**	5,097
Interest income	**3,316**	2,058
Profit on disposal of property, plant and equipment (excluding the Sold Containers *(note 4)*)	**278**	335
Reversal of provision for impairment of trade receivables	**1,146**	6
Charging		
Depreciation and amortisation	**56,955**	54,564
Cost of inventories sold	**13,250**	9,271
Cost of inventories expensed	**170**	126
Provision for inventories	**174**	—
Provision for impairment of trade receivables	**—**	153

8. Finance costs

	Six months ended 30th June	
	2006	2005
	US$'000	*US$'000*
		(Restated)
Interest expense on		
— bank loans	**13,622**	6,279
— other loans	**8**	184
— notes not wholly repayable within five years	**8,386**	8,813
Amortised amount of discount on issue of notes	**108**	114
Amortised amount of transaction costs on bank loans and notes	**3,629**	593
	25,753	15,983
Other incidental borrowing costs and charges	**489**	327
	26,242	16,310

9. Income tax expenses

	Six months ended 30th June	
	2006	2005
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**121**	51
— China mainland taxation	**547**	499
— Overseas taxation	**124,087**	192
— Over provision in prior years	**(555)**	(5)
	124,200	737
Deferred income tax, net	**(73,747)**	9,720
	50,453	10,457

The Group's share of income tax expenses of jointly controlled entities and associates of US$6,044,000 (2005: US$7,421,000) and US$3,017,000 (2005: US$5,095,000) are included in 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% (2005: 17.5%) on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. The overseas taxation charged for the current period primarily included the estimated capital gain tax provision in connection with the Disposal as mentioned in note 4.

Deferred income tax is provided in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date. The deferred tax liabilities associated with the Sold Containers disposed of have been written back and credited to the condensed consolidated income statement upon the disposal of the Sold Containers (note 4).

As at 30th June 2006, deferred tax liabilities of US$55,338,000 (31st December 2005: US$36,617,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries totalling US$184,459,000 (31st December 2005: US$122,055,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and accordingly the temporary difference will not be reversed in the foreseeable future.

10. Dividends

	Six months ended 30th June	
	2006	2005
	US$'000	*US$'000*
Interim dividend, declared, of US3.526 cents (2005: US3.614 cents) per ordinary share	**78,213**	79,253
Special interim dividend, declared of US1.174 cents (2005: US1.453 cents) per ordinary share	**26,042**	31,871
	104,255	111,124

Notes:

(a) At a meeting held on 23rd March 2006, the directors proposed a final dividend of HK27.8 cents (equivalent to US3.583 cents) per ordinary share for the year ended 31st December 2005, which was paid on 1st June 2006 and has been reflected as an appropriation of retained profits for the six months ended 30th June 2006.

(b) At a meeting held on 7th September 2006, the directors declared an interim dividend of HK27.4 cents (equivalent to US3.526 cents) per ordinary share and a special interim dividend of HK9.1 cents (equivalent to US1.174 cents) per ordinary share. These interim dividends declared are not reflected as dividends payable in the unaudited Condensed Consolidated Financial Statements, but will be reflected as an appropriation of retained profits for the year ending 31st December 2006.

11. Earnings per share

Basic

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

	Six months ended 30th June	
	2006	2005
Profit attributable to the equity holders of the Company	**136,404,000**	US$214,770,000
Weighted average number of ordinary shares in issue	**2,208,054,243**	2,189,048,596
Basic earnings per share	**US6.18 cents**	US9.81 cents

Diluted

Diluted earnings per share are calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period, 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.

	Six months ended 30th June	
	2006	2005
Profit attributable to the equity holders of the Company	**136,404,000**	US$214,770,000
Weighted average number of ordinary shares in issue	**2,208,054,243**	2,189,048,596
Adjustments for assumed conversion of share options	**11,800,816**	17,426,155
Weighted average number of ordinary shares for diluted earnings per share	**2,219,855,059**	2,206,474,751
Diluted earnings per share	**US6.14 cents**	US9.73 cents

12. Trade and other receivables

	As at 30th June 2006	As at 31st December 2005
	US$'000	*US$'000*
Trade receivables (net of provision)	**72,162**	63,153
Other receivables, deposits and prepayments	**17,405**	12,556
Current portion of finance lease receivables	**1,513**	1,283
Amounts due from		
— jointly controlled entities	**9,055**	7,071
— associates	**15,646**	70
	115,781	84,133

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

	As at 30th June 2006	As at 31st December 2005
	US$'000	*US$'000*
Within 30 days	**26,907**	31,132
31–60 days	**29,288**	25,869
61–90 days	**10,406**	5,340
Over 90 days	**5,561**	812
	72,162	63,153

13. Trade and other payables

	As at 30th June 2006 *US$'000*	As at 31st December 2005 *US$'000*
Trade payables	**79,065**	24,527
Other payables and accruals	**70,378**	29,059
Dividend payable	**19**	18
Amounts due to fellow subsidiaries	**110**	24
	149,572	53,628

The ageing analysis of the trade payables was as follows:

	As at 30th June 2006 *US$'000*	As at 31st December 2005 *US$'000*
Within 30 days	**11,592**	6,505
31–60 days	**40,090**	312
61–90 days	**27,286**	17,670
Over 90 days	**97**	40
	79,065	24,527

14. Comparative figures

The comparative figures for other gains, other operating income, other operating expenses and finance costs as set out in the condensed consolidated income statement and the related notes thereto have been reclassified or restated to conform with the current period's presentation.

