COSCO PACIFIC LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

ANNOUNCEMENT OF 2007 INTERIM RESULTS

RESULTS HIGHLIGHTS

- Revenue decreased by 12.9% to US$147,331,000
- Profit attributable to the equity holders of the Company rose by 8.9% to US$148,517,000
- Earnings per share grew by 7.4% to US6.64 cents
- Interim dividend* of HK24.9 cents (2006: interim dividend of HK27.4 cents and special interim dividend** of HK9.1 cents) per share were declared
- Dividend payout was 51.7% (2006: 51.7% excluding the Put Options Non-cash Expense) excluding the Put Options Non-cash Income
- Total container terminal throughput increased by 23.0% to 18,417,429 TEUs
- Investments in 24 joint venture terminal companies with an aggregate of 119 berths
- Total container leasing and management fleet increased by 25.8% to 1,397,952 TEUs, average utilisation rate decreased to 94.6% (2006: 96.0%)
- Disposal of 31,352 TEUs of containers with the provision of after sale container management services to further strengthen and optimise the business model and capital structure

* The calculation of interim dividend is based on the profit attributable to equity holders excluding Put Options non-cash Income (2006: excluding Put Options Non-cash Expense) associated with the CIMC Share Reform.

** The calculation of 2006 special interim dividend was based on the non-recurrent net profit from the disposal of 600,082 TEUs of containers in 2006.

RESULTS

The board of directors (the "Directors") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to present the interim results, including the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30th June 2007. The interim results has been reviewed by the Company's Audit Committee.

The Group's unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement and explanatory notes 1 to 12 as presented below are extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30th June 2007 (the "Unaudited Condensed Consolidated Interim Financial Information") which have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 Chong Hing Bank Limited ("Chong Hing Bank"). Accordingly, their independent review report has been qualified in this respect, details of which were set out in the Group's interim report.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE 2007

	Note	**As at 30th June 2007** ***US$'000***	As at 31st December 2006 *US$'000*
Non-current assets			
Property, plant and equipment		**1,354,962**	1,108,852
Investment properties		**1,540**	1,540
Leasehold land and land use rights		**36,309**	34,401
Intangible assets		**3,568**	3,839
Jointly controlled entities		**534,110**	476,764
Associates		**652,238**	619,590
Available-for-sale financial assets		**501,000**	376,589
Finance lease receivables		**2,380**	2,989
Deferred income tax assets		**591**	162
Restricted bank deposits		**150**	158
		3,086,848	2,624,884
Current assets			
Inventories		**2,152**	3,553
Trade and other receivables	*3*	**157,009**	133,629
Available-for-sale financial assets		**16,631**	—
Derivative financial assets		**44**	579
Bank balances and cash		**240,343**	224,510
		416,179	362,271

	Note	As at 30th June 2007 US$'000	As at 31st December 2006 US$'000
Current liabilities			
Trade and other payables	4	**243,209**	172,728
Derivative financial liabilities		**44,552**	55,181
Current income tax liabilities		**10,745**	7,676
Current portion of long term borrowings		**177,617**	2,421
Short term bank loans		**24,489**	10,245
		500,612	248,251
Net current (liabilities)/assets		**(84,433)**	114,020
Total assets less current liabilities		**3,002,415**	2,738,904
Non-current liabilities			
Derivative financial liabilities		**8,479**	4,362
Deferred income tax liabilities		**1,000**	2,202
Long term borrowings		**513,832**	518,932
Other long term liability		**4,463**	5,207
		527,774	530,703
Net assets		**2,474,641**	2,208,201
Capital and reserves attributable to the equity holders of the Company			
Share capital		**28,736**	28,583
Reserves		**2,338,179**	2,051,627
Proposed final dividend		**—**	92,424
Interim dividend declared		**71,388**	—
		2,438,303	2,172,634
Minority interests		**36,338**	35,567
Total equity		**2,474,641**	2,208,201

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2007

	Note	Six months ended 30th June 2007 US$'000	2006 US$'000
Revenue		**147,331**	169,187
Cost of sales		**(80,256)**	(75,341)
Gross profit		**67,075**	93,846
Other income		**10,920**	9,587
Administrative expenses		**(30,714)**	(16,020)
Other operating income		**14,664**	29,823
Other operating expenses		**(3,169)**	(7,400)
Profit on disposal of containers	*5*	**6,034**	84,454
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*	**10,629**	75,777
		10,629	(64,287)
Operating profit	*7*	**75,439**	130,003
Finance income	*8*	**4,501**	3,316
Finance costs	*8*	**(18,976)**	(26,242)
Operating profit after finance income and costs		**60,964**	107,077
Share of profits less losses of			
— jointly controlled entities		**44,335**	40,898
— associates		**48,459**	40,501
Profit before income tax		**153,758**	188,476
Income tax expenses	*9*	**(2,410)**	(50,453)
Profit for the period		**151,348**	138,023
Profit attributable to:			
Equity holders of the Company		**148,517**	136,404
Minority interests		**2,831**	1,619
		151,348	138,023
Dividends			
— interim	*10*	**71,388**	78,213
— special interim	*10*	**—**	26,042
		71,388	104,255
Earnings per share for profit attributable to the equity holders of the Company			
— basic	*11*	**US6.64 cents**	US6.18 cents
— diluted	*11*	**US6.60 cents**	US6.14 cents

Notes:

1 Basis of preparation and significant accounting policies

The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA.

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual consolidated financial statements for the year ended 31st December 2006 (the "2006 Annual Financial Statements") which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

<u>Adoption of new/revised HKFRSs</u>

The accounting policies and methods of computation used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those used in the 2006 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 the HKICPA which are relevant to the Group's operations and mandatory for the financial year ending 31st December 2007:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above new/revised HKFRSs in the current period did not have any significant effect on the Unaudited Condensed Consolidated Interim Financial Information or result in any substantial changes in the Group's significant accounting policies.

The HKICPA has issued certain new standards, interpretations and amendments which are not yet effective for the year ending 31st December 2007. The Group has not early adopted these standards, interpretations and amendments in the Unaudited Condensed Consolidated Interim Financial Information 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 Group's significant accounting policies and presentation of the 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 net corporate expenses and 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, derivative financial assets and receivables, and mainly exclude deferred income tax assets, jointly controlled entities, associates, available-for-sale financial assets and cash and cash equivalents.

Segment liabilities comprise operating liabilities and derivative financial liabilities and exclude items such as current and deferred income tax liabilities, 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 business combinations.

