



# Container Manufacturing and Other Investments

## Container manufacturing

Demand was extraordinarily strong in the first half of 2005 due to a front-loaded demand pattern. According to Containerisation Yearbook, China's containerisation rate was around 55% in 2004, compared with the world average of 70%. After rising initially, both container prices and corten steel prices stabilised subsequently at a more moderate level.

COSCO Pacific has shareholdings in four container manufacturing companies: China International Marine Containers (Group) Co., Ltd. ("CIMC") (16.23%), Shanghai CIMC Reefer Containers Co., Ltd. ("Shanghai CIMC Reefer") (20.0%), Shanghai CIMC Far East Container Co., Ltd. ("Shanghai CIMC Far East") (20.0%) and Tianjin CIMC North Ocean Container Co., Ltd. ("Shanghai CIMC Far East") (22.5%). These companies contributed US\$58,716,000 to COSCO Pacific's net profit in 2005.

Excluding Shanghai CIMC Far East, the total net profit contribution from Shanghai CIMC Reefer and Tianjin CIMC North Ocean increased by 88.3%. Shanghai CIMC Far East ceased production in July due to environmental issues that arose as a result of its location in the vicinity of residential areas. The Company is currently in liquidation.

<b>Container production volume (TEUs)</b>	<b>2005</b>	<b>2004</b>	<b>Change (%)</b>
CIMC	1,304,500*	1,639,600*	-20.4%
Shanghai CIMC Far East	62,919	136,690	-54.0%
Shanghai CIMC Reefer	48,645	40,320	+20.6%
Tianjin CIMC North Ocean	101,077	133,968	-24.6%

\*CIMC's production volume includes production volume of Shanghai CIMC Far East, Shanghai CIMC Reefer and Tianjin CIMC North Ocean

<b>Container sales volume (TEUs)</b>	<b>2005</b>	<b>2004</b>	<b>Change (%)</b>
CIMC	1,361,358*	1,570,809*	-13.3%
Shanghai CIMC Far East	64,592	135,559	-52.4%
Shanghai CIMC Reefer	47,646	39,972	+19.2%
Tianjin CIMC North Ocean	104,064	130,129	-20.0%

\*CIMC's sales volume includes sales volume of Shanghai CIMC Far East, Shanghai CIMC Reefer and Tianjin CIMC North Ocean

In 2005, CIMC was ranked the world's number one container manufacturer, and maintained its global market share of about 54%. The Group completed the acquisition of an approximately 16.23% equity interest in CIMC in December 2004, which resulted in a maiden contribution from CIMC of US\$55,636,000 to Group's net profit in 2005 (2004: N/A).

In 2006, we expect that growth to be steady with demand driven by an increase in the containerisation rate in China, rising foreign trade and the commissioning of new container ships.

We expect container prices to stabilise at the current level, given stable corten steel prices so far in the first quarter of 2006.

## Other investments

### Liu Chong Hing Bank

The Group has a 20% equity interest in Liu Chong Hing Bank Limited ("Liu Chong Hing Bank"), which contributed net profit of US\$10,026,000 to the Group, an increase of 2.5% from last year.