DIVIDENDS

The directors have declared an interim cash dividend of HK27.4 cents (2005: HK28.1 cents) per share and a special interim cash dividend of HK9.1 cents (2005: HK11.3 cents) per share for the six months ended 30th June 2006. The interim dividend and special interim dividend will be payable on 6th October 2006 to shareholders whose names appeared on the register of members of the Company on 28th September 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 25th September 2006 to Thursday, 28th September 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend and special interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrars, Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Friday, 22nd September 2006.

BUSINESS REVIEW

Overall analysis of results

During the past six months, China maintained robust economic growth with 23.4% growth in trade volume and 10.9% GDP growth amid steady development of the global economy, while the Group continued to expand its core businesses.

The Group's profit before income tax and share reform and subsequent fair value gain on the Put Options rose 11.5% to US$252,763,000 and profit attributable to the equity holders of the Company (before taking into account the share reform and subsequent fair value gain of the Put Options) for the period dropped by 6.6% to US$200,691,000. In order to optimise the business model and capital structure of its container leasing operation, the Group completed the strategic sale and manage back of containers with a capacity of 600,082 TEUs as at 30th June 2006 and generating a non-recurring net profit from the disposal of US$50,195,000 (2005: The Group gained US$61,875,000 from the sale of 17.5% interest in Shekou Container Terminals Ltd.). In addition, LCHB and COSCO Logistics Co., Ltd. ("COSCO Logistics") provided the Group with satisfactory net profit contributions in the first half of the year, both reporting growth of more than 20%.

In the meantime, net profit contribution from COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") during the period, decreased by 33.6% to US$9,974,000 as a result of the replacement of 4 quay cranes by COSCO-HIT Terminal. Net profit contribution from CIMC dropped by 33.3% to US$26,843,000 as the prolonged impact of market factors subsisting since the end of 2005 resulted in lower sales volume and selling prices of containers. However, the market took a positive u-turn starting from the second quarter of 2006 and CIMC also recorded significantly improved results for the period from April to June as sales volume and selling prices recovered.

Profit before income tax for the period dropped by 16.9% to US$188,476,000. Profit attributable for the equity holders of the Company for the period decreased 36.5% to US$136,404,000 from US$214,770,000 a year ago. Earnings per share dropped by 37.0% to US6.18 cents from US9.81 cents.

Pursuant to the compensation scheme regarding to the CIMC Share Reform, the Group granted 424,106,507 Put Options to the CIMC Tradable A-Share Shareholders in May 2006 in connection with the conversion of the CIMC non-tradable shares held by the Group into tradable A-Shares of CIMC, which are publicly tradable on the Shenzhen Stock Exchange. By adoption of HKAS 39 "Financial Instruments: Recognition and Measurement", the Group has recognised the fair value of the Put Options of US$140,064,000 as derivative financial liabilities, with a corresponding charge to the income statement of the same amount on the first grant date of the Put Options. The fair value of the Put Options was calculated with reference to the first quote price of the Put Options at RMB2.65. As at 30th June 2006, the Put Option price decreased to RMB1.21 and as a result, the fair value of the derivative financial liabilities decreased and accordingly, a fair value gain of US$75,777,000 was recognised. The net effect of the Put Options to the Group's income statement during the period was a net charge of US$64,287,000.

The fair value of the derivative financial liabilities recognised in the condensed balance sheet is subjected to the change in market value of the Put Options. Any subsequent change in the market value of the derivative financial liabilities up to the expiry of the Put Options would be reflected in the income statement.

The Put Options will expire on 24th November 2007. If the closing share price of CIMC would be above RMB8.868 (adjusted exercise price) during the exercisable period, it is assumed that no option holders will exercise the option, and there will be no cash outflow from the Group and the derivative financial liabilities will be fully reversed. If the closing share price of CIMC would be below RMB8.868 (adjusted exercise price) during the exercisable period, it is assumed that all option holders will exercise the Put Options. The maximum amount to be paid out by the Group will amount to approximately RMB4,241,000,000 (equivalent to approximately US$530,133,000) in return for the additional 21.03% equity interests in CIMC. The Group's interest in CIMC will then increase from 16.23% to 37.26%.

Financial analysis

Turnover grew by 5.9% to US$150,286,000. Majority of the increase was from container leasing operation which recorded a turnover of US$139,606,000, an increase of 5.5% from last year. The Group's owned and managed container fleet rose by 8.1% to 1,111,336 TEUs from 1,027,954 TEUs a year ago. Average utilisation rate dropped slightly to 96.0% versus 96.4% for the same period of last year. After the Group disposed of containers of 600,082 TEUs on 30th June 2006, the principal sources of revenue for the container leasing operations in the second half of the year and onward will include non-COSCON new leases, additional container management fees and sale of returned containers, in addition to the long-term leases with COSCO Container Lines Company Limited ("COSCON"). Continuous efforts of Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky Terminal") to explore new business opportunities resulted in a 20.8% increase in throughput to 217,843 TEUs and an increase of 14.6% in turnover to US$6,926,000. Business volume of the container handling and storage operations for the first six months increased as a whole and the turnover was US$3,754,000 (2005: US$3,476,000). Growth in business volume was primarily attributable to the increase in the volume of exports from container terminals via South China locations which resulted in rising volume of terminal throughput.