2 Segment information (Continued)

(a) *Primary reporting format — business segments (Continued)*

Segment assets, liabilities and other segment information

	Container terminal and related businesses *US$'000*	Container leasing, container management and related businesses *US$'000*	Logistics and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Corporate and other businesses *US$'000*	Total *US$'000*
As at 30th June 2007						
Segment assets	**236,906**	**1,310,959**	**4,799**	**1,479**	**—**	**1,554,143**
Jointly controlled entities	**296,353**	**—**	**213,377**	**24,380**	**—**	**534,110**
Associates *(note i)*	**184,369**	**—**	**—**	**290,152**	**177,717**	**652,238**
Available-for-sale financial assets	**501,000**	**—**	**—**	**—**	**16,631**	**517,631**
Unallocated assets						**244,905**
						3,503,027
Segment liabilities	**9,010**	**231,937**	**—**	**44,552**	**—**	**285,499**
Unallocated liabilities						**742,887**
						1,028,386
As at 31st December 2006						
Segment assets	203,256	1,075,532	—	3	—	1,278,791
Jointly controlled entities	250,743	—	202,186	23,835	—	476,764
Associates *(note i)*	188,918	—	—	255,729	174,943	619,590
Available-for-sale financial assets	368,000	—	—	—	8,589	376,589
Unallocated assets						235,421
						2,987,155
Segment liabilities	9,948	153,042	7	55,181	—	218,178
Unallocated liabilities						560,776
						778,954

2 **Segment information (Continued)**

(a) ***Primary reporting format — business segments (Continued)***

Segment revenue, results and other segment information

	Container terminal and related businesses *US$'000*	Container leasing, container management and related businesses *US$'000*	Logistics and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Corporate and other businesses *US$'000*	Total *US$'000*
Six months ended 30th June 2007						
Revenue — external sales	23,956	123,375	—	—	—	147,331
Segment results *(note iii)*	10,188	46,594	(1)	(151)	(7,798)	48,832
Dividend income from						
— a listed investment	—	—	—	—	127	127
— unlisted investments	10,768	—	—	—	—	10,768
Profit on disposal of containers *(note 5)*	—	6,034	—	—	—	6,034
Fair value gain on put options granted *(note 6)*	—	—	—	10,629	—	10,629
Unallocated costs						
— finance income						3,550
— finance costs						(18,976)
Operating profit after finance income and costs						60,964
Share of profits less losses of						
— jointly controlled entities	31,200	—	11,114	2,021	—	44,335
— associates *(note ii)*	13,074	—	—	27,756	7,629	48,459
Profit before income tax						153,758
Income tax expenses						(2,410)
Profit for the period						151,348
Capital expenditure	67,163	347,748	—	—	47	414,958
Depreciation and amortisation	3,178	36,207	—	—	215	39,600
Provision for impairment of property, plant and equipment	—	400	—	—	—	400
Share-based compensation *(note iii)*	—	—	—	—	11,190	11,190
Other non-cash expenses	—	229	—	—	212	441

2 Segment information (Continued)

(a) *Primary reporting format — business segments (Continued)*

Segment revenue, results and other segment information (Continued)

	Container terminal and related businesses *US$'000*	Container leasing, container management and related businesses *US$'000*	Logistics and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Corporate and other businesses *US$'000*	Total *US$'000*
Six months ended 30th June 2006						
Revenue						
— total revenue	10,681	158,507	—	—	—	169,188
— inter-segment sales	(1)	—	—	—	—	(1)
External sales	10,680	158,507	—	—	—	169,187
Segment results	4,494	99,383	—	—	(3,116)	100,761
Dividend income from						
— a listed investment	—	—	—	—	476	476
— an unlisted investment	9,087	—	—	—	—	9,087
Profit on disposal of containers *(note 5)*	—	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						
— finance income						2,828
— finance costs						(26,242)
Operating profit after finance income and costs						107,077
Share of profits less losses of						
— jointly controlled entities	26,374	—	9,321	5,203	—	40,898
— associates *(note ii)*	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	75,880	186,175	—	—	2,010	264,065
Depreciation and amortisation	759	56,003	—	—	193	56,955
Other non-cash expenses	81	3,924	91	39	211	4,346

2 Segment information (Continued)

(a) *Primary reporting format — business segments (Continued)*

Notes:

(i) As at 30th June 2007, the Group's share of the unaudited net assets of CIMC and Chong Hing Bank, listed associates of the Group, amounted to US$290,152,000 (31st December 2006: US$255,729,000) and US$177,717,000 (31st December 2006: US$174,943,000) respectively.

(ii) For the six months ended 30th June 2007, the Group's share of unaudited profits (net of income tax expenses) of CIMC and Chong Hing Bank amounted to US$27,756,000 (2006: US$26,843,000) and US$7,629,000 (2006: US$6,327,000) respectively.

(iii) The Company granted share options during the current period, the fair value of which as determined by using the Black-Scholes value model was approximately HK$4.97 per option. By reference to the fair value of these options, an aggregate share-based compensation expense of US$11,190,000 (2006: N/A) was charged to the condensed consolidated income statement for the current period. The segment results of the corporate and other businesses segment for the period included this share-based compensation expense which has not been allocated to the respective relevant business segments.

(b) *Secondary reporting format — geographical segments*

In respect of container leasing, container management 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 business.

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

The activities of the container terminal and related businesses as conducted by certain subsidiaries of the Group are predominantly carried out in 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 and Belgium
Logistics and related businesses	Mainland China
Container manufacturing and related businesses	Mainland China

3 Trade and other receivables

	As at 30th June 2007 *US$'000*	As at 31st December 2006 *US$'000*
Trade receivables (net of provision)	**47,767**	40,010
Other receivables, deposits and prepayments	**7,054**	15,731
Rent receivable collected on behalf of owners of managed containers	**34,545**	36,459
Current portion of finance lease receivables	**1,308**	1,442
Amounts due from		
— jointly controlled entities	**65,474**	30,072
— associates	**861**	845
— an investee company	**—**	9,070
	157,009	133,629

3 Trade and other receivables (Continued)

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

	As at 30th June 2007 *US$'000*	As at 31st December 2006 *US$'000*
Within 30 days	**18,313**	18,573
31–60 days	**21,465**	15,764
61–90 days	**5,816**	3,825
Over 90 days	**2,173**	1,848
	47,767	40,010

4 Trade and other payables

	As at 30th June 2007 *US$'000*	As at 31st December 2006 *US$'000*
Trade payables	**129,288**	72,783
Other payables and accruals	**79,322**	62,083
Payable to owners of managed containers	**32,799**	34,909
Current portion of other long term liability	**1,488**	1,488
Dividend payable	**23**	20
Amounts due to		
— fellow subsidiaries	**164**	270
— minority shareholders of subsidiaries	**125**	1,175
	243,209	172,728

The ageing analysis of trade payables was as follows:

	As at 30th June 2007 *US$'000*	As at 31st December 2006 *US$'000*
Within 30 days	**26,718**	1,192
31–60 days	**39,075**	15,347
61–90 days	**57,445**	45,155
Over 90 days	**6,050**	11,089
	129,288	72,783

5 Disposal of containers

In June 2007, the Group disposed of containers with an aggregate net book value of US$40,493,000 (2006: US$762,070,000) (the "Sold Containers") to an independent third party for a cash consideration of approximately US$46,527,000 (2006: US$846,524,000) (the "Disposal"). The gain on Disposal before taxes amounted to US$6,034,000 (2006: US$84,454,000).

In respect of the disposal of containers in June 2006, the Group had 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 had been recognised and included as other operating income in the condensed consolidated income statement for the prior period.

