



**COSCO Pacific Limited**  
(Incorporated in Bermuda with Limited Liability)

**2008 Interim Results**

The board of directors of COSCO Pacific Limited (“COSCO Pacific” or the “Company”) is pleased to announce that the Company and its subsidiaries (the “Group”) achieved solid growth for the six months ended 30th June 2008.

- Profit attributable to the equity holders of the Company rose by 11.1% to US\$153,152,000 (corresponding period of 2007: US\$137,888,000\*)
- Interim dividend of HK27.4 cents (corresponding period of 2007: HK24.9 cents) per share was declared. Dividend payout was 51.5% (corresponding period of 2007: 51.7%\*\*)
- Various equity interests in 27 terminal joint ventures were held, with a total of 140 berths and 89 container berths in operation (corresponding period of 2007: 78 berths). The annual handling capacity amounted to 48,150,000 TEUs (corresponding period of 2007: 39,600,000 TEUs)
- With a solid growth of its terminal business, the Company’s total container throughput has recorded a 22.7% increase to 22,088,046 TEUs, ranking as the fifth largest container terminal operator in the world
- The Company’s overseas terminals business recorded satisfactory growth and its overseas terminal network further expanded. The Company has been appointed as the provisional awarded bidder for the concession rights of the container terminal at Piraeus Port in Greece
- The container leasing, management and sales businesses continued to expand its owned and managed containers fleet under the asset light business model. The fleet size reached 1,632,356 TEUs (corresponding period of 2007: 1,397,952 TEUs), ranking as the second largest container leasing company in the world
- For the second consecutive year, the Company won “Annual Recognition Awards 2008” awarded by Corporate Governance Asia magazine

\* Excluding the financial gain of the CIMC Put Options associated with the CIMC Share Reform

\*\* The calculation of interim dividend was based on the profit attributable to equity holders excluding the financial gain of the CIMC Put Options associated with the CIMC Share Reform

## Overall result analysis

During the first half of 2008, further deterioration and spill of US sub-prime mortgage crisis, coupled with hiking energy prices and US dollar depreciation all exerted adverse impact to the global economic growth. Despite the changes in global economy, growth momentum in China continued. Import and export trade continued to support a strong demand for container transportation. During the first half of the year, China export rose 21.9% to US\$666.6 billion. Appreciation in RMB and robust consumption growth in China led to a 30.6% jump in China imports, reaching US\$567.6 billion. China's total import and export trade increased 25.7%. Leveraging these China-specific factors, COSCO Pacific maintained solid growth in all core business operations during the period. The profit attributable to the equity holders of the Group was US\$153,152,000, an increase of 11.1% when compared with US\$137,888,000 for last period if US\$10,629,000 financial gain of CIMC Put Options associated with the CIMC Share Reform was excluded from last period.

The container terminal operation has strengthened further. The throughput of the Group's container terminals reached 22,088,046 TEUs in the first half of 2008, a 22.7% increase over the corresponding period of last year. Accordingly, the profit grew to US\$74,205,000, an increase of 19.7% over the corresponding period of last year.

Net profit from container leasing, management and sales businesses for the period was US\$64,762,000, an increase of 28.9% over the same period of last year.

During the period, the Group increased its equity interests in China International Marine Containers (Group) Co., Ltd. ("CIMC"), from 16.23% in the first half of 2007 to 21.80% in the first half of 2008, however, due to a margin erosion led by raw material price rise, the net profit contributed by CIMC for the period increased slightly by 4.9% to US\$29,126,000.

Growth momentum in logistics business continued, it contributed to the Group a net profit of US\$16,229,000 in the first half of 2008, a rise of 46.0% from the same period of last year.

COSCO Pacific has always been dedicated to enhancing shareholders return. Maintaining a stable dividend payout ratio is an important policy to deliver value to the shareholders. The board of directors proposes an interim cash dividend of HK27.4 cents per share (corresponding period of 2007: HK24.9 cents per share) for the six months ended 30th June 2008. The dividend payout ratio was 51.5% (corresponding period of 2007: 51.7%) °

## Terminal and Related Operations

During the first half of 2008, China's container throughput recorded a 17.1% year-on-year growth. National-scale terminals recorded an aggregate throughput of 61,650,000 TEUs. The Group's terminal and related operations recorded satisfactory results. During the period, container throughput totalled 22,088,046 TEUs, representing a rise of 22.7% from the corresponding period of last year. Among the total throughput, 19,737,223 TEUs were achieved by 18 container terminal joint ventures in China, a rise of 14.5% from the corresponding period of last year. The throughput of three overseas terminal joint ventures climbed 206.7% to 2,350,823 TEUs from the same period of last year. Due to the rapid expansion of overseas terminals, China terminals and overseas terminals accounted for 89.3% and 10.7% (corresponding period of 2007: 95.7% and 4.3%) of the total container throughput of the Group respectively.