Cost of sales, comprising mainly depreciation, depot expenses and maintenance and operating expenses, rose by 5.4% to US$62,091,000 in the first half of the year. Depreciation increased by 4.4% to US$56,069,000 and accounted for 90.3% of cost of sales (2005: 91.1%). Operating cost of containers leasing business rose by 30.3% to US$1,776,000 (2005: US$1,363,000).

Other gains, comprising mainly dividend income and interest income, increased 17.0% over the same period of last year to US$12,903,000. Yantian International Container Terminals Ltd. ("Yantian Terminal") declared an interim dividend of US$9,087,000 for the first half of 2006 (2005: US$7,480,000). Interest income during the period was US$3,316,000 (2005: US$2,058,000).

Administrative expenses increased by 5.9% from a year ago to US$16,020,000. During the period, human resources, office rental and travelling expenses of the Group increased as the Group continued to put more efforts on its marketing and new project development.

Net other operating income increased from US$6,789,000 (as restated) to US$28,074,000 in the first half of the year. The growth comprised the net profit generated from the disposal of containers returned by COSCON upon expiry of leases of US$4,889,000. The number of containers returned by COSCON upon expiry of leased disposed of during the first half of the year was 20,614 TEUs (2005: 14,833 TEUs). Net profit from the sale of returned containers increased to US$4,889,000 from US$2,593,000 a year ago. In addition, the Group recorded a Finder Fee of approximately US$15,240,000 (2005: N/A) and a reversal of provision for impairment of trade receivables amounting to US$1,146,000 (2005: US$6,000) as other operating income. During the period, fair value gain on interest rate swap contracts not qualified for hedge accounting of US$775,000 (2005: US$5,097,000) was included in other operating income.

The Group completed the disposal of containers with a capacity of 600,082 TEUs on 30th June 2006. Generating profit before taxes of approximately US$84,454,000.

Finance costs increased by 60.9% to US$26,242,000 as a result of the increase in average borrowings and cost of borrowing. The Group's average borrowing for the first half of the year amounted to US$808,041,000 (2005: US$660,054,000). The Group's average cost of borrowing, including amortisation of transaction costs on bank loans and notes, was an averaged 6-month London Interbank Offer Rate ("LIBOR") plus 1.38% (2005: LIBOR plus 1.65%).

Net profit contribution from jointly controlled entities decreased by 3.0% to US$40,898,000. With operation being directly affected by the replacement of 4 quay cranes by COSCO-HIT Terminal during the period, its throughput for the first six months dropped by 12.6% to 823,493 TEUs (2005: 942,488 TEUs). Net profit contribution decreased by 33.6% to US$9,974,000 due to the reduction in throughput. Throughput of Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") increased by 20.6% to 3,155,907 TEUs (2005: 2,616,018 TEUs) in the first half. Throughput of COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") decreased by 8.1% to 284,750 TEUs (2005: 309,821 TEUs). Throughput of Yangzhou Yuanyang International Ports Co. Ltd. ("Yangzhou Yuanyang Terminal") increased by 45.9% to 107,562 TEUs (2005: 73,740 TEUs). Throughput of Yingkou Container Terminals Company Limited ("Yingkou Terminal") increased by 34.2% to 387,793 TEUs (2005: 288,961 TEUs). Throughput of Nanjing Port Longtan Container Co., Ltd. ("Nanjing Longtan Terminal"), which was acquired in the second half of last year, was 280,389 TEUs. Except for COSCO-HIT Terminal's production was affected by the replacement of quay cranes, the net profit contribution from each of the above terminals was satisfactory.

Net profit contribution from Shanghai CIMC Far East Container Co., Ltd. ("Shanghai CIMC Far East") and Tianjin CIMC North Ocean Container Co., Ltd. ("Tianjin CIMC North Ocean") decreased by 34.6% to US$4,399,000 during the period (2005: US$6,722,000). Particularly, Shanghai CIMC Far East was closed down in July 2005, owing to restrictions under the State environmental policy. In July 2006, the Group subsequently agreed to dispose of its interest on Shanghai CIMC Far East for a consideration of US$6,252,000.

Net profit contribution from Tianjin CIMC North Ocean decreased as the prolonged impact of market factors subsisting since the end of 2005 resulted in lower sales volume and selling price of containers. During the first half of 2006, net profit of COSCO Logistics attributable to the Group increased by 22.2% to US$9,321,000.

Net profit contribution from associates amounted to US$40,501,000, a decrease of 24.0%. Net profit contribution from CIMC decreased by 33.3% to US$26,843,000 as the prolonged impact of the market factors subsisting since the end of 2005 resulted in lower sales volume and selling price of containers. Throughput of Shanghai Container Terminals Limited ("Shanghai Terminal") increased by 14.2% to 1,941,717 TEUs in the first half and recorded a decrease of 3.9% in net profit contribution to US$3,665,000. Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") handled 1,242,515 TEUs in the first half of the year and reported an increase of 5.6% in net profit contribution to US$5,635,000. Antwerp Gateway NV ("Antwerp Terminal") as acquired at the end of 2004 recorded a loss of US$1,339,000 since its operations are still in the start-up phase. LCHB contributed net profit of US$6,327,000 during the period (2005: US$4,893,000).

