COSCO Pacific Limited
中遠太平洋有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號：1199

INTERIM REPORT 中期報告 2008

Contents

INTERIM RESULTS

The board of directors (the "Board") 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 2008. 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 33 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 shares of net assets and result of a listed associate, China International Marine Containers (Group) Co., Ltd. ("CIMC"). Accordingly, the independent review report has been qualified in this respect.

The Group's share of net assets and results of CIMC which have been accounted for under equity method based on its published interim financial information have been disclosed in notes 4(a)(i) and 4(a)(ii) respectively to the unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Balance Sheet

As at 30th June 2008

	Note	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**1,832,759**	1,474,264
Investment properties		**1,676**	1,676
Leasehold land and land use rights		**59,478**	43,654
Intangible assets		**3,630**	3,506
Jointly controlled entities		**821,189**	752,503
Associates		**738,350**	480,151
Available-for-sale financial assets		**478,000**	503,000
Finance lease receivables		**2,470**	2,315
Deferred income tax assets		**1,267**	1,271
Derivative financial instruments	6	**4,815**	4,641
Restricted bank deposits	7	**150**	506
		3,943,784	3,267,487
Current assets			
Inventories		**5,905**	10,105
Trade and other receivables	8	**261,024**	193,496
Available-for-sale financial assets		**5,489**	13,620
Cash and cash equivalents	7	**190,893**	386,867
		463,311	604,088
Total assets		**4,407,095**	3,871,575

Unaudited Condensed Consolidated Balance Sheet (Continued)

As at 30th June 2008

	Note	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	9	**28,792**	28,790
Reserves		**2,623,826**	2,543,971
Proposed final and special dividends		**–**	139,632
Interim dividend declared		**78,890**	–
		2,731,508	2,712,393
Minority interests		**75,986**	62,266
Total equity		**2,807,494**	2,774,659
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**14,658**	8,620
Long term borrowings	10	**1,243,565**	874,435
Other long term liabilities		**4,056**	5,189
		1,262,279	888,244
Current liabilities			
Trade and other payables	11	**218,443**	153,739
Current income tax liabilities		**14,216**	15,334
Current portion of long term borrowings	10	**46,790**	25,904
Short term bank loans	10	**57,873**	13,695
		337,322	208,672
Total liabilities		**1,599,601**	1,096,916
Total equity and liabilities		**4,407,095**	3,871,575
Net current assets		**125,989**	395,416
Total assets less current liabilities		**4,069,773**	3,662,903

The accompanying notes on pages 8 to 33 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Income Statement

For the six months ended 30th June 2008

	Note	Six months ended 30th June 2008 US$'000	2007 US$'000
Revenue		**162,065**	147,331
Cost of sales		**(77,676)**	(80,256)
Gross profit		**84,389**	67,075
Investment income		**13,081**	10,920
Administrative expenses		**(24,970)**	(30,714)
Other operating income		**17,756**	20,698
Other operating expenses		**(2,709)**	(3,169)
Fair value gain on put options granted	12	**–**	10,629
Operating profit	13	**87,547**	75,439
Finance income	14	**2,280**	4,501
Finance costs	14	**(24,778)**	(18,976)
Operating profit after finance income and costs		**65,049**	60,964
Share of profits less losses of			
– jointly controlled entities		**59,723**	55,758
– associates		**37,822**	37,036
Profit before income tax		**162,594**	153,758
Income tax expenses	15	**(5,983)**	(2,410)
Profit for the period		**156,611**	151,348
Profit attributable to:			
Equity holders of the Company		**153,152**	148,517
Minority interests		**3,459**	2,831
		156,611	151,348
Interim dividend	16	**78,890**	71,388
Earnings per share for profit attributable to the equity holders of the Company			
– basic	17	**US6.82 cents**	US6.64 cents
– diluted	17	**US6.81 cents**	US6.60 cents

The accompanying notes on pages 8 to 33 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2008

