

Interim Results

The board of directors (the "Directors") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to present the interim report, 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 report has been reviewed by the Company's Audit Committee.

The Group's unaudited condensed consolidated interim financial information as set out on pages 3 to 28 has also 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, the independent review report issued by the Company's auditor has been qualified in this respect.

The Group's shares of net assets and results of CIMC and Chong Hing Bank which have been accounted for under equity method based on their published interim financial information have been disclosed in notes 4(a) and 4(b) respectively to the unaudited condensed consolidated interim financial information.

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	5	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	6	150	158
		3,086,848	2,624,884
Current assets			
Inventories		2,152	3,553
Trade and other receivables	7	157,009	133,629
Available-for-sale financial assets		16,631	—
Derivative financial assets	8	44	579
Bank balances and cash	6	240,343	224,510
		416,179	362,271
Current liabilities			
Trade and other payables	9	243,209	172,728
Derivative financial liabilities	8	44,552	55,181
Current income tax liabilities		10,745	7,676
Current portion of long term borrowings	10	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	8,479	4,362
Deferred income tax liabilities		1,000	2,202
Long term borrowings	10	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	11	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	12	6,034	84,454
Initial recognition of put options granted in connection with share reform of an associate	13	—	(140,064)
Fair value gain on put options granted	13	10,629	75,777
		10,629	(64,287)
Operating profit	14	75,439	130,003
Finance income	15	4,501	3,316
Finance costs	15	(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	16	(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	17	71,388	78,213
— special interim	17	—	26,042
		71,388	104,255
Earnings per share for profit attributable to the equity holders of the Company			
— basic	18	US6.64 cents	US6.18 cents
— diluted	18	US6.60 cents	US6.14 cents

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2007

	2007 US\$'000	2006 US\$'000
Total equity at 1st January	2,208,201	1,890,343
Exchange differences on translation of financial statements of foreign subsidiaries, jointly controlled entities and associates	20,088	5,054
Fair value gain on available-for-sale financial assets	136,828	14,531
Reserve realised upon disposal of an available-for-sale financial asset	(133)	—
Share of reserves of a jointly controlled entity and associates		
— revaluation reserve	28,009	5,299
— hedging reserve	649	—
— other reserves	(5,148)	18
Net gain recognised directly in equity	180,293	24,902
Profit for the period	151,348	138,023
Total income recognised for the period	331,641	162,925
Equity share options issued (<i>note 11(b)</i>)	11,190	—
Issue of shares on exercise of share options	18,790	32,065
Dividends paid to		
— equity holders of the Company	(92,207)	(79,524)
— minority shareholders of subsidiaries	(2,974)	(2,488)
Total equity at 30th June	2,474,641	2,003,321

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2007

	Six months ended 30th June	
	2007 US\$'000	2006 US\$'000
Net cash from operating activities	124,030	164,812
Net cash (used in)/from investing activities	(202,101)	747,155
Net cash from/(used in) financing activities	93,929	(96,828)
Effect of foreign exchange rate changes	(25)	535
Net increase in cash and cash equivalents	15,833	815,674
Cash and cash equivalents at 1st January	224,510	157,337
Cash and cash equivalents at 30th June	240,343	973,011
Analysis of balances of cash and cash equivalents:		
Time deposits	91,765	56,216
Bank balances and cash	148,578	916,795
	240,343	973,011

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

COSCO Pacific Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the businesses of managing and operating container terminals, container leasing and management, logistics, container manufacturing and their related businesses. The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda.

The intermediate holding company of the Company is China COSCO Holdings Company Limited ("China COSCO"), a company established in the People's Republic of China (the "PRC") and listed in Hong Kong. The parent company of China COSCO is China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC.

The condensed consolidated interim financial information of the Group for the six months ended 30th June 2007 (the "Unaudited Condensed Consolidated Interim Financial Information") have been approved for issue by the Board of Directors on 23rd August 2007.

2. 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 of the Group 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.