Aggregate tax during the period was US$50,453,000 (2005: US$10,457,000). The increase mainly due to capital gain tax in relation to the Disposal less the write back of deferred tax liabilities of approximately US$34,259,000.

Financial position

Cashflow

After the Disposal, cash inflow of the Group increased significantly. During the period, net cash from operating activities amounted to US$164,812,000 (2005: US$127,716,000 (as restated)). The Group drew bank loans of US$494,000,000 and repaid US$516,379,000 during the first half of the year. During the period, major capital investments of the Group involved US$57,973,000 for additional 10% equity interests in Shanghai Pudong Terminal, US$930,000 in Antwerp Terminal and US$10,695,000 in Qingdao Qianwan Terminal. Over the same period last year, major capital investments comprise US$3,142,000 in Antwerp

Terminal, US$12,081,000 in Qingdao Qianwan Terminal and US$5,800,000 in Dalian Automobile Terminal Co., Ltd. ("Dalian Automobile Terminal"). In additional to terminal investments, US$89,388,000 (2005: US$161,520,000) was paid during the period for purchase of new containers.

Financing and credit facilities

During the period, the Group entered into a short-term bridging bank loan contract of US$500,000,000 with a bank for a term of six months and the costs were LIBOR plus 37 basis points.

As at 30th June 2006, cash balances and banking facilities available but undrawn amounted to US$973,169,000 and US$196,000,000 respectively (31st December 2005: US$179,315,000 and US$320,000,000 respectively).

Assets and liabilities

As at 30th June 2006, the Group's total assets amounted to US$3,165,323,000 (31st December 2005: US$2,855,150,000) and total liabilities amounted to US$1,162,002,000 (31st December 2005: US$964,807,000). Net assets amounted to US$2,003,321,000 (31st December 2005: US$1,890,343,000) and net asset value per share attributable to the equity holders of the Company was US$90.3, representing a 5.0% increase from the end of last year.

Following the completion of the Disposal, the cash balances of the Group was US$973,169,000 as at 30th June 2006 (31st December 2005: US$179,315,000). Total outstanding borrowings amounted to US$806,527,000 (31st December 2005: US$835,653,000). Net debt to equity ratio decreased from 34.7% at the end of 2005 to zero, and the interest cover was 8.2 times, as compared to 14.9 times (as restated) in the same period last year.

Certain land use rights with a net book value of US$1,653,000 (31st December 2005: properties, plant and equipment and land use right of US$512,957,000) were pledged to banks and financial institutions by the Group to secure loans with an aggregate amount of US$1,000,000 (31st December 2005: US$345,618,000). As the secured loans had been substantially repaid by the end of June 2006, the majority of pledged bank deposits in relation thereto were released and the balance reduced to US$158,000 (31st December 2005: US$21,978,000).

Debt analysis

	As at 30th June 2006		As at 31st December 2005	
	US$	*%*	*US$*	*%*
By repayment term:				
Within the first year	**347,251,000**	**43.1**	87,036,000	10.4
Within the second year	**176,320,000**	**21.9**	79,167,000	9.5
Within the third year	**1,000,000**	**0.1**	233,908,000	28.0
Within the fourth year	**—**	**—**	62,956,000	7.5
Within the fifth year and beyond	**281,956,000**	**34.9**	372,586,000	44.6
	806,527,000*	**100.0**	835,653,000*	100.0
By type of borrowings:				
Secured borrowings	**1,000,000**	**0.1**	345,618,000	41.4
Unsecured borrowings	**805,527,000**	**99.9**	490,035,000	58.6
	806,527,000*	**100.0**	835,653,000*	100.0
By denomination of borrowings				
US Dollar	**801,149,000**	**99.3**	830,326,000	99.4
RMB	**5,378,000**	**0.7**	5,327,000	0.6
	806,527,000*	**100.0**	835,653,000*	100.0

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

Contingent liabilities

As at 30th June 2006, the Group provided guarantees on a loan facility granted to an associate of US$23,576,000 (31st December 2005: US$21,920,000).

Foreign exchange and interest rate risks management

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 with the US dollar revenue and expenses of the Group's container leasing business, minimizing 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 30th June 2006 and 31st December 2005, 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 from the banks a fixed interest rate of 5.875% per annum.

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

As at 30th June 2006, 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 22.6%:77.4% (31st December 2005: 22.9%:77.1%). 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 optimise potential interest rate risk exposure.

Review of operation

The Group achieved satisfactory results in its core operations in the first half of 2006.

Container terminal and related operations

Driven by economic growth in the PRC and world trade growth, the Group's container terminal operation recorded robust growth. As at 30th June 2006, the Group had 66 berths, including 63 container berths and 3 bulk cargo berths. The Group held interests in 16 operating joint venture container terminal companies which handled a total of 14,974,748 TEUs during the period, a 23.5% increase from the same period last year.