	2008 US$'000	2007 US$'000
Total equity at 1st January	**2,774,659**	2,208,201
Exchange differences arising on translation of financial statements of foreign subsidiaries, jointly controlled entities and associates	**86,333**	20,088
Fair value (loss)/gain on available-for-sale financial assets	**(37,968)**	136,828
Release of reserve upon disposal of an available-for-sale financial asset	**(2,044)**	(133)
Share of reserves of jointly controlled entities and associates		
– revaluation reserve	**(10,584)**	28,009
– hedging reserve	**345**	649
– other reserves	**(26,049)**	(5,148)
Capital contribution to a non-wholly owned subsidiary by a minority shareholder of the subsidiary	**9,980**	–
Net gain recognised directly in equity	**20,013**	180,293
Profit for the period	**156,611**	151,348
Total recognised profit for the period	**176,624**	331,641
Recognition of share-based compensation	**–**	11,190
Issue of shares on exercise of share options	**207**	18,790
Dividends paid to		
– equity holders of the Company	**(139,686)**	(92,207)
– minority shareholders of subsidiaries	**(4,310)**	(2,974)
	32,835	266,440
Total equity at 30th June	**2,807,494**	2,474,641

The accompanying notes on pages 8 to 33 are an integral part of these unaudited condensed consolidated interim financial information.

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2008

	Six months ended 30th June 2008 US$'000	Six months ended 30th June 2007 US$'000
Net cash generated from operating activities	**131,000**	124,030
Net cash used in investing activities	**(551,311)**	(202,101)
Net cash generated from financing activities	**223,778**	93,929
Net (decrease)/increase in cash and cash equivalents	**(196,533)**	15,858
Cash and cash equivalents at 1st January	**386,867**	224,510
Effect of foreign exchange rate changes	**559**	(25)
Cash and cash equivalents at 30th June	**190,893**	240,343
Analysis of balances of cash and cash equivalents:		
Time deposits	**85,683**	91,765
Bank balances and cash	**105,210**	148,578
	190,893	240,343

The accompanying notes on pages 8 to 33 are an integral part of these unaudited condensed consolidated interim financial information.

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, management and sale, 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") with its H-Shares and A-Shares listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively. The parent company of China COSCO is China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC.

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30th June 2008 (the "Unaudited Condensed Consolidated Interim Financial Information") has been approved for issue by the Board on 25th August 2008.

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 audited consolidated financial statements for the year ended 31st December 2007 (the "2007 Annual Financial Statements"), which were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Adoption of new 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 2007 Annual Financial Statements, except that the Group has adopted the following new HKFRS interpretations (collectively the "new HKFRSs") issued by the HKICPA which are relevant to the Group's operations and mandatory for the financial year ending 31st December 2008:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new 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)

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31st December 2008. 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 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 regularly 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) Fair value estimation of available-for-sale financial assets

If information on current or recent prices of available-for-sale financial assets is not available, the fair values of available-for-sale financial assets are determined using valuation technique (including price/earnings multiple model). The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(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 expense will change where the residual values are different from the previous estimates.

Management reviewed the residual values and useful lives of property, plant and equipment as at 1st January 2008. The depreciation charge of containers for the six months ended 30th June 2008 was calculated based on the revised estimated residual values.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 Critical accounting estimates and assumptions (Continued)

(c) Impairment of containers

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.

(d) Acquisition of a business and additional interest in an associate

The initial accounting on the acquisition of a business and additional interest in an associate involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities or businesses. The fair values of property, plant and equipment, leasehold land and land use rights and intangible assets are determined by reference to market prices or by using financial models. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity or business will impact the carrying amount of these assets and liabilities.

3.2 Critical judgement in applying the Group's accounting policies

Income taxes

The Group is subject to different income taxes in different 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.

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 15).

4 SEGMENT INFORMATION

(a) Primary reporting format – business segments

In accordance with the Group's internal financial reporting, the Group has determined that the following business segments are presented as the primary reporting format.

(i) container terminal and related businesses including terminal operation, container handling, transportation and storage;
(ii) container leasing, management, sale and related businesses;
(iii) logistics and related businesses;
(iv) container manufacturing and related businesses; and
(v) corporate and other businesses.

Unallocated costs represent corporate 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 and receivables, and mainly exclude deferred income tax assets, jointly controlled entities, associates, available-for-sale financial assets, derivative financial instruments, restricted bank deposits and cash and cash equivalents.

Segment liabilities comprise operating liabilities and primarily exclude items such as current and deferred income tax liabilities and borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights and intangible assets. Capital expenditure also includes additions resulting from business combinations.