Adoption of new/revised HKFRSs

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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain new standards, amendments and interpretations to existing standards have also been published by the HKICPA which are mandatory for the Group's accounting periods beginning on or after 1st January 2008 or later periods and may be relevant to the Group's operations as follows:

		Effective for accounting periods beginning on or after
HK(IFRIC)-Int 12	Service Concession Arrangements	1st January 2008
HKFRS 8	Operating Segments	1st January 2009
HKAS 23 (Revised)	Borrowing Costs	1st January 2009

The Group has not early adopted the above new standards, amendments and interpretations 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 the Group's significant accounting policies and presentation of the financial statements will be resulted.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of containers

Containers represent the Group's major operating assets. The Group tests whether the containers have suffered any impairment whenever events or changes in circumstances indicate that the carrying amounts of the containers may not be recoverable. The recoverable amounts of containers have been determined based on value-in-use calculations. These calculations require the use of estimates on the projections of cash inflows from the continual use of containers (including the amount to be received for the disposal of containers) and discount rate.

(b) Useful lives and residual values of containers

Management determines the estimated useful lives of containers by reference to the Group's business model, its assets management policy and industry practice. The change in these factors can significantly affect the estimation of useful lives of containers and depreciation expense will change when useful lives are different from the previous estimates.

Management determines the residual values of containers based on all relevant factors (including the use of the current scrap value of steel in an active market as a reference value) at each measurement date. The depreciation expenses will change where the residual values are different from the previous estimates.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 Critical accounting estimates and assumptions (Continued)

(c) Fair value estimation

The fair values of the Group's financial assets and liabilities are determined by reference to the methods below:

- the quoted market price when the related instrument is traded in an active market;
- valuation techniques (including pricing models or discounted cash flow models); and
- the price for similar recent transactions, with adjustment for the difference in market conditions and circumstances.

For major unlisted investments, the Group will determine the fair value of available-for-sale financial assets by reference to valuation report of an independent professional valuer.

The fair value of the Put Options (note 13) have been determined based on quotes from independent third parties for the price to settle the related liability.

The fair value of interest rate swap contracts is calculated as the present value of the estimated future cash flows.

(d) Impairment of goodwill and other assets

The Group tests at least annually whether goodwill has suffered any impairment. Other assets are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

3.2 Critical judgement in applying the Group's accounting policies

Income taxes

Deferred income tax liabilities have not been established for the withholding taxation that would be payable on the undistributed earnings of certain subsidiaries in the United States of America (the "US") as the directors consider that the timing of the reversal of related temporary differences can be controlled (note 16).

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

4. SEGMENT INFORMATION

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.

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 a)	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 a)	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

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

4. SEGMENT INFORMATION (Continued)

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 c)	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 12)	—	6,034	—	—	—	6,034
Fair value gain on put options granted (note 13)	—	—	—	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 b)	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
Share-based compensation (notes c and 11(b))	—	—	—	—	11,190	11,190
Other non-cash expenses	—	629	—	—	212	841

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

4. SEGMENT INFORMATION (Continued)

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 12)	—	84,454	—	—	—	84,454
Initial recognition of put options granted in connection with share reform of an associate (note 13)	—	—	—	(140,064)	—	(140,064)
Fair value gain on put options granted (note 13)	—	—	—	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 b)	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

Notes:

- 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.
- 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.
- The segment results of the corporate and other businesses segment for the period included the share-based compensation expense of US\$11,190,000 (2006: N/A) (note 11(b)) which has not been allocated to the respective relevant business segments.

4. SEGMENT INFORMATION (Continued)

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:

<u>Business segments</u>	<u>Geographical areas</u>
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

5. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June 2007, the Group acquired property, plant and equipment of US\$353,698,000 (2006: US\$186,631,000) and disposed of property, plant and equipment with net book value of US\$71,884,000 (2006: US\$790,646,000) (including the Sold Containers as mentioned in note 12 of US\$40,493,000 (2006: US\$762,070,000)).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

6. CASH AND CASH EQUIVALENTS

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Total time deposits, bank balances and cash (<i>note</i>)	240,493	224,668
Restricted bank deposits included in non-current assets	(150)	(158)
	240,343	224,510
Representing:		
Time deposits	91,765	160,561
Bank balances and cash	148,578	63,949
	240,343	224,510

Note:

As at 30th June 2007, cash and cash equivalents of US\$18,077,000 (31st December 2006: US\$15,834,000) were denominated in Renminbi and United States dollars which are held by certain subsidiaries of the Group with bank accounts operating in the PRC where exchange controls apply.