6 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 Tradable A-Shares") of 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 are listed on the Shenzhen Stock Exchange. The holders of the Put Options are entitled to require the Company to buy from them 1.370 CIMC Tradable A-Shares at an exercise price of RMB7.302 per share during the 5 trading days immediately prior to and including 23rd November 2007.

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$549,424,000) in cash and the Group's equity interest in CIMC will be increased from 16.23% to approximately 37% after the acquisition.

The Put Options are derivative financial instruments as defined under HKAS 39 "Financial Instruments: Recognition and Measurement" and are carried in the condensed consolidated balance sheet at their fair value. Resulting from the decrease in fair value of the Put Options, a fair value gain of approximately US$10,629,000 has been recognised in the condensed consolidated income statement for the period. The fair value of the Put Options has been determined based on quotes from independent third parties for the price to settle the related liability.

7 Operating profit

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2007	2006
	US$'000	*US$'000*
Crediting		
Dividend income from		
— a listed investment	**127**	476
— unlisted investments	**10,768**	9,087
Fair value gain on interest rate swap contracts not qualified for hedge accounting	**71**	775
Gain on disposal of an available-for-sale financial asset	**744**	—
Profit on disposal of property, plant and equipment (excluding the Sold Containers as set out in note 5)	**550**	278
Reversal of provision for impairment of trade receivables, net	**558**	1,146
Charging		
Depreciation and amortisation	**39,600**	56,955
Provision for impairment of		
— inventories	**8**	174
— property, plant and equipment	**400**	—

8 Finance income and costs

	Six months ended 30th June	
	2007	2006
	US$'000	*US$'000*
Finance income		
Interest income on		
— bank balances and deposits	**3,550**	2,828
— loans to a jointly controlled entity and associates	**951**	488
	4,501	3,316
Finance costs		
Interest expenses on		
— bank loans	**8,857**	13,622
— other loans	**—**	8
— notes not wholly repayable within five years	**9,798**	8,386
Amortised amount of		
— discount on issue of notes	**103**	108
— transaction costs on bank loans and notes	**311**	3,629
	19,069	25,753
Less: amount capitalised as construction in progress	**(113)**	—
	18,956	25,753
Other incidental borrowing costs and charges	**20**	489
	18,976	26,242

9 Income tax expenses

	Six months ended 30th June	
	2007	2006
	US$'000	*US$'000*
Current income tax		
— Hong Kong profits tax	**111**	121
— Mainland China taxation	**327**	547
— Overseas taxation	**3,603**	124,087
— Over provision in prior years	**—**	(555)
	4,041	124,200
Deferred income tax credit	**(1,631)**	(73,747)
	2,410	50,453

The Group's share of income tax expenses of jointly controlled entities and associates of US$6,152,000 (2006: US$6,044,000) and US$2,942,000 (2006: US$3,017,000) are included in the Group's 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% (2006: 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 prior period primarily included the estimated capital gain tax provision in connection with the disposal of the Sold Containers as set out in note 5.

9 Income tax expenses (Continued)

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date. The deferred income tax liabilities associated with the Sold Containers as mentioned in note 5 have been written back and credited to the condensed consolidated income statement upon the disposal of the related containers.

As at 30th June 2007, deferred income tax liabilities of US$60,282,000 (31st December 2006: US$58,750,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries totalling US$200,940,000 (31st December 2006: US$195,833,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and accordingly the related temporary differences will not be reversed in the foreseeable future.

10 Dividends

	Six months ended 30th June	
	2007	2006
	US$'000	*US$'000*
Interim dividend, declared, of US3.186 cents (2006: US3.526 cents) per ordinary share	**71,388**	78,213
2006 special interim dividend, declared, of US1.174 cents per ordinary share	**—**	26,042
	71,388	104,255

Notes:

(a) At a meeting held on 22nd March 2007, the directors proposed a final dividend of HK32.2 cents (equivalent to US4.147 cents) per ordinary share for the year ended 31st December 2006, which was paid on 1st June 2007 and has been reflected as an appropriation of retained profits for the six months ended 30th June 2007.

(b) At a meeting held on 23rd August 2007, the directors declared an interim dividend of HK24.9 cents (equivalent to US3.186 cents) per ordinary share. The interim dividend declared are not reflected as dividend payable in the Unaudited Condensed Consolidated Interim Financial Information, but will be reflected as an appropriation of retained profits for the year ending 31st December 2007.

11 Earnings per share

Basic

Basic earnings per share is 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	
	2007	2006
Profit attributable to the equity holders of the Company	**US$148,517,000**	US$136,404,000
Weighted average number of ordinary shares in issue	**2,237,470,044**	2,208,054,243
Basic earnings per share	**US6.64 cents**	US6.18 cents

11 Earnings per share (Continued)

Diluted

Diluted earnings per share is 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	
	2007	2006
Profit attributable to the equity holders of the Company	**US$148,517,000**	US$136,404,000
Weighted average number of ordinary shares in issue	**2,237,470,044**	2,208,054,243
Adjustments for assumed conversion of share options	**11,315,285**	11,800,816
Weighted average number of ordinary shares for diluted earnings per share	**2,248,785,329**	2,219,855,059
Diluted earnings per share	**US6.60 cents**	US6.14 cents

12 Comparative figures

The comparative figures for revenue, cost of sales, other income, other operating income and other operating expenses as set out in the condensed consolidated income statement and the related notes thereto have been reclassified to conform with the current period's presentation.

DIVIDENDS

The directors have declared an interim cash dividend of HK24.9 cents per share (2006: an interim cash dividend of HK27.4 cents per share and a special interim cash dividend of HK9.1 cents per share) for the six months ended 30th June 2007. The interim dividend will be payable on 21st September 2007 to shareholders whose names appear on the register of members of the Company on 13th September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 10th September 2007 to Thursday, 13th September 2007, both days inclusive, during which no transfer of shares will be registered. In order to be qualified for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrars, Tricor Secretaries Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on Friday, 7th September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall analysis of results

The profit attributable to the equity holders of the Group was US$148,517,000 (2006: US$136,404,000), a rise of 8.9% when compared with the corresponding period last year. With the continuous robust growth in China's import and export trade and the global shipping market, the throughput of the Group's container terminals reached 18,417,429 TEUs (2006: 14,974,748 TEUs) in the first half of 2007, a rise of 23.0% over the corresponding period last year. Accordingly, the net profit from container terminal operations for the period amounted to US$62,010,000 (2006: US$44,901,000), representing a significant increase of 38.1% when compared with the same period last year.

After the disposal of containers of 600,082 TEUs in June last year (the "Disposal"), the container fleets directly owned by the Group dropped to 741,116 TEUs as at 30th June 2007 (Prior to the Disposal in 2006: 1,076,762 TEUs). Net profit from container leasing and container management businesses in the first half of 2007 was US$50,232,000 (2006: US$68,519,000 excluding the non-recurring net gain on the Disposal and finder fee income associated with the Disposal of approximately US$65 million in aggregate), a drop of 26.7% over the corresponding period last year.

Logistics business contributed to the Group a net profit of US$11,113,000 (2006: US$9,321,000) in the first half of the year, an increase of 19.2% over the same period last year.