4 SEGMENT INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

Segment assets and liabilities

	Container terminal and related businesses US$'000	Container leasing, management, sale and related businesses US$'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 2008						
Segment assets	**514,358**	**1,575,303**	**18,761**	**42,105**	**–**	**2,150,527**
Jointly controlled entities	**554,190**	**–**	**243,451**	**23,548**	**–**	**821,189**
Associates *(note i)*	**129,499**	**–**	**–**	**608,851**	**–**	**738,350**
Available-for-sale financial assets	**478,000**	**–**	**–**	**–**	**5,489**	**483,489**
Unallocated assets						**213,540**
						4,407,095
Segment liabilities	**52,795**	**161,897**	**–**	**11**	**–**	**214,703**
Unallocated liabilities						**1,384,898**
						1,599,601
As at 31st December 2007						
Segment assets	335,136	1,362,505	14,115	4,782	–	1,716,538
Jointly controlled entities	513,234	–	220,429	18,840	–	752,503
Associates *(note i)*	111,758	–	–	368,393	–	480,151
Available-for-sale financial assets	503,000	–	–	–	13,620	516,620
Unallocated assets						405,763
						3,871,575
Segment liabilities	18,816	131,335	–	–	–	150,151
Unallocated liabilities						946,765
						1,096,916

4 SEGMENT INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

Segment revenue, results and other information

	Container terminal and related businesses US$'000	Container leasing, management, sale and related businesses US$'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 2008						
Revenue – external sales	40,700	121,365	–	–	–	162,065
Segment results	12,860	65,580	–	–	(3,949)	74,491
Dividend income from						
– a listed investment	–	–	–	–	132	132
– unlisted investments	12,924	–	–	–	–	12,924
Unallocated costs						
– finance income						2,280
– finance costs						(24,778)
Operating profit after finance income and costs						65,049
Share of profits less losses of						
– jointly controlled entities	43,494	–	16,229	–	–	59,723
– associates *(note ii)*	8,696	–	–	29,126	–	37,822
Profit before income tax						162,594
Income tax expenses						(5,983)
Profit for the period						156,611
Capital expenditure	127,868	304,452	–	–	263	432,583
Depreciation and amortisation	6,412	39,078	–	–	258	45,748
Provision for impairment of property, plant and equipment	–	23	–	–	–	23
Other non-cash expenses	5	47	–	–	187	239

4 SEGMENT INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

Segment revenue, results and other information (Continued)

	Container terminal and related businesses US$'000	Container leasing, management, sale and related businesses US$'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)*	9,237	52,628	(1)	(151)	(7,798)	53,915
Dividend income from						
– a listed investment	–	–	–	–	127	127
– unlisted investments	10,768	–	–	–	–	10,768
Fair value gain on put options granted *(note 12)*	–	–	–	10,629	–	10,629
Unallocated costs						
– finance income						4,501
– finance costs						(18,976)
Operating profit after finance income and costs						60,964
Share of profits less losses of						
– jointly controlled entities	42,623	–	11,114	2,021	–	55,758
– associates *(note ii)*	1,651	–	–	27,756	7,629	37,036
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

4 SEGMENT INFORMATION (Continued)

(a) Primary reporting format – business segments (Continued)

Notes:

(i) As at 30th June 2008, the Group's share of the unaudited net assets of CIMC, a listed associate of the Group, amounted to US$608,851,000 (31st December 2007: US$368,393,000).

(ii) For the six months ended 30th June 2008, the Group's share of unaudited profit (net of income tax expenses) of CIMC amounted to US$29,126,000 (2007: US$27,756,000).

(iii) The segment results of the corporate and other businesses segment for the period ended 30th June 2007 included a share-based compensation expense of US$11,190,000 which had not been allocated to the respective relevant business segments.

(b) Secondary reporting format – geographical segments

In respect of container leasing, management, sale 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, Belgium and Egypt
Logistics and related businesses	Mainland China, Hong Kong, Dubai and New York
Container manufacturing and related businesses	Mainland China

5 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June 2008, the Group acquired property, plant and equipment of US$418,087,000 (2007: US$353,698,000) and disposed of property, plant and equipment with net book value of US$34,376,000 (2007: US$71,884,000).

6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Interest rate swap contracts, non-current		
– fair value hedges *(note)*	**4,815**	4,641

Note:

The notional principal amount of the related interest rate swap contracts amounted to US$200,000,000 (2007: US$200,000,000) which were committed with the interest rates ranging from 1.05% to 1.16% (2007: 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).