7. TRADE AND OTHER RECEIVABLES

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Trade receivables (<i>notes a and b</i>)		
— third parties	28,488	19,927
— fellow subsidiaries (<i>note c</i>)	22,581	24,375
— jointly controlled entities	141	—
— related companies	344	185
	51,554	44,487
Less: provision for impairment	(3,787)	(4,477)
	47,767	40,010
Other receivables, deposits and prepayments	7,054	15,731
Rent receivable collected on behalf of owners of managed containers (<i>note d</i>)	34,545	36,459
Current portion of finance lease receivables	1,308	1,442
Amounts due from (<i>note a</i>)		
— jointly controlled entities (<i>note e</i>)	65,474	30,072
— associates	861	845
— an investee company (<i>note e</i>)	—	9,070
	157,009	133,629

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

7. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (a) The balances are unsecured and interest free. Trading balances have credit periods ranging from 30 to 90 days while other balances have no fixed terms of repayment.
- (b) The ageing analysis of the trade balances (net of provision) due from third parties, fellow subsidiaries, jointly controlled entities and related companies 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

- (c) The balance mainly represented container leasing income receivable from fellow subsidiaries and included a receivable balance from COSCO Container Lines Company Limited ("COSCON"), a fellow subsidiary, of US\$18,904,000 (out of which US\$18,888,000 was aged less than 60 days) (31st December 2006: US\$21,779,000 (the entire balance was aged less than 60 days)).
- (d) The balance represented the unsettled billings to be collected by the Group in respect of the leases of those containers managed on behalf of third parties.
- (e) The balances primarily represented dividend receivable from jointly controlled entities and an investee company of the Group.

8. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30th June 2007		As at 31st December 2006	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Interest rate swap contracts				
— cash flow hedges (note a)	44	—	579	—
— fair value hedges (note b)	—	8,479	—	4,362
Put options (note 13)	—	44,552	—	55,181
Total	44	53,031	579	59,543
Less: non-current portion				
Interest rate swap contracts				
— fair value hedges	—	(8,479)	—	(4,362)
	44	44,552	579	55,181

Notes:

- (a) The notional principal amounts of the related interest rate swap contracts amounted to US\$20,000,000 (31st December 2006: US\$100,000,000) which was committed with fixed interest rate at 4.90% (2006: ranging from 3.88% to 4.90%) per annum. These derivative financial instruments do not qualify for hedge accounting.
- (b) The notional principal amount of the related interest rate swap contracts amounted to US\$200,000,000 (31st December 2006: US\$200,000,000) which were committed with the interest rates ranging from 1.05% to 1.16% (2006: 1.05% to 1.16%) per annum above the London Interbank Offered Rate. These interest rate swap contracts had been designated as a hedge of the fair value of the notes issued by the Group (note 10).

9. TRADE AND OTHER PAYABLES

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Trade payables (<i>notes a and b</i>)		
— third parties	56,127	39,774
— jointly controlled entities (<i>note c</i>)	14,220	2,935
— a minority shareholder of a subsidiary	26	36
— subsidiaries of an associate (<i>note c</i>)	58,908	30,024
— related companies	7	14
	129,288	72,783
Other payables and accruals	79,322	62,083
Payable to owners of managed containers (<i>note d</i>)	32,799	34,909
Current portion of other long term liability	1,488	1,488
Dividend payable	23	20
Amounts due to (<i>note a</i>)		
— fellow subsidiaries	164	270
— minority shareholders of subsidiaries	125	1,175
	243,209	172,728

Notes:

- (a) The balances are unsecured and interest free. Trading balances have similar credit periods granted as those of other third party suppliers while the other balances have no fixed terms of repayment.
- (b) The ageing analysis of trade balances due to third parties, jointly controlled entities, a minority shareholder of a subsidiary, subsidiaries of an associate and related companies 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

- (c) The balance represented the amounts payable to jointly controlled entities and subsidiaries of an associate of the Group in respect of the purchases of containers (*note 21(a)(vi)*).
- (d) The balance represented the rental income of the managed containers collected, net of the direct operating expenses of the managed containers paid by the Group on behalf of third parties and the management fee income.