Throughput of container terminals	**1H 2006** ***(TEUs)***	1H 2005 *(TEUs)*	Changes over the corresponding period
Pearl River Delta	**4,547,135**	4,256,763	+6.8%
COSCO-HIT Terminal	**823,493**	942,488	-12.6%
Yantian Terminal Phase I, II and III	**3,723,642**	3,314,275	+12.4%
Yangtze River Delta	**3,790,026**	3,187,756	+18.9%
Shanghai Terminal	**1,941,717**	1,700,115	+14.2%
Shanghai Pudong Terminal	**1,242,515**	1,233,572	+0.7%
Zhangjiagang Win Hanverky Terminal	**217,843**	180,329	+20.8%
Yangzhou Yuanyang Terminal	**107,562**	73,740	+45.9%
Nanjing Longtan Terminal	**280,389**	—	N/A
Bohai Rim	**6,110,855**	4,374,700	+39.7%
Qingdao Qianwan Terminal	**3,155,907**	2,616,018	+20.6%
Qingdao Cosport Terminal	**400,382**	265,206	+51.0%
Dalian Port Container Co., Ltd.	**1,294,558**	1,202,157	+7.7%
Dalian Port Terminal	**134,844**	2,358	56 times
Yingkou Terminal	**387,793**	288,961	+34.2%
Tianjin Five Continents International Terminal	**737,371**	—	N/A
Overseas region	**526,732**	309,821	+70.0%
COSCO-PSA Terminal	**284,750**	309,821	-8.1%
Antwerp Terminal	**241,982**	—	N/A
Total throughput	**14,974,748**	12,129,040	+23.5%
Total throughput of terminals in China mainland	**13,624,523**	10,876,731	+25.3%

Optimisation of the strategic allocation of the PRC investment portfolio

The Group held interests in 23 joint venture companies which engaged in terminal operations as of 30th June 2006. These 23 terminal joint venture companies are strategically located in Pearl River Delta, Yangtze River Delta, Bohai Rim and major overseas locations. The Group held a total of 104 berths, including 99 berths for container terminals, 2 berths for automobile, 3 berths for multipurpose. The annual handling capacity, which includes existing terminals and those newly acquired, will be increased to 57,100,000 TEUs (2005: 40,400,000 TEUs), an increase of 41.3% from the corresponding period last year.

On 6th June 2006, the Group entered into a wholly foreign-owned enterprise contract with Tianjin Port (Group) Co., Ltd. and APM Terminals Tianjin Company Limited for the establishment of Tianjin Port Euroasia International Container Terminal Co., Ltd. Tianjin Port (Group) Co., Ltd was subsequently replaced by Tianjin Port Development International Limited as part of the move of Tianjin Municipal Government to consolidate the container terminal operations in the area. On 26th July 2006, the three parties to the joint venture signed a new joint venture contract for the establishment of Tianjin Port Euroasia International Container Terminal Co., Ltd., a joint venture company in which the Group owns 30% interest, for the purpose of developing and operating 3 berths of the container terminal located at Tianjin North Port. Total investment of the joint venture project was approximately RMB3,600,000,000 (equivalent to approximately US$450,000,000). The container terminal has a quay length of 1,100 metres and a depth alongside of 15.5 metres, with total area of approximately 720,000 square metres and a designed annual handling capacity of 1,800,000 TEUs. The container terminal is expected to come into operation in 2008.

On 8th June 2006, the Group entered into a joint venture contract with 寧波港集團北侖第三集裝箱有限公司, OOCL Terminal (Ningbo) Limited and SDIC Communications Co. (國投交通公司) for the establishment of Ningbo Yuan Dong Terminals Ltd., a joint venture company in which the Group held 20% interests, for the purpose of operating and managing berth No. 7 of Ningbo Beilun Container Terminal Phase IV. Total investment of the joint venture project was approximately RMB780,000,000 (equivalent to approximately US$97,000,000). The container terminal has a quay length of approximately 310 metres and a depth of about 15 metres alongside, with total area of approximately 150,000 square metres and a designed annual handling capacity of 400,000 TEUs. The terminal is expected to become operational in the fourth quarter of 2006.

Increased equity interests in existing terminal

On 19th April 2006, the Group entered into a share transfer contract with S.I. Infrastructure Holdings Limited, pursuant to which S.I. Infrastructure Holdings Limited transferred its 10% equity interests in Shanghai Pudong Terminal at a share transfer price of RMB465,000,000 (equivalent to approximately US$57,973,000) to COSCO Ports (Pudong) Limited, a wholly owned subsidiary of COSCO Pacific. The interests held by COSCO Pacific in Pudong Terminal increased to 30%.

New terminal commissioned

Dalian Automobile Terminal, a joint venture company of the Group, commenced operation on 6th July 2006. Dalian Automobile Terminal was jointly established by the Group, Dalian Port (Group) Co., Ltd. and Nippon Yusen Kabushiki Kaisha on 29th January 2004 for the purpose of investing, constructing and operating a specially designed automobile terminal in Dayao Bay in Dalian. Total investment was RMB480,000,000 (equivalent to approximately US$60,000,000) and the Group owns 30% interest in the joint venture company. Dalian Automobile Terminal is the first roll-on, roll-off terminal invested by the Group with a quay length of 640 metres, a total area of approximately 540,000 square metres and an annual handling capacity of 600,000 vehicles equipped with 2 berths for roll-on, roll-off vessels. Dalian Automobile Terminal will be established as an international vehicle logistics centre which meets modern international standard in northeast China.