7 CASH AND CASH EQUIVALENTS

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Total time deposits, bank balances and cash *(note)*	**191,043**	387,373
Restricted bank deposits included in non-current assets	**(150)**	(506)
	190,893	386,867
Representing:		
Time deposits	**85,683**	277,917
Bank balances and cash	**105,210**	108,950
	190,893	386,867

Note:

As at 30th June 2008, cash and cash equivalents of US$43,691,000 (31st December 2007: US$25,821,000) 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.

8 TRADE AND OTHER RECEIVABLES

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Trade receivables *(note a)*		
– third parties	**39,067**	28,118
– fellow subsidiaries *(notes b and c)*	**24,362**	25,328
– jointly controlled entities *(note b)*	**801**	299
– related companies *(note b)*	**253**	168
	64,483	53,913
Less: provision for impairment	**(733)**	(3,713)
	63,750	50,200
Other receivables, deposits and prepayments	**89,358**	63,909
Rent receivable collected on behalf of owners of managed containers *(note d)*	**43,722**	39,243
Current portion of finance lease receivables	**1,029**	1,172
Amounts due from *(note b)*		
– jointly controlled entities *(note e)*	**20,322**	20,776
– associates *(note e)*	**40,320**	3,101
– investee companies *(note e)*	**2,474**	–
– related companies	**49**	16
Loans receivable from		
– a jointly controlled entity	**–**	8,508
– an associate	**–**	6,571
	261,024	193,496

Notes:

(a) The Group grants credit periods of 30 to 90 days to its customers.

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

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Within 30 days	**25,701**	20,405
31-60 days	**25,998**	20,228
61-90 days	**6,548**	6,128
Over 90 days	**5,503**	3,439
	63,750	50,200

8 TRADE AND OTHER RECEIVABLES (Continued)

(b) The amounts due from fellow subsidiaries, jointly controlled entities, associates, investee companies and related companies 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.

(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$21,953,000 (out of which US$21,834,000 are aged less than 60 days) (31st December 2007: US$23,083,000 (all are 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 amounts receivable mainly represented dividend income receivable from the jointly controlled entities, associates and investee companies.

9 SHARE CAPITAL

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Authorised:		
3,000,000,000 (31st December 2007: 3,000,000,000) ordinary shares of HK$0.10 each	**38,462**	38,462
Issued and fully paid:		
2,245,029,298 (31st December 2007: 2,244,881,298) ordinary shares of HK$0.10 each	**28,792**	28,790

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 2008	2,244,881,298	28,790
Issued on exercising of share options	148,000	2
At 30th June 2008	2,245,029,298	28,792

9 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 23rd May 2003, during the period are set out below:

Category	Exercise price HK$	Number of share options: Outstanding as at 1st January 2008	Exercised during the period	Transfer (to)/ from other categories during the period	Lapsed during the period	Outstanding as at 30th June 2008
Directors	9.54	800,000	–	–	–	800,000
	13.75	6,450,000	–	(200,000)	–	6,250,000
	19.30	2,300,000	–	–	–	2,300,000
Continuous contract employees	9.54	1,725,000	(94,000)	–	(20,000)	1,611,000
	13.75	14,042,000	(50,000)	110,000	(30,000)	14,072,000
	19.30	14,770,000	–	(50,000)	(110,000)	14,610,000
Others	9.54	50,000	–	–	–	50,000
	13.75	3,124,000	(4,000)	90,000	–	3,210,000
	19.30	–	–	50,000	–	50,000
		43,261,000	(148,000)	–	(160,000)	42,953,000

10 BORROWINGS

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Borrowings – unsecured	**1,290,355**	900,339
Amounts due within one year included under current liabilities	**(46,790)**	(25,904)
	1,243,565	874,435
Short term bank loans – unsecured	**57,873**	13,695

10 BORROWINGS (Continued)

Notes:

(a) The analysis of long term borrowings is as follows:

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Wholly repayable within five years		
– Bank loans	**607,448**	430,550
Not wholly repayable within five years		
– Bank loans	**382,538**	169,530
– Notes	**300,369**	300,259
	682,907	469,789
	1,290,355	900,339

(b) The maturity of long term borrowings is as follows:

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Bank loans		
Within one year	**46,790**	25,904
Between one and two years	**72,585**	43,054
Between two and five years	**625,664**	361,592
Over five years	**244,947**	169,530
	989,986	600,080
Notes		
Over five years	**300,369**	300,259
	1,290,355	900,339

Notes with principal amount of US$300,000,000 were issued by a subsidiary of the Company to investors on 3rd October 2003. The notes carried an interest yield of 5.96% per annum and were issued at a price of 99.367 per cent of their principal amount with a coupon rate of 5.875% per annum, resulting in a discount on issue of US$1,899,000. The notes bear interest from 3rd October 2003, payable semi-annually in arrear on 3rd April and 3rd October of each year, commencing on 3rd April 2004. The notes are guaranteed unconditionally and irrevocably by the Company and listed on the Singapore Exchange Securities Trading Limited.