10. LONG TERM BORROWINGS

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Borrowings		
Secured (note c)	500	500
Unsecured	690,949	520,853
	691,449	521,353
Amounts due within one year included under current liabilities	(177,617)	(2,421)
	513,832	518,932

(a) The analysis of the above is as follows:

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Bank loans wholly repayable within five years	216,354	221,395
Not wholly repayable within five years		
— Bank loans	189,005	10,245
— Notes	286,090	289,713
	475,095	299,958
	691,449	521,353

(b) The maturity of borrowings is as follows:

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Bank loans		
Within one year	177,617	2,421
Between one and two years	17,273	189,840
Between two and five years	97,010	30,927
Over five years	113,459	8,452
	405,359	231,640
Notes		
Over five years	286,090	289,713
	691,449	521,353

10. LONG TERM BORROWINGS (Continued)

- (c) As at 30th June 2007, bank loan of US\$500,000 (31st December 2006: US\$500,000) was secured by certain land use right of a subsidiary.
- (d) The Group established a non-wholly owned subsidiary (the "Subsidiary") with a third party (the "Partner") in August 2006. For the establishment of the Subsidiary, the Partner had injected certain assets and liabilities to the Subsidiary, including bank loans. As of 31st December 2006, the necessary procedures for changing the Subsidiary as the borrower of the bank loans of US\$16,648,000 (the "Procedures") had not yet been completed. As the Subsidiary has undertaken these bank loans with effect from the date of its establishment, the directors accounted for the related loans as the Group's bank loans as at 31st December 2006. The aforesaid Procedures were subsequently completed during the period.

11. SHARE CAPITAL

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Authorised: 3,000,000,000 (31st December 2006: 3,000,000,000) ordinary shares of HK\$0.10 each	38,462	38,462
Issued and fully paid: 2,240,669,298 (31st December 2006: 2,228,684,298) ordinary shares of HK\$0.10 each	28,736	28,583

Notes:

- (a) The movements of the issued share capital of the Company are summarised as follows:

	Number of ordinary shares	Nominal value US\$'000
At 1st January 2007	2,228,684,298	28,583
Issued on exercising of share options	11,985,000	153
At 30th June 2007	2,240,669,298	28,736

11. SHARE CAPITAL (Continued)

(b) Share options

Movements of the share options, which have been granted under the share option schemes adopted by the Company on 30th November 1994 and 23rd May 2003 respectively, during the period are set out below:

Category	Exercise price HK\$	Number of share options			Outstanding as at 30th June 2007
		Outstanding as at 1st January 2007	Granted during the period	Exercised during the period	
Directors	8.80	300,000	—	(300,000)	—
	9.54	2,100,000	—	(1,300,000)	800,000
	13.75	6,900,000	—	(400,000)	6,500,000
	19.30	—	2,300,000	—	2,300,000
Continuous contract employees	8.80	22,000	—	(22,000)	—
	9.54	3,978,000	—	(1,753,000)	2,225,000
	13.75	20,198,000	—	(3,504,000)	16,694,000
	19.30	—	15,300,000	(40,000)	15,260,000
Others	9.54	1,000,000	—	(950,000)	50,000
	13.75	7,360,000	—	(3,716,000)	3,644,000
		41,858,000	17,600,000	(11,985,000)	47,473,000

The share options granted on 23rd March 2007 under the share option scheme as adopted by the Company on 23rd May 2003 are exercisable at any time within ten years from the date on which an offer is accepted or deemed to be accepted by the grantee from 17th April 2007 to 19th April 2007. The fair value of these options granted during the period, determined by using Black-Scholes valuation model, was approximately HK\$4.97 per option (2006: N/A). 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.