Throughput of terminals in Bohai Rim accounted for 38.0% of the Group's total throughput. It increased 8.2% to 8,400,703 TEUs from the corresponding period of last year. During the first half of the year, the throughput of Qingdao Qianwan Terminal grew 7.2% year on year, reaching 4,315,000 TEUs. The commencement of operation of new Qingdao Qianwan Terminal in the second half of 2008, of which Qingdao Qianwan Terminal holds 80% equity interest, is expected to enhance the handling capacity and operational efficiency, which will in turn grow the terminal business.

Terminals in Yangtze River Delta region performed well during the period. Total throughput of this region grew by 17.9% from the same period of last year to 4,576,107 TEUs, and accounted for 20.7% of the Group's total throughput. Shanghai Container Terminals recorded a year-on-year growth of 14.2% in its throughput, mainly driven by boosting domestic trade. Ningbo Yuan Dong Terminal, which commenced operation in last March, recorded a strong growth in throughput and achieved 394,914 TEUs for the first half of the year. Throughput of Zhangjiagang Win Hanverky Terminal and Nanjing Port Longtan Container Co., Ltd. grew 25.5% and 20.3% year-on-year respectively. These achievements further strengthen the port development in Yangtze River Delta region.

Terminals in Pearl River Delta and southeast coastal region recorded solid growth in throughput. The total throughput in this region grew 21.0% year-on-year to 6,760,413 TEUs, and accounted for 30.6% of the Group's total throughput. Guangzhou South China Oceangate Terminal, which commenced operation in last March, recorded throughput of 1,078,564 TEUs for the period. Its throughput growth is expected to remain strong in the second half of the year. Jinjiang Pacific Ports, which the Group holds 80% equity interest is capable of handling 800,000 TEUs and 4,200,000 tonnes of break-bulk cargo per annum with its five berths. Among those five berths, two had commenced operation in April 2008, and have been providing steady growth in throughput since then. The two berths handled 63,367 TEUs of containers and 371,491 tonnes of break-bulk cargo in the first half of the year. In 2006, the Group saw tremendous business opportunities in Three-link Reform. To capture the opportunities lying ahead, the Group diligently formulated investment clusters where it would benefit from this reform. These investments projects included Quanzhou Pacific Terminal, which the Group holds 71.43% equity interest; Xiamen Yuanhai Terminal, a project currently under construction, which the Group holds 70% equity interest; and Fuzhou Port Group for which a letter of intent has been signed for the joint venture. These investments are expected to fuel robust development in southeast coastal region.

For overseas terminals, the performance was outstanding. The throughput contribution from overseas terminals accounted for 10.7% of the Group's total throughput (corresponding period of 2007: 4.3%), reaching 2,350,823 TEUs. The new berth in Singapore COSCO-PSA Terminal which launched in January of 2008 boosted the throughput growth to 69.3% over the last year. The throughput of Belgium Antwerp Terminal increased by 56.7% to 574,087 TEUs as compared with the corresponding period of last year. Suez Canal Terminal in Egypt, which the Group officially completed its acquisition in October 2007, achieved 1,099,428 TEUs in the first half of 2008. The Group is committed to further expanding its global reach through accelerating its development in overseas terminals.