11 TRADE AND OTHER PAYABLES

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Trade payables *(notes a and d)*		
– third parties	**86,023**	16,875
– jointly controlled entities *(note b)*	**4,212**	3,288
– fellow subsidiaries	**3**	–
– a minority shareholder of a subsidiary	**372**	387
– subsidiaries of an associate *(note b)*	**780**	25,785
	91,390	46,335
Other payables and accruals	**67,221**	65,103
Payable to owners of managed containers *(note c)*	**45,640**	39,614
Current portion of other long term liabilities	**2,267**	2,267
Dividend payable	**26**	24
Amounts due to *(note a)*		
– fellow subsidiaries	**78**	105
– related companies	**4**	5
– minority shareholders of subsidiaries	**11,817**	286
	218,443	153,739

Notes:

(a) The amounts due to fellow subsidiaries, jointly controlled entities, minority shareholders of subsidiaries, subsidiaries of an associate and related companies 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 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 20(a)(vi)).

(c) 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 entitled by the Group.

(d) The ageing analysis of trade payables was as follows:

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Within 30 days	**10,944**	28,089
31-60 days	**40,150**	10,070
61-90 days	**14,511**	7,728
Over 90 days	**25,785**	448
	91,390	46,335

12 CIMC 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 Tradeable 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 holders of the Put Options were entitled to require the Company to buy from them 1.370 CIMC Tradeable A-Shares at an exercise price of RMB7.302 per share during the 5 trading days immediately prior to and including 23rd November 2007.

The Put Options were derivative financial instruments as defined under HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") issued by the HKICPA and were carried in the balance sheet at their fair value in accordance with HKAS 39. The change in fair value of US$10,629,000 was credited to the condensed consolidated income statement for the six months ended 30th June 2007. The Put Options expired on 23rd November 2007 and none of the Put Options was exercised.

13 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Crediting		
Dividend income from		
– a listed investment	**132**	127
– unlisted investments	**12,924**	10,768
Fair value gain on interest rate swap contracts not qualified for hedge accounting	**–**	71
Gain on disposal of an available-for-sale financial asset	**1,959**	744
Profit on disposal of property, plant and equipment	**763**	6,584
Reversal of provision for impairment of trade receivables, net	**1,658**	558
Charging		
Depreciation and amortisation	**45,748**	39,600
Provision for impairment of property, plant and equipment	**23**	400

14 FINANCE INCOME AND COSTS

	Six months ended 30th June 2008 US$'000	2007 US$'000
Finance income		
Interest income on		
– bank balances and deposits	**1,604**	3,550
– loans to a jointly controlled entity and associates	**676**	951
	2,280	4,501
Finance costs		
Interest expenses on		
– bank loans	**(16,275)**	(8,857)
– notes not wholly repayable within five years	**(8,561)**	(9,798)
Amortised amount of		
– discount on issue of notes	**(96)**	(103)
– transaction costs on bank loans and notes	**(91)**	(311)
	(25,023)	(19,069)
Less: amount capitalised in construction in progress	**291**	113
	(24,732)	(18,956)
Other incidental borrowing costs and charges	**(46)**	(20)
	(24,778)	(18,976)
Net finance costs	**(22,498)**	(14,475)

15 INCOME TAX EXPENSES

	Six months ended 30th June 2008 US$'000	Six months ended 30th June 2007 US$'000
Current income tax		
– Hong Kong profits tax	**–**	111
– Mainland China taxation	**348**	327
– Overseas taxation	**(407)**	3,603
	(59)	4,041
Deferred income tax charge/(credit)	**6,042**	(1,631)
	5,983	2,410

The Group's shares of income tax expenses of jointly controlled entities and associates of US$9,610,000 (2007: US$6,152,000) and US$4,142,000 (2007: US$2,942,000) are included in the Group's shares of profits less losses of jointly controlled entities and associates respectively.

