

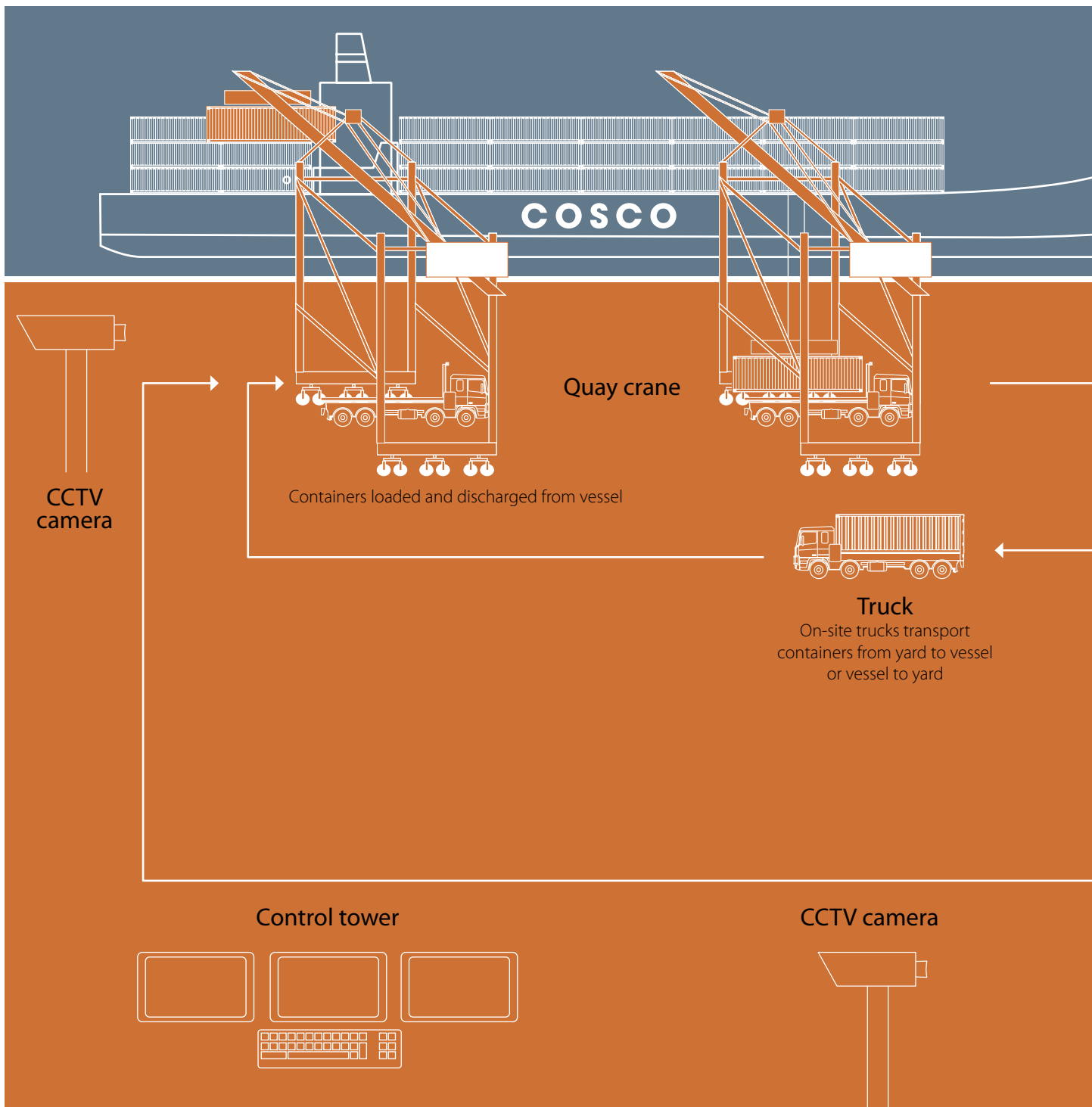


Container Terminals

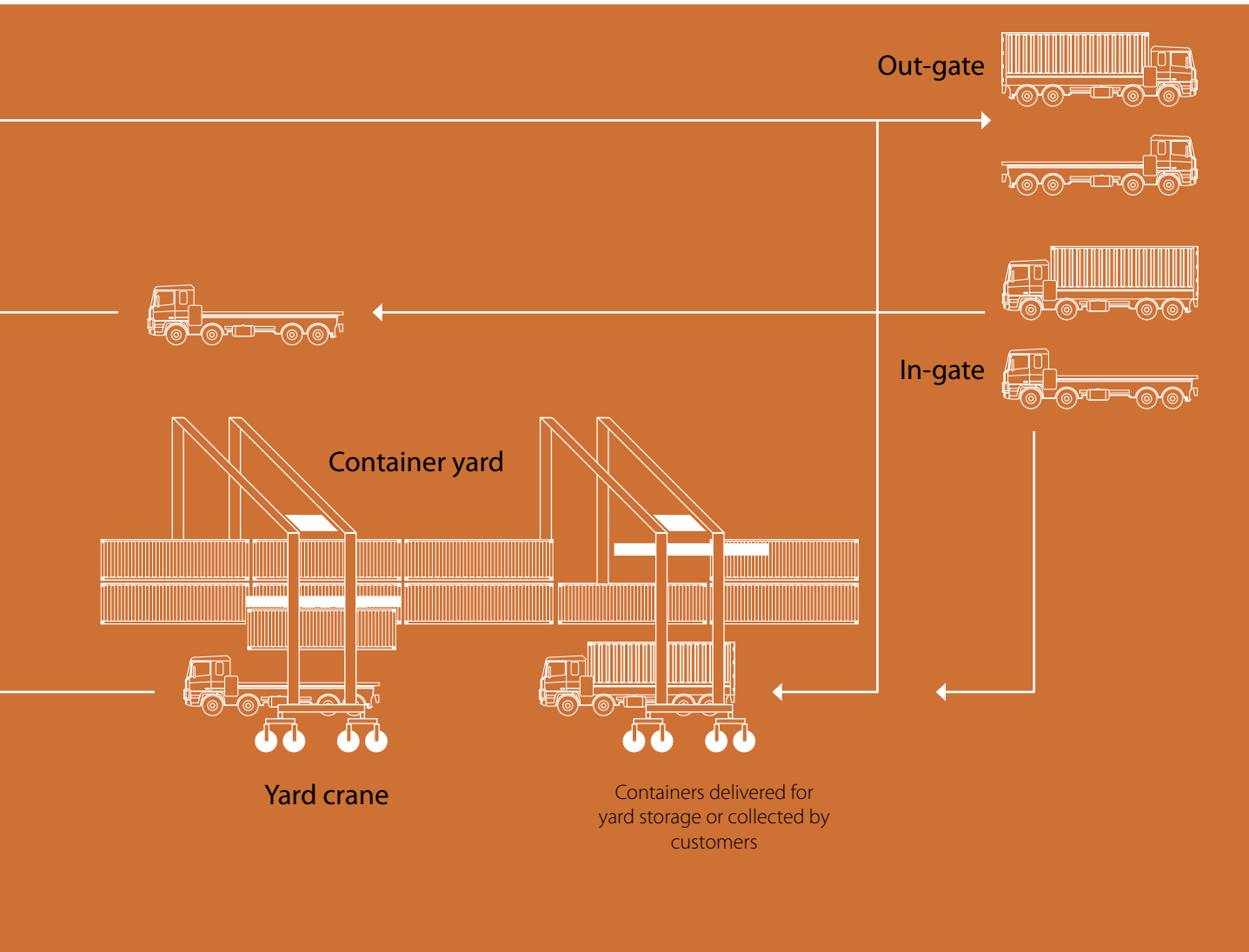


COSCO Pacific's strategy is to invest in superior network of terminals that will lead to increase in flexibility and comprehensive service offering for clients. To achieve this goal, we have adopted a strategy of enhancing investments, and have therefore diversified in the three major regions of China: the Pearl River Delta, the Yangtze River Delta and the Bohai Rim, as well as accelerated our development of overseas markets.

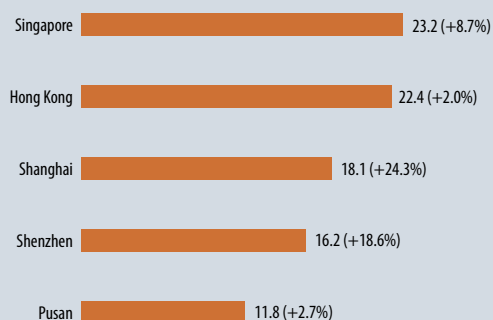
In 2005, COSCO Pacific's total number of berths reached 100, with a total annual handling capacity of 54,900,000 TEUs. The Group was ranked the world's fifth largest container terminal operator and recorded a 16.2% increase in aggregate throughput to 26,079,612 TEUs.