Container terminals portfolio	Shareholding	No. of berths	Depth alongside *(metres)*	Annual handling capacity *(TEUs)*
Pearl River Delta		23		19,500,000
COSCO-HIT Terminal	50%	2	15.5	1,800,000
Yantian Terminal Phase I and II	5%	5	14.0–15.5	4,500,000
Yantian Terminal Phase III	4.45%	10	16	9,000,000
Guangzhou South China Oceangate Terminal[Note1]	59%	6	14.5	4,200,000
Yangtze River Delta		31		12,300,000
Shanghai Terminal	10%	10	9.4–10.5	3,700,000
Shanghai Pudong Terminal	30%	3	12	2,300,000
Zhangjiagang Win Hanverky Terminal	51%	3	10	1,000,000
Yangzhou Yuanyang Terminal	55.59%	4	11	500,000 4,700,000 tonnes bulk cargoes
Zhenjiang Jinyuan Terminal[Note1]	25%	1	13	200,000
Nanjing Longtan Terminal	20%	5	12	1,000,000
Shanghai Yangshan Port Phase II[Note1]	10%	4	15	3,200,000
Ningbo Yuan Dong Terminal[Note1]	20%	1	15	400,000
Bohai Rim		38		18,600,000
Qingdao Qianwan Terminal	20%	11	17.5	6,500,000
Qingdao Cosport Terminal	50%	1	13.5	600,000
Dalian Port Container Co., Ltd.	8%	9	8.9–14.0	3,000,000 Note2
Dalian Port Terminal	20%	6	13.5–17.8	4,200,000
Dalian Automobile Terminal	30%	2	11	600,000 vehicles
Yingkou Terminal	50%	2	14	1,000,000
Tianjin Five Continents International Terminal	14%	4	15.7	1,500,000
Tianjin Port Euroasia Terminal[Note1]	30%	3	15.5	1,800,000
Overseas		12		6,700,000
COSCO-PSA Terminal	49%	2	15	1,000,000
Antwerp Terminal	20%	6	17	3,500,000
Suez Canal Container Terminal[Note1]	20%	4	16.5	2,200,000
Total number of berths in container terminal		99		57,100,000
Total number of berths in automobile terminal		2		600,000 vehicles
Total number of berths in multipurpose terminal		3		4,700,000 tonnes bulk cargoes
Total number of berths in terminal		104		

Note 1: Joint Venture Contracts or Joint Venture Heads of Agreements have been signed and capital injection has not been made as at 30th June 2006.

Note 2: Not including Dalian Port Terminal.

Latest developments of the container terminal project

On 8th August 2006, the Group entered into a joint venture contract with Quanzhou Port Container Co., Ltd. for the joint establishment of Quanzhou Pacific Container Terminal Co., Ltd. to manage and operate 4 existing berths at the container terminal of Quanzhou Port Shihu Operating Zone and to invest in the construction of a 100,000-ton container berth and a 50,000-ton multi-purpose berth at Xiutu Operating Zone, both of which are scheduled to commence operations in 2008. The joint venture company is held 71.43% by COSCO Ports (Quanzhou) Limited, a wholly owned subsidiary of COSCO Pacific and 28.57% by Quanzhou Port Container Co., Ltd., with a total investment of approximately US$99,800,000. The completed section of the container terminal at Shihu Operating Zone occupies a site of approximately 280,000 square metres with a quay length of 970 metres and a depth alongside of 10 to 15.1 metres. Its designed annual capacity is 1,000,000 TEUs.

On 22nd August 2006, the Group entered into an agreement with APM Terminals Invest Company Limited, a subsidiary of A.P. Møller-Mærsk, which allows the latter to subscribe from the former a 33.9% interest in COSCO Ports (Nansha) Limited, a subsidiary of the Group holding a 59% interest in Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal"). The Group believes that the introduction of APM Terminals Invest Company Limited as an indirect shareholder of Guangzhou South China Oceangate Terminal will contribute to the future development of this container terminal.

Container leasing operations

The container leasing operations enjoyed overall rental growth in the first half of 2006 due to an increased market demand and the delivery of new vessels.

As at 30th June 2006, Florens Container Holdings Limited, a wholly owned subsidiary of the Company, and its subsidiaries (collectively referred to as "Florens") owned and managed a container fleet of 1,111,336 TEUs (2005: 1,027,954 TEUs), recording an increase of 8.1% from a year ago. Florens ranked as the third largest marine container leasing company (2005: fourth) with approximately 10.7% share of the global market (2005: approximately 10.4%). Average age of the Group's container fleet was 4.38 years (2005: 4.28 years).

During the period, Florens purchased 106,082 TEUs of new containers (2005: 131,838 TEUs).