In 2008, the Hong Kong government enacted a change in profits tax rate from 17.5% to 16.5% for fiscal year of 2008/2009. No Hong Kong profits tax has been provided as there was no estimated assessable profit for the period. Hong Kong profits tax was provided at a rate of 17.5% on the assessable profit in the comparative 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.

Deferred taxation is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

As at 30th June 2008, deferred income tax liabilities of US$2,609,000 (31st December 2007: US$1,994,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries totalling US$8,695,000 (31st December 2007: US$6,645,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and the related temporary difference will not be reversed or will not be taxable in the foreseeable future.

16 INTERIM DIVIDEND

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Interim dividend, declared, of US3.514 cents (2007: US3.186 cents) per ordinary share	**78,890**	71,388

Notes:

(a) At a meeting held on 7th April 2008, the directors proposed a final cash dividend of HK30.6 cents (equivalent to US3.924 cents) and a special final cash dividend of HK17.9 cents (equivalent to US2.296 cents) per ordinary share for the year ended 31st December 2007, which was paid on 29th May 2008 and these dividends have been reflected as an appropriation of retained profits in year 2008.

(b) At a meeting held on 25th August 2008, the directors declared an interim cash dividend of HK27.4 cents (equivalent to US3.514 cents) per ordinary share. The interim cash 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 2008.

17 EARNINGS PER SHARE

(a) 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	
	2008	2007
Profit attributable to the equity holders of the Company	**US$153,152,000**	US$148,517,000
Weighted average number of ordinary shares in issue during the period	**2,244,984,584**	2,237,470,044
Basic earnings per share	**US6.82 cents**	US6.64 cents

17 EARNINGS PER SHARE (Continued)

(b) 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	
	2008	2007
Profit attributable to the equity holders of the Company	**US$153,152,000**	US$148,517,000
Weighted average number of ordinary shares in issue during the period	**2,244,984,584**	2,237,470,044
Adjustments for assumed conversion of share options during the period	**3,222,696**	11,315,285
Weighted average number of ordinary shares for diluted earnings per share	**2,248,207,280**	2,248,785,329
Diluted earnings per share	**US6.81 cents**	US6.60 cents

18 FINANCIAL GUARANTEE CONTRACTS

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Bank guarantee to an associate, at face value	**40,934**	25,747

The directors of the Company consider that it is not probable for a claim to be made against the Group under the above guarantee as at the balance sheet date.

19 CAPITAL COMMITMENTS

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Authorised but not contracted for:		
– Containers	**121,370**	258,588
– Generator sets	**919**	3,006
– Computer system under development	**1,123**	709
– Other property, plant and equipment	**66,662**	65,564
	190,074	327,867
Contracted but not provided for:		
– Investments *(note b)*	**988,355**	1,069,003
– Containers	**15,913**	154,935
– Other property, plant and equipment	**63,997**	43,069
	1,068,265	1,267,007
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	**10,943**	26,114
Contracted but not provided for	**13,017**	84,810
	23,960	110,924

19 CAPITAL COMMITMENTS (Continued)

Notes:

(a) Capital commitments listed in above do not include the Group's bid for certain concession rights of the Piraeus Port in Greece. Details of the Piraeus Port investment are set out in note 22(a) to the Unaudited Condensed Consolidated Interim Financial Information.

(b) The Group's contracted investments as at 30th June 2008 are as follows:

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Investments in:		
– Qingdao Qianwan Container Terminal Co., Ltd.	**64,997**	64,997
– Antwerp Gateway NV	**98,434**	92,036
– Dalian Port Container Terminal Co., Ltd.	**42,571**	97,473
– COSCO Ports (Nansha) Limited	**148,168**	139,130
– Tianjin Port Euroasia International Container Terminal Co., Ltd.	**102,346**	96,131
– Xiamen Yuanhai Container Terminal Co., Ltd.	**407,298**	382,458
– Others	**61,538**	57,777
	925,352	930,002
Terminal projects in:		
– Jinjiang Ports	**–**	79,840
– Shanghai Yangshan Port Phase II	**58,317**	54,760
– Others	**4,686**	4,401
	63,003	139,001
	988,355	1,069,003

20 RELATED PARTY TRANSACTIONS

The Group is controlled by China COSCO which owns 50.96% of the Company's shares as at 30th June 2008. The parent company of China COSCO is COSCO.

COSCO itself 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 in respect of 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.