Terminal operation

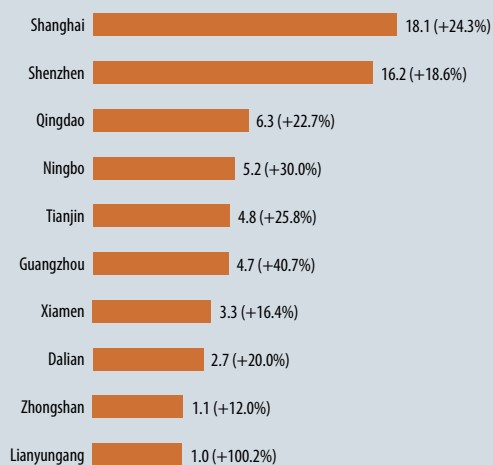


Three of China's container ports were in the world's top five in 2005
(Unit: million TEUs)



Source: www.portcontainer.com, January 2006

Mainland China's top ten container ports in 2005
(Unit: million TEUs)



Source: www.portcontainer.com, January 2006

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

China ranked number one in container throughput worldwide for the third consecutive year, with 75.8 million TEUs passed through its ports, a 21.3% increase and representing 18.8% of global market share in 2005. The increase was driven by a 28.4% rise in China's exports, which made up 7.6% of the world's total. The Ministry of Communications forecasts throughput to reach 140 million TEUs by 2010, implying a compound annual growth rate of around 13.1%. In addition, handling charges for international container terminals are rising, increasing 10% for terminals in Shanghai Port in 2005 and with another 10% rise announced in early 2006 (which does not apply to Yangshan Port). In addition, a 10% rise in handling charges for international container terminals at Qingdao and Dalian Ports was announced in 2006 respectively.

Goals and strategy

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

COSCO Pacific's main strategy is to forge stronger partnerships with leading global shipping liners and port operators, with all the Company's terminals open to all shipping lines. This close carrier-terminal strategic cooperation not only assures reliable demand, but also keeps management abreast of the latest market conditions, thus allowing effective management of operations in the short-term and more accurate forecasts of demand. Following years of development, the Group has significantly enhanced its expertise in the management of terminals operations and increased its competitiveness.

Performance in 2005

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

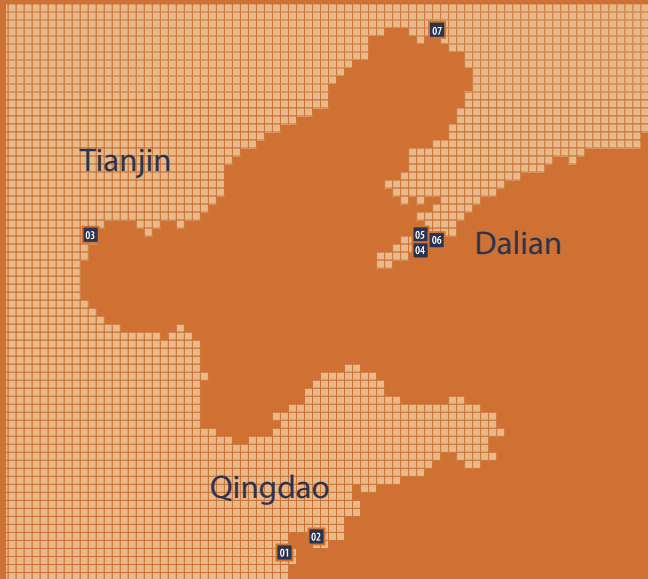
Container terminals in China performed well, achieving throughput growth of 16.1%. Significant growth was seen at Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") and Yingkou Container Terminals Company Limited ("Yingkou Terminal") in the Bohai Rim; Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") and Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky Terminal") and Nanjing Port Longtan Container Co., Ltd. ("Nanjing Longtan Terminal") in the Yangtze River Delta, COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") and Yantian International Container Terminals Limited ("Yantian Terminal") Phases I, II & III in the Pearl River Delta.

Overseas, throughput growth of 19.1% was achieved. Throughput at COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") continued to rise as more services to and from Singapore Port were launched, contributing to an overall growth in throughput at overseas port operations. Operations at Antwerp Gateway NV ("Antwerp Terminal"), Belgium commenced in September 2005.