Container fleet movement

	2006	2005
	(TEUs)	*(TEUs)*
Total containers (as at 1st January)	**1,042,852**	919,128
New containers purchased	**106,082**	131,838
Containers returned from COSCON upon expiry of leases		
— Total	**(28,406)**	(15,613)
— Re-leased	**335**	148
— Disposed of and pending for disposal	**(28,071)**	(15,465)
Ownership transferred to customers upon expiry of finance leases	**(140)**	(341)
Defective containers written off	**(11)**	—
Total loss of containers declared and compensated by customers	**(9,376)**	(7,206)
Total containers as at 30th June	**1,111,336***	1,027,954

* Including 600,082 TEUs of containers sold on 30th June 2006 and managed back, and 34,574 TEUs of containers sold and managed on behalf of a third party from previous transactions (2005: 23,614 TEUs).

Besides providing 10-year container leases to COSCON, the world's sixth largest container ship operator (according to "DYNA Liners" dated 19th May 2006), the Group also provides long term and short term leases to other international customers ("International Customers"). These International Customers include major global shipping companies. For the six months ended 30th June 2006, top 20 International Customers accounted for approximately 71.5% (2005: 71.8%) of the Group's total container rental income from International Customers. The total number of customers reached 246 (2005: 233).

As at 30th June 2006, the Group leased a total of 416,270 TEUs (2005: 362,635 TEUs) to COSCON, which represented 37.5% (2005: 35.3%) of the entire container fleet. Containers available to International Customers totalled 695,066 TEUs (2005: 665,319 TEUs), representing 62.5% (2005: 64.7%) of the total containers fleet, of which 634,656 TEUs were managed containers.

Container fleet analysis

	30th June 2006			31st December 2005			30th June 2005		
	COSCON Owned	**International Customers Owned**	**International Customers Managed**	COSCON Owned	International Customers Owned	International Customers Managed	COSCON Owned	International Customers Owned	International Customers Managed
Total Containers (in TEUs)	**416,270**	**60,410**	**634,656**	377,324	630,925	34,603	362,635	641,705	23,614
— Dry	**93.1%**	**98.0%**	**96.9%**	92.8%	96.5%	100.0%	92.5%	96.5%	100.0%
— Reefers	**6.5%**	**0.3%**	**1.9%**	6.8%	2.0%	0.0%	7.1%	2.0%	0.0%
— Specials	**0.4%**	**1.7%**	**1.2%**	0.4%	1.5%	0.0%	0.4%	1.5%	0.0%

While containers dedicated to COSCON remained 100% utilised during the period, the overall average utilisation rate of the Group was 96.0% (2005: 96.4%), well above the industry average of approximately 91.8% (2005: approximately 92.0%).

During the period, a total of 28,406 TEUs (2005: 15,613 TEUs) of 10-year containers were returned from COSCON, of which 8,675 TEUs represent units to be returned on or before 2005 and 19,731 TEUs to be redelivered in 2006. The Group disposed of 20,614 TEUs (2005: 14,833 TEUs) of containers returned from COSCON upon expiry of the leases. Net profit on disposal of old containers was US$4,889,000 (2005: US$2,593,000).

Disposal of Containers

On 20th June 2006, the Group announced it had entered into a sale agreement and various administrative services agreements with "AD ACTA" 634. Vermögensverwaltungsgesellschaft MBH. Pursuant to the sale agreement, Florens and its direct wholly owned subsidiaries disposed of certain containers (the "Sold Assets"), which comprised (i) containers with an aggregate volume of approximately 600,468 TEUs (the final number of TEUs as revised subsequent to 30th June was 600,082 TEUs) and representing approximately 59.6% of the container fleet owned by the Group as at 31st December 2005 and used in its operation of container leasing business; and (ii) the container lease agreements covering those containers (to the extent of the transferred containers) under which the Sellers are the lessors. In addition, Florens will provide administrative services with respect to the Sold Assets pursuant to the administrative services agreements. The total proceeds received by the Group amounted to US$869,203,000, representing sale proceeds of the Sold Assets of US$846,524,000, a Finder Fee of US$15,240,000 and an upfront administrative service fee of US$7,439,000.

The Disposal will not affect the container leasing business of the Group, as the Group will continue to purchase new containers and lease them to customers. The Company considers that the Disposal will help the Group to improve the business model and capital structure of its container leasing business, to increase its sources of income and to lower the operational risks. At the same time, it will enable the Group to increase its market shares in the container leasing business while maintaining a relatively light balance sheet size.

Taking into account the Finder Fee of approximately US$15,240,000, the Group generated profit before taxes of approximately US$99,694,000 from the disposal.

Logistics operations

During the first half of 2006, COSCO Logistics geared up its marketing efforts to gain further inroads in logistics project development and to expand its market share in the home appliances, automobiles, electricity and petrochemical sectors.

The shipping agency business handled 64,562 vessels during the period (2005: 63,245 vessels), including 22,596 vessels handled by wholly owned subsidiaries (2005: 22,421 vessels). The freight forwarding arm handled 64,330,880 tonnes of cargoes during the period (2005: 51,301,200 tonnes), achieving a 25.4% increase from last year. The sea-freight forwarding agency business grew 17.2% with 905,101 TEUs (2005: 772,170 TEUs) handled. Net profit contribution from the Group's logistics business amounted to US$9,321,000, an increase of 22.2% over the same period last year.