For the first half of 2007, net profit from container manufacturing business, excluding the financial effect of the CIMC Put Options associated with the CIMC Share Reform, was US$29,626,000 (2006: US$32,046,000), representing a decrease of 7.6% as compared with the corresponding period last year.

FINANCIAL ANALYSIS

Revenue

Revenue decreased by 12.9% to US$147,331,000 (2006: US$169,187,000) for the first half of 2007. The decrease was mainly due to the strategic disposal of 600,082 TEUs of containers in June last year, resulting in a decrease in container leasing income to US$81,597,000 (2006: US$138,474,000). Revenue from container management was US$3,524,000 (2006: US$220,000), a rise of US$3,304,000. Revenue from leasing of reefer-container generator sets was US$804,000 (2006: US$656,000), representing an increase of 22.6%. In addition to leasing income, revenue from the disposal of returned containers during the period was US$37,248,000 (2006: US$18,901,000), an increase of 97.1% over the corresponding period last year. This increase was mainly attributable to the rise in the number of returned containers sold from 20,698 TEUs for the corresponding period last year to 36,453 TEUs for the period.

Revenue from container terminal operations showed a strong growth for the period. With the commencement of operation of Quanzhou Pacific Container Terminal Co., Ltd. ("Quanzhou Pacific Terminal") since September last year, the terminal recorded throughput of 385,051 TEUs and revenue of US$10,655,000 (2006: N/A) for the period. With the newly acquired berth no. 17 commencing its operation in October 2006 and with the continuous efforts to explore new business opportunities and improve operational efficiency, Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky Terminal") achieved a significant growth of 37.9% in its throughput to 300,389 TEUs (2006: 217,843 TEUs) as compared with the corresponding period in 2006. Its revenue also recorded a 31.6% increase to US$9,118,000 (2006: US$6,926,000).

With increased business of container handling, storage, repairs and drayage operations, the revenue of Plangreat Limited and its subsidiaries for the period amounted to US$3,960,000 (2006: US$3,754,000), a rise of 5.5% over the corresponding period last year.

Cost of sales

Cost of sales, mainly comprising depreciation, net book value of disposed returned containers, depot expenses, repairs and maintenance and operating expenses, was US$80,256,000 (2006: US$75,341,000), an increase of 6.5% over the same period last year. The strategic disposal of containers last year resulted in a reduction in depreciation of containers to US$35,572,000 (2006: US$55,422,000), representing a drop of 35.8%. Since the number of returned containers sold increased to 36,453 TEUs from 20,698 TEUs in 2006, net book value of returned containers disposed of was US$32,973,000 (2006: US$13,250,000), an increase of 148.9%. Furthermore, operating expenses increased upon the commencement of operation of Quanzhou Pacific Terminal since September last year.

Other income

Other income, comprising mainly dividend income, increased by 13.9% to US$10,920,000 (2006: US$9,587,000). In respect of the first half of 2007, Yantian International Container Terminals Ltd. ("Yantian Terminal") declared cash dividend of US$9,293,000 (2006: US$9,087,000). Tianjin Five Continents International Container Terminal Co., Ltd. ("Tianjin Five Continents Terminal") declared and paid a cash dividend in respect of year 2006 of US$1,475,000 (2006: Nil) during the period.

Administrative expenses

Administrative expenses were US$30,714,000 (2006: US$16,020,000). The increase was mainly due to the grant of share options to the continuous contract employees of the Group and certain directors of the Company. According to HKFRS 2, all share options granted were recognised as share-based compensation expense at fair value. Therefore, the share-based compensation expense of US$11,190,000 (2006: N/A) was recognised for the period.

Other net operating income

Other net operating income for the period amounted to US$11,495,000 (2006: US$22,423,000), representing a year-on-year decrease of 48.7%. The difference was mainly attributable to the other operating income of approximately US$15,000,000 in connection with the service provided for the completion of the disposal of 600,082 TEUs of containers last year.

Profit on disposal of containers

Profit before tax generated from disposal of 31,352 TEUs of containers, and provision of after-sales management services during the period, amounted to approximately US$6,034,000 (2006: profit before tax generated from the disposal of 600,082 TEUs of containers was approximately US$84,454,000).

Finance cost

Finance costs for the first half of 2007 reduced by 27.7% to US$18,976,000 (2006: US$26,242,000) was mainly due to a fall in the Group's average borrowing to US$595,541,000 (2006: US$808,041,000). The Group's average borrowing cost, including the amortisation of transaction costs of bank loans and notes, but before the write-off of unamortised transaction costs for early repayment of bank loans in the prior period, was based on average 6-month London Interbank Offer Rate ("LIBOR") plus 100 basis points (2006: an average 6-month LIBOR plus 138 basis points).

Share of profits less losses of jointly controlled entities and associates

Net profit from jointly controlled entities for the first half of 2007 amounted to US$44,335,000 (2006: US$40,898,000), representing a rise of 8.4% over the same period last year. The replacement of four quay cranes of COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") last year resulted in higher operational efficiency. Its throughput for the first half of 2007 increased by 10.1% to 906,589 TEUs (2006: 823,493 TEUs). Its net profit attributable to the Group amounted to US$12,435,000 (2006: US$9,974,000), marking a significant increase of 24.7% over the corresponding period of 2006. Throughput of Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") for the first half of the year increased by 27.6% to 4,026,677 TEUs (2006: 3,155,907 TEUs), and its net profit amounted to US$15,862,000 (2006: US$12,596,000), an increase of 25.9% as compared to the previous year. Throughput of Nanjing Port Longtan Container Co., Ltd. ("Nanjing Longtan Terminal") for the first half of the year increased by 52.3% to 426,895 TEUs (2006: 280,389 TEUs) and net profit increased by 38.7%. Growth in net profit of Yingkou Container Terminals Company Limited ("Yingkou Terminal") as well as Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") picked up momentum. Throughput of Yingkou Terminal and Yangzhou Yuanyang Terminal for the first half of the year increased by 40.7% and 29.1% to 545,516

TEUs (2006: 387,793 TEUs) and 138,871 TEUs (2006: 107,562 TEUs) respectively. Net profit from Yingkou Terminal and Yangzhou Yuanyang Terminal for the period increased by 60.7% and 27.2% respectively.

Upon the respective commencement of operation of Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal") and Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") at the beginning of 2007, loss of US$625,000 (2006: N/A) and US$1,665,000 (2006: N/A) was recorded in the first half of the year respectively. As a result, the growth of the profit of jointly controlled entities for the first half of 2007 slowed down slightly. In addition, profit from Tianjin CIMC North Ocean Container Co., Ltd. and Shanghai CIMC Reefer Containers Co., Ltd. decreased due to the continuous price hike of raw materials. Net profit from COSCO Logistics Co., Ltd. ("COSCO Logistics") for the period was US$11,114,000 (2006: US$9,321,000), representing a rise of 19.2%.