12. 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 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.

13. 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.

14. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2007 US\$'000	2006 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 12)	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	—

15. FINANCE INCOME AND COSTS

	Six months ended 30th June	
	2007 US\$'000	2006 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 in construction in progress	(113)	—
	18,956	25,753
Other incidental borrowing costs and charges	20	489
	18,976	26,242

16. INCOME TAX EXPENSES

	Six months ended 30th June	
	2007 US\$'000	2006 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.

16. INCOME TAX EXPENSES (Continued)

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 12.

On 16th March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the new "CIT Law"). The new CIT Law reduces or increases the corporate income tax rate for domestic enterprises and foreign invested enterprises from 33% and 15% or 24% respectively to 25% with effect from 1st January 2008. The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. The Company will then assess the related impact and account for any change in accounting estimate prospectively.

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 12 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 difference will not be reversed in the foreseeable future.

17. DIVIDENDS

	Six months ended 30th June	
	2007 US\$'000	2006 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

17. DIVIDENDS (Continued)

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 is 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.

18. 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

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

19. FINANCIAL GUARANTEE CONTRACTS

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Bank guarantee to an associate, at face value	24,970	25,304

The directors of the Company consider that it is not probable for a claim to be made against the Group as at the balance sheet date and accordingly the above bank guarantee was not provided for in the Unaudited Condensed Consolidated Interim Financial Information.

20. CAPITAL COMMITMENTS

Except as disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Information, the Group has the following significant capital commitments as at 30th June 2007:

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Authorised but not contracted for		
Containers	98,679	474,592
Generator sets	—	2,448
Computer system under development	824	946
Other property, plant and equipment	63,382	1,264
	162,885	479,250
Contracted but not provided for		
Investments (<i>note</i>)	711,774	727,118
Containers	84,051	39,346
Generator sets	191	—
Other property, plant and equipment	24,084	27,729
	820,100	794,193
The Group's share of capital commitments of the jointly controlled entities themselves not included in the above are as follows:		
Authorised but not contracted for	52,902	32,221
Contracted but not provided for	10,942	20,320
	63,844	52,541

20. CAPITAL COMMITMENTS (Continued)

Note:

The Group's contracted investments as at 30th June 2007 are as follows:

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Investments in		
Qingdao Qianwan Container Terminal Co., Ltd	64,997	77,817
Antwerp Gateway NV	86,892	86,294
Dalian Port Container Terminals Co., Ltd	94,015	91,546
COSCO Ports (Nansha) Limited	133,451	165,902
Ningbo Yuan Dong Terminals Ltd	21,304	—
Others	65,053	64,410
	465,712	485,969
Terminal projects		
Tianjin Port Euroasia Terminal	141,816	138,307
Shanghai Yangshan Port Phase II	52,525	51,225
Suez Canal Terminal at Port Said, Egypt	47,500	47,500
Others	4,221	4,117
	246,062	241,149
	711,774	727,118

21. RELATED PARTY TRANSACTIONS

The Group is controlled by China COSCO which owns 51.06% of the Company's shares as at 30th June 2007. The parent company of China COSCO is COSCO.

COSCO is a state-owned enterprise and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 "Related Party Disclosures" issued by the HKICPA, other state-owned enterprises and their subsidiaries (other than COSCO group companies), directly or indirectly controlled by the PRC government, are also defined as related parties of the Group. On that basis, related parties include COSCO and its subsidiaries, other state-owned enterprises and their subsidiaries directly or indirectly controlled by PRC government, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO as well as their close family members.

For the purpose of related party transaction disclosures, the Group has identified to the extent practicable its customers and suppliers as to whether they are state-owned enterprises. Nevertheless, the directors believe that meaningful information relating to related party transactions has been adequately disclosed.

In addition to those disclosed elsewhere in the Unaudited Condensed Consolidated Interim Financial Information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period.