Throughput of operating container terminals and annual growth rate

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

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



Bohai Rim

- (01) Qingdao Qianwan Terminal
- (02) Qingdao Cosport Terminal
- (03) Tianjin Five Continents Terminal
- (04) Dalian Port Container Co., Ltd.
- (05) Dalian Automobile Terminal
- (06) Dalian Port Terminal
- (07) Yingkou Terminal

Bohai Rim

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

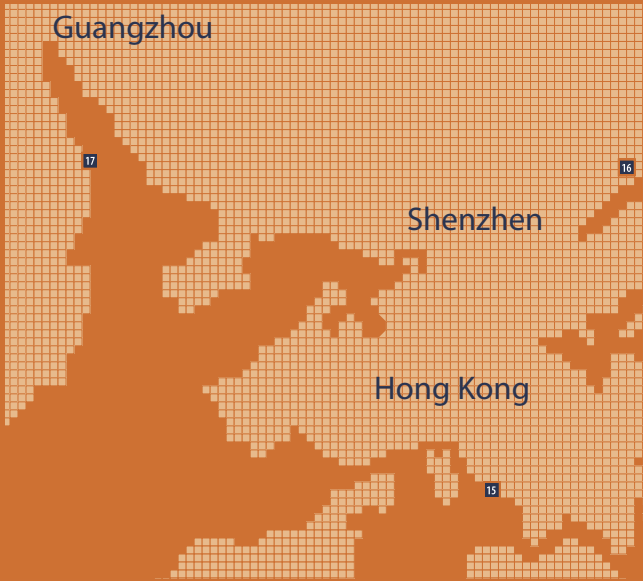
Yangtze River Delta

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



Yangtze River Delta

- (08) Shanghai Terminal
- (09) Shanghai Pudong Terminal
- (10) Nanjing Longtan Terminal
- (11) Zhangjiagang Win Hanverky Terminal
- (12) Yangzhou Yuanyang Terminal
- (13) Zhenjiang Jinyuan Terminal
- (14) Yangshan Port Phase II



Pearl River Delta

- (15) COSCO-HIT Terminal
- (16) Yantian Terminal (Phases I, II & III)
- (17) Nansha Port Phase II

Pearl River Delta

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

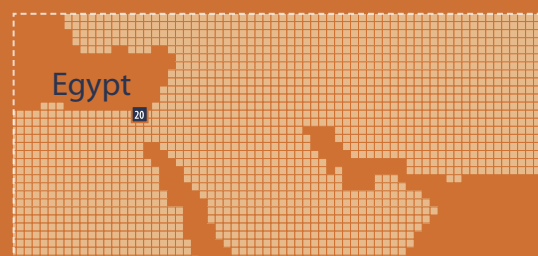
Overseas

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



Overseas

- (18) COSCO-PSA Terminal
- (19) Antwerp Terminal
- (20) Suez Canal Terminal



Outlook

The Board is optimistic about the ongoing prospects for container terminal operations. In particular, the global expansion of our businesses, strengthened terminal services and commercial cooperation will help us to benefit from robust growth in global trade. In China, sustained growth in imports and exports is expected. With many ports reaching full capacity, terminal investments are expected to result in relatively high returns.

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

Driven by rapid economic growth in the Yangtze River Delta, a major trend will be a rapid increase in river transport due to the commencement of operation of Yangshan Deep Water Port. Transport to and from Yangshan along the Yangtze River is more cost effective and thus should provide better value than land transport. This will drive immediate increases in throughput at feeder ports such as Nanjing Longtan

Terminal, Zhangjiagang Win Hanverky Terminal and Yangzhou Yuanyang Terminal. In addition, Zhangjiagang Win Hanverky Terminal berth No. 17 is to commence operation this year. Nanjing Longtan Terminal has great potential since it is a major terminal in Nanjing Port, the largest inland river port in the Yangtze River Delta.

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

In overseas markets, we expect a gradual rise in throughput at Antwerp Terminal, following the commencement of operations in September 2005. We forecast stable growth of throughput at COSCO-PSA Terminal, helped by throughput growth at the Port of Singapore, adding more services to and from COSCO-PSA Terminal. The Group believes that the Suez Canal Terminal at Port Said, Egypt has great potential due to its superior location. The terminal's maximum capacity is 2,200,000 TEUs and it is the only deep-water terminal at Port Said.

Acquisitions in 2005

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

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

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

In September 2005, Dalian Port Container Terminal entered into an agreement to acquire berths 13 -16 of Dalian Dayaowan Phase II, with a capacity of 3,200,000 TEUs and due to commence operations in 2006. COSCO Pacific also signed a letter of intent to develop and operate a container terminal at North Basin in Tianjin Port.

In the Yangtze River Delta, the joint venture, in which the Company has 20% shareholding, was officially established to operate Nanjing Longtan Terminal, it has a handling capacity of 1,000,000 TEUs and commenced operation in August 2005. The Port of Nanjing is expected to benefit immediately from increased feeder traffic to and from Yangshan. In addition, COSCO Pacific extended its investment in Zhangjiagang Win Hanverky Terminal by acquiring berth No. 17.