Net profit from associates amounted to US$48,459,000 (2006: US$40,501,000) for the first half of the year, an increase of 19.6% over the same period last year. Throughput of Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") increased by 9.2% to 1,357,173 TEUs (2006: 1,242,515 TEUs) for the period. After completion of the Group's additional acquisition of 10% equity interests in Shanghai Pudong Terminal in June last year, net profit from Shanghai Pudong Terminal increased to US$11,423,000 (2006: US$5,635,000), an increase of 102.7% as compared with the corresponding period last year. Throughput of Shanghai Container Terminals Limited ("Shanghai Terminal") decreased by 16.7% to 1,618,337 TEUs (2006: 1,941,717 TEUs). Its net profit was US$2,453,000 (2006: US$3,665,000), a drop of 33.1% as compared with 2006. Antwerp Gateway NV ("Antwerp Terminal"), which was acquired at the end of 2004, recorded a loss of US$519,000 (2006: US$1,339,000) for the period, representing a year-on-year decrease in loss of 61.2% over the corresponding period last year. Net profit from China International Marine Containers (Group) Co., Ltd. ("CIMC") for the period was US$27,756,000 (2006: US$26,843,000), a rise of 3.4% over the corresponding period in 2006. Net profit from Chong Hing Bank Limited ("Chong Hing Bank") increased to US$7,629,000 (2006: US$6,327,000), a rise of 20.6% during the period.

Income tax expenses

Aggregate income tax expenses amounted to US$2,410,000 (2006: US$50,453,000) for the period, a substantial decrease of 95.2% over the corresponding period in 2006. The decrease was mainly due to the relative provision for capital gain tax in relation to the disposal of 600,082 TEUs of containers net of the write back of related deferred tax liabilities last year.

FINANCIAL POSITION

Cash flow

Cash inflow of the Group remained steady. During the period, net cash from operating activities amounted to US$124,030,000 (2006: US$164,812,000). The Group drew bank loans of US$242,869,000 (2006: US$494,000,000) and repaid US$55,484,000 (2006: US$516,379,000) during the first half of the year. During the period, the total cash outflow for major terminal investments of the Group amounted to US$60,548,000, comprising US$37,213,000 in Guangzhou South China Oceangate Terminal, US$12,821,000 in Qingdao Qianwan Terminal, US$9,293,000 in Yantian Terminal (Phase III), US$1,221,000 in Ningbo Yuan Dong Terminal. Major capital investments for the same period last year comprised US$57,973,000 for acquisition of additional 10% equity interests in Shanghai Pudong Terminal, US$10,695,000 in Qingdao Qianwan Terminal, US$9,087,000 in Yantian Terminal (Phase III) and US$930,000 in Antwerp Terminal. During the period, an amount of US$281,059,000 (2006: US$93,243,000) was paid in cash for purchase of property, plant and equipment, of which US$270,935,000 (2006: US$89,388,000) was for the purchase of new containers.

Financing and credit facilities

A wholly-owned subsidiary of the Group completed a US$500,000,000 club loan in May 2007, of which the amount of US$300,000,000 was for the purchase of new containers in 2007 and the amount of US$200,000,000 was for general working capital purpose. A total of 17 banks were involved in the loan for a term of six years and all-in-cost were LIBOR plus 38 basis points. With its preferential terms, the financing arrangement optimised the Group's debt structure.

As at 30th June 2007, cash balances and banking facilities committed but undrawn amounted to US$240,493,000 and US$350,505,000 respectively (31st December 2006: US$224,668,000 and US$40,000,000 respectively).

Assets and liabilities

As at 30th June 2007, the Group's total assets amounted to US$3,503,027,000 (31st December 2006: US$2,987,155,000) and total liabilities amounted to US$1,028,386,000 (31st December 2006: US$778,954,000). Net assets increased to US$2,474,641,000 from US$2,208,201,000 at the end of 2006, mainly attributable to an increase in retained profits, increased in the investment revaluation reserve arising from available-for-sale financial assets and the increased share capital from the issuance of new shares upon the exercise of the share options. Net asset value per share was US110.44 cents (31st December 2006: US99.08 cents), representing a 11.5% increase from the end of last year.

The cash balances of the Group amounted to US$240,493,000 as at 30th June 2007 (31st December 2006: US$224,668,000). Total outstanding borrowings amounted to US$715,938,000 (31st December 2006: US$531,598,000). Net debt to equity ratio slightly increased to 19.2% from 13.9% at the end of previous year, and the interest cover was 9.1 times, as compared to 8.2 times in the same period last year.

Land use rights with an aggregate net book value of US$1,672,000 (31st December 2006: US$1,645,000) were pledged to a bank by the Group to secure a loan of US$500,000 (31st December 2006: US$500,000).

Debt analysis

	As at 30th June 2007		As at 31st December 2006	
	US$	***(%)***	*US$*	*(%)*
By repayment term				
Within the first year	**202,106,000**	**28.2**	12,666,000	2.4
Within the second year	**17,273,000**	**2.4**	189,840,000	35.7
Within the third year	**25,414,000**	**3.6**	10,821,000	2.0
Within the fourth year	**29,424,000**	**4.1**	11,526,000	2.2
Within the fifth year and beyond	**441,721,000**	**61.7**	306,745,000	57.7
	715,938,000*	**100.0**	531,598,000*	100.0
By type of borrowings				
Secured borrowings	**500,000**	**0.1**	500,000	0.1
Unsecured borrowings	**715,438,000**	**99.9**	531,098,000	99.9
	715,938,000	**100.0**	531,598,000	100.0
By denomination of borrowings				
US Dollar	**660,262,000**	**92.2**	464,622,000	87.4
RMB	**55,676,000**	**7.8**	66,976,000	12.6
	715,938,000	**100.0**	531,598,000	100.0

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

Financial guarantees and contingent liabilities

As at 30th June 2007, the Group provided guarantees on a loan facility granted to an associate of US$24,970,000 (31st December 2006: US$25,304,000) and the Group did not have any significant contingent liabilities.

Treasury policy

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as far as possible. Borrowings for the container leasing business are mainly denominated in US dollar which is the same currency of its revenue and expenses so as to minimise potential foreign exchange exposure.

The financing activities of jointly controlled entities and associates were denominated in their respective functional currencies. Their hedging policies are devised accordingly.

The Group continued to exercise stringent control over the use of financial derivatives to hedge against its interest rates exposure. As at 30th June 2007, outstanding interest rates swap contracts comprised:

- Nominal principals of contracts amounting to US$200,000,000 (31st December 2006: US$200,000,000) in total whereby the Group agreed to pay the banks interest at floating rates ranging from 105 basis points to 116 basis points above 6-month LIBOR in return for receiving interests from the banks at a fixed interest rate of 5.875% per annum.

- Nominal principals of contracts amounting to US$20,000,000 (31st December 2006: US$100,000,000) in total whereby the Group agreed to pay fixed interest rate of 4.90% (31st December 2006: ranging from 3.88% to 4.90%) per annum in return for receiving interest from the bank at 3-month LIBOR.

As at 30th June 2007, after adjustment of the fixed rate borrowings for the interest rates swap contracts, 13.6% (31st December 2006: 35.7%) of the Group's total borrowings were fixed rate. The Group continued to monitor and regulate its fixed and floating debt portfolio from time to time in light of market conditions, with a view to minimising its potential interest rate exposure.