21. RELATED PARTY TRANSACTIONS (Continued)

(a) Sales/purchases of goods and services

	Six months ended 30th June	
	2007 US\$'000	2006 US\$'000
Container rental income from (note i)		
— a fellow subsidiary	65,835	63,212
— other state-owned enterprises	11	77
Handling, storage and net transportation income from (note ii)		
— a fellow subsidiary	3,768	3,586
— a jointly controlled entity	230	—
Management fee and service fee income from (note iii)		
— jointly controlled entities	1,537	1,446
— associates	498	190
— an investee company	40	19
Container terminal handling and storage income received from fellow subsidiaries and an associate of a parent company (note iv)	3,176	1,707
Approved continuous examination program fee to a fellow subsidiary (note v)	(550)	(550)
Purchase of containers from (note vi)		
— subsidiaries of CIMC	(99,464)	(62,362)
— jointly controlled entities	(20,227)	(23,765)

Notes:

- (i) The Group has conducted container leasing business with COSCON and other state-owned enterprises. The container rental income was charged based on terms agreed between the Group and the respective parties in concern.
- (ii) The handling, storage and net transportation income received from a fellow subsidiary and a jointly controlled entity were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.
- (iii) The Group provided advisory and management services to COSCO-HIT Terminals (Hong Kong) Limited, a jointly controlled entity of the Group, during the period. Management fee was charged and agreed at HK\$20,000,000 (equivalent to approximately US\$2,562,000) (2006: HK\$20,000,000) (equivalent to approximately US\$2,575,000) per annum.
- Other management fee and service fee income charged to jointly controlled entities, associates and an investee company was agreed between the Group and the respective parties in concern.
- (iv) The Group provided container terminal handling and storage services to fellow subsidiaries and an associate of COSCO in respect of the cargoes shipped from/to Zhangjiagang port and Quanzhou ports. The tariff rates charged by the Group have been made reference to the rates as set out by the Ministry of Communications of the PRC.
- (v) An approved continuous examination program fee for the period of US\$550,000 (2006: US\$550,000) to COSCON in connection with the containers leased to COSCON on a long term basis was agreed between the Group and COSCON.
- (vi) The purchases of containers from certain subsidiaries of CIMC and jointly controlled entities of the Group were conducted at terms as set out in the agreements entered into between the Group and the respective parties in concern.

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with state-owned banks

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Bank deposits balances		
— in Mainland China	18,064	15,384
— outside Mainland China	125,473	96,084
	143,537	111,468
Long term loans		
— in Mainland China	52,237	57,232
— outside Mainland China	174,622	174,409
	226,859	231,641
Short term loans		
— in Mainland China	4,489	10,245
— outside Mainland China	20,000	—
	24,489	10,245

The deposits and loans with state-owned banks were in accordance with the terms as set out in the respective agreements or as mutually agreed between the parties in concern.

(c) Balances with other state-owned enterprises

	As at 30th June 2007 US\$'000	As at 31st December 2006 US\$'000
Other payable to state-owned enterprises	3,604	5,682

The balance represented the port construction levy collected by subsidiaries of the Group on the behalf the port authorities in Zhangjiagang and Quanzhou pursuant to a notice issued by the Ministry of Communications of the PRC. The balance is unsecured, interest free and has no fixed terms of repayment.

21. RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensation

	Six months ended 30th June	
	2007 US\$'000	2006 US\$'000
Salaries, bonuses and other allowances	1,188	1,147
Contribution to retirement benefit schemes	2	3
	1,190	1,150

Key management includes directors of the Company and three (2006: three) senior management members of the Group.

22. EVENTS AFTER THE BALANCE SHEET DATE

At a meeting held on 23rd August 2007, the directors approved for the disposal of the Group's entire 20% equity interest in Chong Hing Bank to a fellow subsidiary, COSCO (Hong Kong) Group Limited ("COSCO HK"). The completion of the disposal transaction is subject to the terms and conditions as set out in the sale and purchase agreement to be entered into between the Group and COSCO HK. The directors anticipated that the Group will derive a gain from this disposal.

23. 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.