## Throughput of container terminals

Container terminal joint ventures	1H 2008 (TEUs)	1H 2007 (TEUs)	y-o-y
<b>Bohai Rim</b>	<b>8,400,703</b>	<b>7,766,815</b>	<b>+8.2%</b>
Qingdao Qianwan Container Terminal Co., Ltd.	4,315,000	4,026,677	+7.2%
Qingdao Cosport International Container Terminals Co., Ltd.	572,260	492,582	+16.2%
Dalian Port Container Co., Ltd.	1,272,752	1,335,157*	-4.7%
Dalian Port Container Terminal Co., Ltd.	794,296	414,210	+91.8%
Tianjin Five Continents International Container Terminal Co., Ltd.	962,681	952,673	+1.1%
Yingkou Container Terminals Company Limited	483,714	545,516	-11.3%
<b>Yangtze River Delta</b>	<b>4,576,107</b>	<b>3,881,561</b>	<b>+17.9%</b>
Shanghai Container Terminals Limited	1,848,826	1,618,337	+14.2%
Shanghai Pudong International Container Terminals Limited	1,314,428	1,357,173	-3.1%
Ningbo Yuan Dong Terminals Limited	394,914	39,896	+889.9%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	377,091	300,389	+25.5%
Yangzhou Yuanyang International Ports Co. Ltd.	127,285	138,871	-8.3%
Nanjing Port Longtan Container Co., Ltd.	513,563	426,895	+20.3%
<b>Pearl River Delta and Southeast Coastal</b>	<b>6,760,413</b>	<b>5,588,253</b>	<b>+21.0%</b>
COSCO-HIT Terminals (Hong Kong) Limited	883,700	906,589	-2.5%
Yantian International Container Terminals Ltd (Phases I, II and III)	4,264,901	4,164,935	+2.4%
Guangzhou South China Oceangate Container Terminal Company Limited	1,078,564	131,678	+719.1%
Quan Zhou Pacific Container Terminal Co., Ltd.	469,881	385,051	+22.0%
Jinjiang Pacific Ports Development Co. Ltd.	63,367	-	N.A.
<b>Overseas</b>	<b>2,350,823</b>	<b>766,590</b>	<b>+206.7%</b>
COSCO-PSA Terminal Private Limited	677,308	400,117	+69.3%
Antwerp Gateway NV	574,087	366,473	+56.7%
Suez Canal Container Terminal S.A.E.	1,099,428	-	N.A.
<b>Total throughput of container terminals in China</b>	<b>19,737,223</b>	<b>17,236,629</b>	<b>+14.5%</b>
<b>Total throughput of containers</b>	<b>22,088,046</b>	<b>18,003,219</b>	<b>+22.7%</b>
<b>Total throughput of break-bulk cargo (tonnes)</b>	<b>6,568,015</b>	<b>3,290,470</b>	<b>+99.6%</b>

\* Note: excluding the number of containers of Dalian Port Container Terminals Co., Ltd.

The Group held various equity interests in 27 terminal joint ventures as at 30th June 2008, with a total of 140 berths (corresponding period of 2007: 119 berths). Among those, there were 128 container berths, 2 automobile berths and 10 multipurpose berths. 89 container berths were in operation (corresponding period of 2007: 78 berths). The annual container handling capacity of these operating berths was 48,150,000 TEUs (corresponding period of 2007: 39,600,000 TEUs). The growth momentum is expected to continue in the future with the launch of new berths from new terminal and existing terminals expansion, including the New Qingdao Qianwan Terminal, Xiamen Yuanhai Terminal, Jinjiang Pacific Ports, Suez Canal Terminal and Tianjin Euroasia Terminal.

### ***Tender for a 35-year concession right to operate Piraeus Port in Greece***

The Group received a formal notification from Piraeus Port Authority SA (“PPA”) that it has been appointed as the provisional awarded bidder in respect of its bid for the concession of Pier 2 and Pier 3 container terminal Piraeus Port ( “Concession” ). In terms of throughput, Piraeus Port is the largest port in Greece. Piraeus is located in the commercially and strategically important shipping lane used to servicing Europe, Asia, North Africa and the Mediterranean. An investment in Piraeus Port offers the Group an excellent opportunity to invest in major terminals outside of China, which in turn aligns with its corporate strategy of becoming a leading global port operator.

As required by the tender procedures, the Company is currently negotiating with PPA the terms of the formal concession agreement. Signing of the formal concession agreement will take place upon successful completion of negotiation. Ratification of the executed concession agreement by the Hellenic Republic will follow, which would involve hearings and public debate by the relevant committees and plenary session of the Greek Parliament and final vote by the plenary session of the Greek Parliament. Prior to the signing of the formal concession agreement, the Group will make further announcements regarding the further developments of the Concession as and when appropriate and in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### **Container Leasing, Management and Sales**

COSCO Pacific's container leasing, management and sales businesses are operated and managed by its wholly owned subsidiary, Florens Container Holdings Limited and its subsidiaries (collectively "Florens"). Despite fierce market competition, Florens continues to expand its container fleet under an integrated operation model of owned and managed containers and further strengthened its leading position in the industry.