(a) Sales/purchases of goods and services

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Container rental income from *(note i)*		
– a fellow subsidiary	**67,571**	65,835
– other state-owned enterprises	**157**	11
Handling, storage and net transportation income from *(note ii)*		
– fellow subsidiaries	**2,528**	3,768
– a jointly controlled entity	**740**	230
Management fee and service fee income from *(note iii)*		
– jointly controlled entities	**1,840**	1,770
– associates	**153**	265
– an investee company	**54**	40
Container terminal handling and storage income received from fellow subsidiaries, jointly controlled entities and an associate of a parent company *(note iv)*	**4,431**	3,176
Container freight charges to *(note v)*		
– subsidiaries of CIMC	**(1,474)**	(313)
– jointly controlled entities	**(174)**	(33)
Purchase of containers from *(note vi)*		
– subsidiaries of CIMC	**(99,431)**	(99,464)
– jointly controlled entities	**(37,353)**	(20,227)

20 RELATED PARTY TRANSACTIONS (Continued)

(a) Sales/purchases of goods and services (Continued)

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 fellow subsidiaries 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$2,566,000) (2007: HK$20,000,000 (equivalent to approximately US$2,562,000)) 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, jointly controlled entities and an associate of COSCO in respect of the cargoes shipped from/to Zhangjiagang ports, Yangzhou ports 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) The container freight charges paid to subsidiaries of CIMC and jointly controlled entities for container repositioning services rendered to the Group were charged at rates as mutually agreed.

(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.

(b) Balances with state-owned banks

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Bank deposits balances		
– in Mainland China	**43,691**	25,821
– outside Mainland China	**85,590**	267,564
Long term loans		
– in Mainland China	**164,756**	101,580
– outside Mainland China	**326,700**	–
Short term loans		
– in Mainland China	**7,873**	13,695

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.

20 RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with other state-owned enterprises

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Other payable to state-owned enterprises	**6,059**	5,497

The balance represented the port construction levies collected by subsidiaries of the Group on behalf of the port authorities in Zhangjiagang and Yangzhou 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.

(d) Key management compensation

	Six months ended 30th June	
	2008 US$'000	2007 US$'000
Salaries, bonuses and other allowances	**1,714**	1,188
Contribution to retirement benefit schemes	**3**	2
	1,717	1,190

Key management includes directors of the Company and four (2007: three) senior management members of the Group.

21 BUSINESS COMBINATION

On 15th March 2008, the Group established a subsidiary with 80% shareholding. The subsidiary acquired a terminal operation in Jinjiang, Quanzhou, the PRC, for a consideration of US$39,529,000. Details of net assets acquired are as follows:

	US$'000
Purchase consideration	
– Cash paid	**27,839**
– Amounts due to minority shareholders	**11,690**
	39,529
Fair value of net assets acquired shown as below	**(39,529)**
	–

21 BUSINESS COMBINATION (Continued)

The assets and liabilities of the acquired terminal operation as at the date of acquisition are as follows:

	Fair value US$'000	Acquiree's carrying amount US$'000
Property, plant and equipment	83,203	67,513
Leasehold land and land use rights	14,040	151
Intangible assets	21	418
Trade and other receivables	3,088	3,088
Cash and cash equivalents	81	81
Long term borrowings	(33,718)	(33,718)
Trade and other payables	(14,074)	(14,074)
Current portion of long term borrowings	(3,132)	(3,132)
	49,509	20,327
Minority interests	(9,980)	
Net assets acquired	39,529	
Purchase consideration settled in cash during the period		(27,839)
Cash and cash equivalents in acquired terminal operation		81
Net cash outflow on acquisition		(27,758)

The acquired terminal operation contributed approximately US$3,000,000 revenue and contributed a profit of approximately US$100,000 for the period since the date of acquisition. If the acquisition had occurred on 1st January 2008, the Group's revenue for the six months ended 30th June 2008 would have been increased by approximately US$2,100,000; however, the Group's profit would have had no significant impact.

22 EVENTS AFTER THE BALANCE SHEET DATE

(a) On 25th June 2008, the Group received a formal notification from Piraeus Port Authority SA ("PPA") that the Group has been appointed as the provisional awarded bidder in respect of its bid for the concession of Pier 2 and Pier 3 of the container terminal of Piraeus Port ("Concession"). The bid price of the 35-year period of Concession was approximately Euro 500,000,000, which was calculated based on the net present value of the financial offer price. The Group is in the process of negotiating with PPA for the related Concession agreement arrangements.