COSCO Logistics was honoured with several awards during the first half of 2006. At the Second China Logistics Industry Development Annual Conference and Annual Prize-giving Ceremony of China's Logistics Industry, COSCO Logistics topped the list of "Best 100 Logistics Enterprises in China" and "Best Logistics Brand in China". Moreover, COSCO Logistics was named the "Best Third Party Logistics Provider 2006" at the "Lloyd's FTB Asia 2006 — China Logistics Awards" organised by Lloyd's FTB Asia, etc.

Container manufacturing

At the beginning of the year, sales volume and prices of containers were low as the container manufacturing plant remained subject to market factors subsisting at the end of 2005. As a result, net profit contribution from CIMC during the period dropped 33.3% to US$26,843,000.

In addition, Shanghai CIMC Reefer Container Co., Ltd. and Tianjin CIMC North Ocean Container Co., Ltd. combined to provide the Group with profit contributions of US$4,399,000 (2005: US$6,722,000) for the period. The net profit contribution from Tianjin CIMC North Ocean Container Co., Ltd. decreased by 6.4% to US$4,399,000 over the same period last year owing to market factors.

On 17th July 2006, the Group agreed to dispose of its 20% equity interest in Shanghai CIMC Far East to CIMC following the latter's termination of the production of its existing manufacturing plant and removal to a new manufacturing plant due to environmental consideration. The equity interest transfer allows the Group to streamline the structure of its investment holding in container manufacturing business and concentrate its investment and resources on container manufacturing in CIMC. The consideration for the equity interest transfer was US$6,252,000. The Group is expected to realise an estimated gain of approximately US$5,469,000 from the equity interest transfer.

Other investments

Liu Chong Hing Bank, in which the Group held a 20% interest, made a net profit contribution of US$6,327,000, up 29.3% from same period of last year.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

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 six months ended 30th June 2006, except for the following deviation:

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 other business commitments, Dr. WEI Jiafu, the Chairman of the Board who resides in Beijing, was unable to attend the annual general meeting of the Company held on 18th May 2006 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. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the 2006 interim report.

Remuneration Committee (previously known as Remuneration and Assessment 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 the remuneration of directors.

Other Board Committees

In addition to 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. 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 six months ended 30th June 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during six months ended 30th June 2006. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the six months ended 30th June 2006.

INVESTOR RELATIONS

The Group continued with efforts to enhance investor relations during the first half of the year. Communications were facilitated through a variety of means to ensure that the company's management philosophy, operations and future investment and development strategies were well understood. We aim to add value for shareholders by increasing transparency and maintaining high corporate governance standards.

During the first half of the year, the meetings we had with the investors and relevant parties had a total attendance of 398, including 144 in one-on-one meetings. By category, those who attended included fund managers (17%); analysts (11%); bankers (53%), brokerages (10%), media (3%) and others (6%). In addition, 9 roadshows and investor forums were conducted with a total attendance of 254.

Moreover, COSCO Pacific was again named among Forbes' Top 2000 Enterprises for 2006 in The Forbes Global 2000 published on 17th April 2006.

CORPORATE CULTURE

Team Building

As at 30th June 2006, COSCO Pacific had a team of 435 employees in China, Asia, America, Europe and Australia.

The Company's business expansion provides to its staff a good opportunity for continual professional development. The Company encourages life-long learning and organises various training sessions to enhance the professional standards and management skills of executives as well as staff in general. The Company is committed to ongoing improvement of its remuneration and bonus regime on the basis of equity and fairness. The share option scheme introduced in recent years has been pivotal in enhancing staff passion for work, and the COSCO Pacific team is growing into a globalised contingent that pursues efficiency and excellence in concerted efforts.

Social Responsibilities

COSCO Pacific seeks to reward the society by actively participating in community welfare and social services.

Senior management members of COSCO Pacific delivered lectures at universities in both mainland China and Hong Kong as part of their efforts to help training professionals for the logistics and shipping sectors. In March 2006, the Company donated an amount of RMB2 million to 北京市華育助學獎金會 through 中遠慈善基金會 to provide financial aid for underprivileged students in China. In June 2006, staff of the Company made donations in a charity sale of lottery tickets for the benefit of Lifeline Express, the proceeds of which would go to the train-turned mobile clinic for eye diseases operated by Lifeline Express. Meanwhile, at our offices and port facilities, COSCO Pacific welcomes guests from all sectors who would like to learn about and exchange views on our business.

COSCO Pacific 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

The global economy will continue to fare well in 2006 with an estimated growth of 3.9% underpinned by an 8.6% rise in trade volume, while China is expected to see a 10.7% economic growth. Riding on such favourable factors, the Group will continue to implement its strategy of investment optimisation by building a diversified portfolio of terminals in the hinterlands of the Pearl River Delta region, Yangtze River Delta and the Bohai Rim. Meanwhile, we will also make active moves to expand our overseas market for terminal operations.

Container management has become a new source of revenue for our container leasing operations. The Group continues to expand its container fleet for leasing and intends to maintain a high level utilization rate in order to consolidate its leading position in the industry. In terms of fleet expansion, while we will work closely with COSCON to cater to its future expansion plans, we will also seek to expand our market share in the non-COSCON sector.

As such, the Group is fully confident in the future prospects of its business.

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], Ms. SUN Yueying[1], Dr. 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, 7th September 2006

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