Also in the Yangtze River Delta, the Company entered into a joint venture agreement to develop and operate four berths of Shanghai Yangshan Port Phase II. The Group signed a letter of intent to take a 20% equity interest in a joint venture to operate five berths at Jintang Island Terminal in Ningbo Port. This terminal has handling capacity of 3,500,000 TEUs and will commence operation in 2007. The Group signed a preliminary joint venture agreement with Ningbo Port Group Ltd. to acquire a 20% equity interest in a joint venture company to develop and operate berth No. 7 of Beilun Container Terminal Phase IV in Ningbo Port.

During the year, COSCO Pacific also signed a joint venture agreement to develop and operate berths 5 -10 of Guangzhou Nansha Port Phase II. It has a capacity of 4,200,000 TEUs and the first two berths are expected to commence operations in the fourth quarter of 2006. The Group also intensified its investment in the Yantian Terminal by acquiring six berths in Yantian Terminal Phase III expansion.

In line with its strategy of enhancing its global network, COSCO Pacific entered into an agreement to acquire a 20% equity interest in the Suez Canal Terminal at Port Said, Egypt in December 2005. This terminal consists of four berths and commenced operations in October 2004. Throughput is forecast to exceed 1,000,000 TEUs in 2006 at the port, which has a maximum capacity of 2,200,000 TEUs. This acquisition, when formally completed, will have great potential for future growth due to its superior location at the northern entrance of the Suez Canal and on all major shipping lanes between Asia and Europe and the Mediterranean.

Container terminal investments in 2005

Container terminal	Equity interest (%)	Capacity (TEUs)	No. of berths
New terminals		16,600,000	29
Joint venture company established			
1 Nanjing Longtan Terminal	20	1,000,000	5
Joint venture contract signed			
2 Guangzhou Nansha Port Phase II	59	4,200,000	6
3 Shanghai Yangshan Port Phase II	10	3,200,000	4
4 Suez Canal Terminal	20	2,200,000	4
Letter of intent signed			
5 Ningbo Jintang Island Terminal	20	3,500,000	5
6 Tianjin North Basin Terminal	30	2,100,000	4
7 Ningbo Beilun Terminal Phase IV 7#	20	400,000	1
New berths acquired by existing joint ventures		9,100,000	11
8 Zhangjiagang Win Hanverky Terminal 17#	51	500,000	1
9 Dalian Dayaowan Phase II 13# -16#	20	3,200,000	4
10 Yantian Terminal Phase III expansion	4.45	5,400,000	6

Container terminal portfolio

Container terminal	Effective shareholding (%)	No. of berths	Depth alongside (Meters)	Annual handling capacity (TEUs)
Pearl River Delta		23		19,500,000
COSCO-HIT Terminal	50	2	15.5	1,800,000
Yantian Terminal Phases I & II	5	5	14.0 - 15.5	4,500,000
Yantian Terminal Phase III	4.45	10	16	9,000,000
Guangzhou Nansha Port Phase II	59	6	14.5	4,200,000
Yangtze River Delta		30		11,900,000
Shanghai Terminal	10	10	9.4 - 10.5	3,700,000
Shanghai Pudong Terminal	20	3	12	2,300,000
Zhangjiagang Win Hanverky Terminal	51	3	10	1,000,000
Yangzhou Yuanyang Terminal	55.59	4	11	500,000
				+4.7m tons of break-bulk cargo
Zhenjiang Jinyuan Terminal	25	1	13	200,000
Nanjing Longtan Terminal	20	5	12	1,000,000
Shanghai Yangshan Port Phase II	10	4	15	3,200,000
Bohai Rim		35		16,800,000
Qingdao Qianwan Terminal	20	11	17.5	6,500,000
Qingdao Cosport Terminal	50	1	13.5	600,000
Dalian Port Container Terminal	20	6	13.5 - 17.8	4,200,000
Dalian Port Container Co., Ltd.*	8	9	8.9 - 14.0	3,000,000
Dalian Automobile Terminal	30	2	11	600,000 vehicles
Yingkou Terminal	50	2	14	1,000,000
Tianjin Five Continents Terminal	14	4	15.7	1,500,000
Overseas		12		6,700,000
COSCO-PSA Terminal	49	2	15	1,000,000
Antwerp Terminal	25	6	17	3,500,000
Suez Canal Terminal	20	4	16.5	2,200,000
Total container terminal berths		95		54,900,000
Total automobile terminal berths		2		600,000 vehicles
Total multi-purpose terminal berths		3		4.7m tons of break-bulk cargo
Total terminal berths		100		

*Dalian Port Container Co., Ltd. holds 51% equity interest in Dalian Container Terminal Co., Ltd. and is also a substantial shareholder of Dalian Dagang China Shipping Container Terminal Co., Ltd and Dalian Container Terminal Co., Ltd.