As at 30th June 2008, the Group's container fleet size grew 16.8% over the corresponding period of last year, totalling 1,632,356 TEUs for owned and managed containers. This fleet size represented an approximately 13.2% of global market share (corresponding period of 2007: approximately 13.0%). Average age of the Group's total container fleet was 4.06 years (corresponding period of 2007: 3.99 years). During the period, Florens purchased 138,162 TEUs of new containers (corresponding period of 2007: 184,931 TEUs), a decrease of 25.3% from the corresponding period of last year.

During the period, COSCO Container Lines Company Limited ("COSCON") returned a total of 14,058 TEUs (corresponding period of 2007: 31,597 TEUs) of containers upon expiry of their 10-year leases, representing a decrease of 55.5% from last period. At the same period, the Group disposed of 20,072 TEUs of returned containers (corresponding period of 2007: 36,453 TEUs), representing a decrease of 44.9% from last period. Included in the disposal were 15,965 TEUs (corresponding period of 2007: 34,099 TEUs) of returned containers from COSCON upon expiry of their 10-year leases on or before 30th June 2008. Net profit on these disposals was US\$3,640,000 (corresponding period of 2007: US\$3,637,000).

Apart from providing 10-year leasing service to COSCON, the world's sixth largest containership operator, the Group also provided long term and short term container leasing services to other international customers ("International Customers"), which include the world's major shipping lines. For the six months ended 30th June 2008, the top 20 International Customers accounted for approximately 85.7% (corresponding period of 2007: 85.7%) of the Group's total container rental income from International Customers. The total number of customers reached 280 (corresponding period of 2007: 258).

As at 30th June 2008, owned fleet accounted for 53.1% of the total fleet. Of which, the container volume for COSCON were 560,501 TEUs (corresponding period of 2007: 502,529 TEUs), representing a 11.5% year-on-year increase, and accounted for 34.3% (corresponding period of 2007: 35.9%) of the total fleet. Containers available to International Customers were 305,947 TEUs (corresponding period of 2007: 238,587 TEUs), representing a 28.2% year-on-year growth, and accounted for 18.8% (corresponding period of 2007: 17.1%) of the total fleet. Managed containers made up 46.9% (corresponding period of 2007: 47.0%) of the total fleet. It increased 16.6% compared with the corresponding period of last year to 765,908 TEUs (corresponding period of 2007: 656,836 TEUs).

## **Awards**

Management of the Company strives to deliver better corporate transparency and uphold corporate governance standards. During the period, the Company was awarded “Annual Recognition Awards 2008” by the Corporate Governance Asia magazine. This is the second consecutive year of the Company to receive this award and is greatly inspired by it. It affirms the recognition and praise of the institutional investors for the commitment of COSCO to enhancing its corporate governance and investor relations.

## **Prospects**

Looking ahead, container transportation is expected to increase steadily in line with the projected growth in China economy and trade activity. This growth will add value to the development of the Group’s core business. However, there are still plenty of uncertainties around the global economy. The management of the Group is monitoring the market condition closely and will implement related policies promptly to strengthen our risk management.

The Group is now the world’s fifth largest port operator and its terminal business has grown to be its largest profit contributor. In order to solidify our position as a global industry leader and cultivating long-term sustainable growth for our terminal business, we aim to extend our controlling rights in terminals and expedite our expansion in overseas terminals.

Currently, the Group operates and manages the world’s second largest container leasing company. We will continue to develop our container leasing, management and sales businesses through an asset light model. The container leasing business will continue to provide steady income and profit to the Group.

The management of COSCO Pacific will remain abreast of the latest global economic changes and will adjust our asset and capital structure in response to the investment climate. We persist in healthy financial management and operation in order to enhance our enterprise value. We also place a lot of emphasis on investment return to our shareholders. With a bright outlook and long-term growth potential, we are confident in the future development.

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Details of the 2008 interim results announcement will be available in our website (<http://www.coscopac.com.hk>) and the website of Hong Kong Exchange and Clearing Limited (<http://www.hkex.com.hk>). For further inquiry, please contact:

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