REVIEW OF OPERATIONS

China's economy maintained its growth momentum in the first half of 2007. The increase in import and export trade supported a strong demand for container transportation, boosting the performance in all core business operations of COSCO Pacific.

Terminal and related operations

During the period, the Group's container throughput maintained a robust growth. National-scale terminals recorded aggregate throughput of 52,530,000 TEUs, representing an increase of 24.1% as compared with the corresponding period last year. Of the throughput, 48,760,000 TEUs were achieved by coastal terminals, an increase of 23.7% as compared with that of last year, while 3,770,000 TEUs were recorded from inland river terminals, an increase of 30.4% as compared with the corresponding period last year.

The Group's terminal and related operations recorded satisfactory results. During the period, container terminal throughput amounted to 18,417,429 TEUs, representing an increase of 23.0% from the corresponding period last year.

Terminals in the Bohai Rim recorded an outstanding performance, with aggregate throughput of 8,181,025 TEUs, representing an increase of 33.9%. As at 30th June 2007, throughput of Qingdao Qianwan Terminal rose steadily by 27.6% to 4,026,677 TEUs. Throughput of Dalian Port Container Terminal Co., Ltd. ("Dalian Port Container Terminal"), which commenced operation in August 2005, doubled to 414,210 TEUs due to the commencement of operation of 2 new berths since last October as well as additional routes of shipping companies. Throughput of Dalian Port Container Co., Ltd. increased by 35.1% to 1,749,367 TEUs. Tianjin Five Continents Terminal recorded throughput of 952,673 TEUs, representing an increase of 29.2% as compared with the corresponding period last year. Yingkou Terminal maintained an efficient operation, with its throughput increasing by 40.7% to 545,516 TEUs.

Total throughput of the terminals in the Yangtze River Delta region rose by 2.4% to 3,881,561 TEUs over the same period last year. Shanghai Pudong Terminal, an additional 10% equity interest in which was acquired by the Group in June last year, maintained a steady growth with its throughput increased by 9.2% from the corresponding period last year to 1,357,173 TEUs. Shanghai Terminal handled a throughput of 1,618,337 TEUs, decreased by 16.7% due to reallocation of shipping routes. Berth No. 7 of Beilun phase IV at the port of Ningbo, operated and managed by Ningbo Yuan Dong Terminal, commenced operation in March this year, recorded throughput of 39,896 TEUs for the first half of the year. Throughput of Zhangjiagang Win Hanverky Terminal surged by 37.9% to 300,389 TEUs after the commencement of operation of Berth No. 17 in October 2006. Nanjing Longtan Terminal recorded a robust growth with its throughput surging by 52.3% to 426,895 TEUs. Throughput of Yangzhou Yuanyang Terminal increased by 29.1% to 138,871 TEUs upon the addition of an operating berth in the first half of 2006.

Terminals in the Pearl River Delta and the southeast coastal region recorded satisfactory results, with an increase of total throughput of 22.9% to 5,588,253 TEUs over the corresponding period last year. Throughput of COSCO-HIT Terminal for the first half of the year recorded an increase of 10.1% to 906,589 TEUs over the corresponding period last year. Its monthly throughput in May reached a record high of 171,610 TEUs in thirteen years since its commencement of operation. Berth No. 5 and No. 6 of Guangzhou South China Oceangate Terminal, which commenced operation in March this year, recorded throughput of 131,678 TEUs for the period. Throughput of Quanzhou Pacific Terminal, whose 71.43% equity interest is held by the Group, rose steadily since its commencement of operation in September 2006 and amounted to 385,051 TEUs for the first half of the year. Throughput of Yantian Terminal Phases I, II and III, with the commencement of operation of 2 additional berths in the second half of 2006, recorded an increase of 11.9% to 4,164,935 TEUs over the corresponding period last year.

As for overseas terminals, with the increased throughput in Singapore port as well as the enhanced capacity of shipping companies, throughput of COSCO-PSA Terminal recorded an increase of 40.5% to 400,117 TEUs over the corresponding period last year. Throughput of Antwerp Terminal increased by 51.4% to 366,473 TEUs as compared with the corresponding period last year.

Throughput of container terminals

	1H 2007 (TEUs)	1H 2006 (TEUs)	Changes over the corresponding period
Bohai Rim	**8,181,025**	**6,110,855**	**+33.9%**
Qingdao Qianwan Terminal	4,026,677	3,155,907	+27.6%
Qingdao Cosport International Container Terminals Co., Ltd.	492,582	400,382	+23.0%
Dalian Port Container Co., Ltd.	1,749,367	1,294,558	+35.1%
Dalian Port Container Terminal	414,210	134,844	+207.2%
Tianjin Five Continents Terminal	952,673	737,371	+29.2%
Yingkou Terminal	545,516	387,793	+40.7%
Yangtze River Delta	**3,881,561**	**3,790,026**	**+2.4%**
Shanghai Terminal	1,618,337	1,941,717	-16.7%
Shanghai Pudong Terminal	1,357,173	1,242,515	+9.2%
Ningbo Yuan Dong Terminal	39,896	—	N/A
Zhangjiagang Win Hanverky Terminal	300,389	217,843	+37.9%
Yangzhou Yuanyang Terminal	138,871	107,562	+29.1%
Nanjing Longtan Terminal	426,895	280,389	+52.3%
Pearl River Delta & southeast coastal region	**5,588,253**	**4,547,135**	**+22.9%**
COSCO-HIT Terminal	906,589	823,493	+10.1%
Yantian Terminal (Phases I, II and III)	4,164,935	3,723,642	+11.9%
Guangzhou South China Oceangate Terminal	131,678	—	N/A
Quanzhou Pacific Terminal	385,051	—	N/A
Overseas region	**766,590**	**526,732**	**+45.5%**
COSCO-PSA Terminal	400,117	284,750	+40.5%
Antwerp Terminal	366,473	241,982	+51.4%
Total throughput	**18,417,429**	**14,974,748**	**+23.0%**
Total throughput of terminals in Mainland China	**16,744,250**	**13,624,523**	**+22.9%**

Expansion of terminals

The Group held various equity interests in 24 terminal joint ventures as at 30th June 2007, with a total of 119 berths (2006: 104 berths), including 113 container berths, 2 automobile berths and 4 multipurpose berths. In August 2006, the Group acquired 71.43% equity interest in Quanzhou Pacific Terminal which operates and develops 6 berths. In January 2007, Qingdao Qianwan Terminal acquired operating rights of 4 container berths from DP World. At the end of 2006, Ningbo Yuan Dong Terminal signed a memorandum of understanding with Ningbo Port (Group) Limited and acquired the right to build 4 berths in the phase V of Beilun at the port of Ningbo. At the end of 2006, Yangzhou Yuanyang Terminal planned to construct one additional berth, making an increase of 15 berths for the Group. The annual handling capacity recorded an increase of 10.3% to 63,000,000 TEUs (2006: 57,100,000 TEUs) when compared with the corresponding period last year.

Among 119 berths under the Group's terminal portfolio, 83 berths were in operation (2006: 66 berths), representing an increase of 17 berths, including 78 container berths, 2 automobile berths and 3 multipurpose berths. The annual container handling capacity of operating berths increased by 24.9% to 39,600,000 TEUs (2006: 31,700,000 TEUs).

Signing three letters of intent

Jiangdu port in Jiangsu Province

On 12th April 2007, Yangzhou Yuanyang Terminal, whose 55.59% equity interest is held by the Group, signed a letter of intent and related agreements with Jiangdu Municipal Government of Jiangsu Province regarding a strategic investment in the port of Jiangdu. Yangzhou Yuanyang Terminal will invest in and operate Berth No. 1 and 2 and have the rights to use and develop the adjacent land of approximately 1,330,000 m^2 and the ancillary facilities of the port of Jiangdu. Yangzhou Yuanyang Terminal was also granted the right of first refusal for the development of new berths in the port. The port of Jiangdu, located in Jiangsu Province of China, is in the vicinity of the port of Yangzhou.

Berth No. 1, which is in operation, measures 135 metres in quay length with a depth of 7.5 metres at the front end throughout the year. The area of the berth is approximately 60,000 m^2 and the designed annual capacity is 750,000 tonnes. Berth No. 2 is 275 metres in quay length with a depth of 13 metres at the front end throughout the year. The area of the berth is approximately 240,000 m^2 and the designed annual capacity is 1,100,000 tonnes. These two berths are designed for handling bulk cargoes.

Qiongbei port of Hainan Province

On 20th April 2007, China Ocean Shipping (Group) Company, the ultimate holding company of the Group, entered into a Cooperative Agreement with Haikou Municipal Government of Hainan Province, pursuant to which the parties agreed to establish a joint venture by the Group and China Ocean Group and Hainan Harbor & Shipping Holding Co., Ltd. ("Hainan Harbor & Shipping"), in which the Company will hold the controlling equity interests, to operate the core business of Hainan Harbor & Shipping and develop Qiongbei port area into a hub port in Hainan Province. Hainan Harbor & Shipping is the biggest state-owned port and shipping enterprise in Hainan Province.

Based on current planning of the joint venture, Phase I of port development will have a total of 21 berths including 2 container berths, 9 breakbulk cargo berths and multi-purpose berths and 10 ferry terminal berths. Participating in this joint venture project marked a significant milestone for COSCO Pacific in the process of expanding investment in ports and terminals as well as participating in diversified terminal investments and operations.

Fuzhou Port Group

On 20th April 2007, the Group entered into a letter of intent with Fujian Provincial Communication Transportation (Shareholding) Co., Ltd. ("Fujian Transportation"), pursuant to which, COSCO Pacific will acquire approximately 29% equity interest in Fuzhou Port Group Co., Ltd. ("Fuzhou Port Group").

Fuzhou Port Group, a wholly-owned subsidiary of Fujian Transportation, is mainly engaged in the operation of container, coal and ore terminals and other terminal-related businesses. Fuzhou Port, the operating base of Fuzhou Port Group located in Fujian Province, is a major coastal port in China and one of the ports designated by the Ministry of Communications for trial run of direct transportation between the mainland China and Taiwan.

The 49 berths of Fuzhou Port Group are mainly located in the port areas of Minjiang and Jiangyin and Luoyuan Bay. Fuzhou Port Group mainly develops container transport business in the deep-water port area in Jiangyin and provides comprehensive logistics services to the industries within the vicinity. In 2006, Fuzhou Port Group recorded cargo throughput of 43,000,000 tonnes, representing an increase of 34.4% as compared with the corresponding period last year and a 50% market share of the port of Fuzhou, and a container throughput of 1,000,000 TEUs, representing an increase of 25.0% as compared with the corresponding period last year and the majority market share of the port of Fuzhou.

Container Leasing and Management

As at 30th June 2007, Florens Container Holdings Limited, a wholly-owned subsidiary of the Company, and its subsidiaries (collectively the "Florens") owned and managed a container fleet of 1,397,952 TEUs (2006: 1,111,336 TEUs), representing an increase of 25.8% over the corresponding period last year. Florens ranked as the third largest marine container leasing company (2006: the third) and accounted for approximately 13.0% market share (2006: approximately 10.7%). Average age of the Group's total container fleet was 3.99 years (2006: 4.38 years).

The Group disposed of 600,082 TEUs of containers last year and provided administrative and management services for these containers. The Group continued to expand its container fleets. During the period, Florens purchased 184,931 TEUs of new containers (2006: 106,082 TEUs), representing an increase of 74.3% from the corresponding period last year.

During the period, a total of 31,597 TEUs (2006: 28,406 TEUs) of containers were returned from COSCO Container Lines Company Limited ("COSCON") upon the expiry of the 10-year leases, representing an increase of 11.2%, including 4,983 TEUs which should have been returned on or before 2006 and 26,614 TEUs returned in 2007. During the period, the Group disposed of 36,453 TEUs of returned containers (2006: 20,698 TEUs), representing an increase of 76.1%. Included in the disposal were 34,099 TEUs of returned containers (2006: 20,614 TEUs) from COSCON upon expiry of the 10-year leases on or before 2007. Net profit on disposal of returned containers was US$3,637,000 (2006: US$4,889,000).

Fleet capacity movement

	2007 TEUs	2006 TEUs	y-o-y (%)
Fleet capacity as at 1st January	**1,250,609**	1,042,852	+19.9
New containers purchased	**184,931**	106,082	+74.3
Containers returned from COSCON upon expiry of the leases			
—Total	**(31,597)**	(28,406)	+11.2
—Re-leased	**58**	335	-82.7
—Disposal of and pending for disposal	**(31,539)**	(28,071)	+12.4
Ownership transferred to customers upon expiry of finance leases	**(15)**	(140)	-89.3
Defective containers written off	**—**	(11)	-100
Total loss of containers declared and compensated by customers	**(6,034)**	(9,376)	-35.6
Fleet capacity as at 30th June	**1,397,952**	1,111,336	+25.8

Besides providing 10-year leased containers to COSCON, the world's seventh largest container ship operator (according to "CI Online" dated 1st July 2007), the Group also provided long term and short term container leasing services to other international customers ("International Customers"), included major global shipping companies. For the six months ended 30th June 2007, the top 20 International Customers accounted for approximately 85.7% (2006: 71.5%) of the Group's total container rental income from International Customers. The total number of customers were 258 (2006: 246).

As at 30th June 2007, the Group leased a total of 502,529 TEUs of containers (2006: 416,270 TEUs) to COSCON, representing an increase of 20.7% as compared with the same period last year and accounting for 35.9% (2006: 37.5%) of the total number of containers. Containers available to International Customers were 238,587 TEUs in total (2006: 60,410 TEUs), representing an increase of 294.9% as compared with the same period last year and accounting for 17.1% (2006: 5.4%) of the total number of containers. There was a total of 656,836 TEUs of management containers (2006: 634,656 TEUs), representing an increase of 3.5% over the corresponding period last year and accounting for 47.0% (2006: 57.1%) of the total number of containers.

Disposal of containers

In June 2007, the Group completed the sale of marine containers of 31,352 TEUs (2006: 600,082 TEUs) and together with the container leasing agreements of those containers. After the disposal, the Group continued to provide the administrative and management services to the buyer and receive an annual administrative fee. Sale proceeds of US$46,527,000 was received from the buyer. Profit before tax on the disposal amounted to US$6,034,000.

Fleet capacity breakdown by type of containers

As at 30th June 2007		**Total**	**COSCON**	**International Customers**	**Management containers**
	TEUs	**1,397,952**	**502,529**	**238,587**	**656,836**
	%	**100.0**	**35.9**	**17.1**	**47.0**
Dry	%	**96.3**	**94.2**	**99.0**	**97.0**
Reefers	%	**2.9**	**5.4**	**0.6**	**1.8**
Specials	%	**0.8**	**0.4**	**0.4**	**1.2**

As at 30th June 2006		Total	COSCON	International Customers	Management containers
	TEUs	1,111,336	416,270	60,410	634,656
	%	100.0	37.5	5.4	57.1
Dry	%	95.5	93.1	98.0	96.9
Reefers	%	3.5	6.5	0.3	1.9
Specials	%	1.0	0.4	1.7	1.2

Fleet capacity breakdown

		As at 30th June 2007	As at 30th June 2006	**y-o-y**
COSCON	TEUs	**502,529**	416,270	+20.7%
	%	**35.9**	37.5	-1.6pp
International Customers	TEUs	**238,587**	60,410	+294.9%
	%	**17.1**	5.4	+11.7pp
Management containers	TEUs	**656,836**	634,656	+3.5%
	%	**47.0**	57.1	-10.1pp
Total	TEUs	**1,397,952**	1,111,336	+25.8%

While containers leased to COSCON remained 100% utilised during the period, the overall average utilisation rates of the Group was 94.6% (2006: 96.0%), well above the industry average of approximately 92.8% (2006: approximately 91.8%).

Logistics Operations

During the first half of 2007, with the rapid and stable growth of China's economy and its internal growth, the business segments of COSCO Logistics, such as third-party logistics, shipping agency, freight forwarding, were also on a rapid and steady upward track and recorded a significant increase as compared with the corresponding period last year.

Operations of each business segment of COSCO Logistics during the first half of the year are set out below:

	1H 2007	1H 2006	Changes over the corresponding period
Third party Logistics			
Product Logistics			
Home appliance ('000 piece)	**17,734**	13,617	+30.2%
Automobile (unit)	**197,991**	233,879	-15.3%
Chemical (tonne)	**1,339,832**	293,937	+355.8%
Project Logistics (RMB million)	**428**	322	+32.9%
Shipping Agency (voyage)	**63,497**	62,508	+1.6%
Freight Forwarding			
Sea Freight Forwarding			
Bulk Cargo (tonne)	**70,762,066**	64,330,800	+10.0%
Container Cargo (TEU)	**1,039,453**	905,101	+14.8%
Air Freight Forwarding (tonne)	**52,044**	45,140	+15.3%

Net profit from the logistics business of the Group increased by 19.2% to US$11,113,000 (2006: US$9,321,000).

Container Manufacturing

Due to substained demand on containers in the first half of 2007, production and sales performed better than the same period last year. Net profit contribution from CIMC during the period rose by 3.4% to US$27,756,000 (2006: US$26,843,000).

In addition, Shanghai CIMC Reefer Containers Co., Ltd. and Tianjin CIMC North Ocean Container Co., Ltd. provided the Group with a total profit of US$2,021,000 (2006: US$5,203,000) for the period, representing a decrease of 61.2% as compared with the same period last year.

Other Investments

Chong Hing Bank, in which the Group holds a 20% equity interests, made a net profit of US$7,629,000 (2006: US$6,327,000), representing an increase of 20.6% from the same period last year.

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 as a whole. The Company has complied with the provisions of the Code on Corporate Governance Practices set out 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 2007.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises of four independent non-executive directors. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the 2007 interim report.

Remuneration Committee

The Remuneration Committee comprises of 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 on 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 to the Listing Rules as the Company's code of conduct governing dealings by all directors in the securities of the Company. Having made specific enquiries of all directors, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2007. 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 2007.

INVESTOR RELATIONS

COSCO Pacific strongly believes that good investor relations play an essential role in enhancing corporate values. Management of the Company strives to ensure better corporate transparency and corporate governance standards. The Company has been greatly inspired by the following awards granted during the period and will continue to improve its quality of investor relations and corporate governance standards.

COMPANY AWARDS

- Awarded "Best Investor Relations 2006" by IR magazine;
- Ranked 1706 among "The Forbes Global 2000" published by Forbes, a financial magazine in the US, and on list for three consecutive years;
- Won "Best Corporate Governance Award 2007" from The Asset, a financial magazine;
- Won "Corporate Governance Asia Recognition Awards 2007" from Corporate Governance Asia magazine;
- Upon winning the award of "Directors of the Year Awards 2006" from Hong Kong Institute of Directors last year, the Company was invited to be the lead sponsor for "Directors of the Year Awards 2007" to promote the significance of good corporate governance and specialised duties of directors.

CORPORATE CULTURE

Team Building

As at 30th June 2007, COSCO Pacific had a team of 1,066 employees in China, Asia, America, Europe and Australia.

The Company's business expansion provides its staff with a good opportunity for continuous professional development. The Company encourages life-long learning and organises various training programmes 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 equality and fairness. The continuous granting of share options 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 contribute to society by actively participating in community welfare and social services.

During the first half of 2007, the Company and COSCO-HIT Terminal jointly welcomed visitors from about 20 companies, government departments and other organisations. In June, all the staff of COSCO Pacific in Hong Kong participated in "Lifeline Express Raffle Tickets" Charity Sales of 2007 and made donation to help poor cataract patients in rural areas of China to restore eyesight. The Company also continued its active involvement in "Project CLEAN AIR", led by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment. Besides, we sponsored activities of "Directors of the Year Awards 2007" organised by Hong Kong Institute of Directors as the Lead Sponsor.

COSCO Pacific is committed to carrying out our corporate social responsibilities so as to strive for the improvement in the society and the environment in which we are serving.

PROSPECTS

In the second half of this year, the Group is dedicated to increasing terminal profit contribution by strengthening and expanding terminal business. We will also further enhance the profitability of terminal business by increasing the terminal investment with controlling rights as well as diversifying terminal portfolio. Meanwhile, we will continue to expand our container leasing fleets, optimise the operating models of container leasing and management and strengthen marketing and cost control to expand the sources of profit.

It is expected that the economy and international trade of China will show strong growth impetus along the steady upward track of the global economy. The growth of the global GDP and the import and export trade will remain relatively high, which can further enhance the container trade volume. In view of this, the management of COSCO Pacific will seize opportunity of the robust economic development in China. By timely adjusting our existing businesses and capital structure, we will concentrate our resources on advantageous businesses and investments and make more effort to gear up the development of our core businesses to enhance corporate values. Meanwhile, we are dedicated to maintaining sustainable development and actively seeking business development to further expand the Company and consolidate our leading position in the industry, so as to further increase our profitability and hence, shareholders' returns.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises of 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], 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
COSCO Pacific Limited
XU Minjie
Vice Chairman & Managing Director

Hong Kong, 23rd August 2007