(b) On 2nd July 2008, Florens Container Corporation S.A. ("Florens Container Corporation"), a wholly owned subsidiary of the Company, and CBA USD Investment Pty Limited ("CBA USD Investments"), a wholly owned subsidiary of the Commonwealth Bank of Australia, entered into agreements to transfer to CBA USD Investments legal and equitable ownership of and title to certain marine containers owned by Florens Container Corporation with consideration of approximately US$250,000,000. Subsequent to the disposal, Florens Container Corporation has leased back such marine containers from CBA USD Investments. The Group is expected to realise an estimated gain of approximately US$4,200,000 (after taking into account of taxes and direct expenses) from the disposal.

Report on Review of Interim Financial Information

To the Board of Directors of COSCO Pacific Limited

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 33, which comprises the condensed consolidated balance sheet of COSCO Pacific Limited (the "Company") and its subsidiaries (collectively the "Group") as at 30th June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("HKAS 34"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

Except as explained in the following paragraph, we conducted our review 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS OF QUALIFIED CONCLUSION

The scope of our review did not extend to the Group's shares of net assets and result of a listed associate, China International Marine Containers (Group) Co., Ltd, which was accounted for under the equity method on the basis of its published interim financial information because the associate did not engage its auditor to perform review. Had we been able to perform review procedures on the Group's shares of net assets and result of the aforesaid listed associate, matters might have come to our attention indicating that adjustments might be necessary to the Interim Financial Information.

QUALIFIED CONCLUSION

Except for any adjustments to the Interim Financial Information that we might have become aware of had the above-mentioned limitation of scope not existed, based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with HKAS 34.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25th August 2008

DIVIDEND

The directors have declared 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 interim cash dividend will be payable on 19th September 2008 to shareholders whose names appear on the register of members of the Company on 12th September 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 9th September 2008 to Friday, 12th September 2008, both days inclusive, during which no transfer of shares will be registered. In order to be qualified for the interim cash 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 4:30 p.m. on Monday, 8th September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Overall analysis of results

Despite further deterioration and spill of US sub-prime mortgage crisis, along with adverse impact brought by hiking energy prices and US dollar depreciation to global economic growth, the Group maintained solid growth in overall operations during the first half of the year. 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 the corresponding period of last year if US$10,629,000 financial gain of the CIMC Put Options associated with the CIMC Share Reform was excluded.

The container terminal operation has strengthened further. The throughput of the Group's container terminals reached 22,088,046 TEUs (corresponding period of 2007: 18,003,219 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 (corresponding period of 2007: US$62,010,000), an increase of 19.7% over the corresponding period of last year.

Net profit from container leasing, management and sale businesses for the period was US$64,762,000 (corresponding period of 2007: US$50,232,000), an increase of 28.9% over the same period of last year. As at 30th June 2008, the numbers of owned containers and managed containers were 866,448 TEUs and 765,908 TEUs respectively (as at 30th June 2007: 741,116 TEUs and 656,836 TEUs respectively).

For the first half of 2008, net profit from container manufacturing business was US$29,126,000 (corresponding period of 2007: US$29,626,000, excluding the financial gain of the CIMC Put Options associated with the CIMC Share Reform), a slight decrease of 1.7% over the corresponding period of last year.

Growth momentum in logistics business continued and it contributed to the Group a net profit of US$16,229,000 (corresponding period of 2007: US$11,113,000) in the first half of 2008, a rise of 46.0% from the same period of last year. The continued rapid growth of China economy has stimulated a significant increase in total logistics business, while the throughput amounts from home appliance logistics and chemical logistics rose 66.0% and 46.7% respectively for the period, maintaining a stable growth pattern in overall logistics business during the period.

Financial Analysis

Revenue

Revenue of the Group for the first half of 2008 was US$162,065,000 (corresponding period of 2007: US$147,331,000), an increase of 10.0% from the same period of last year. The revenue was mainly attributable to container leasing, management and sale businesses, totalling US$121,365,000 (corresponding period of 2007: US$123,375,000), which included container leasing income and revenue from disposal of returned containers. For container leasing income, as the number of containers owned by the Group increased to 866,448 TEUs as at 30th June 2008 (corresponding period of 2007: 741,116 TEUs), income increased to US$93,439,000 during the period (corresponding period of 2007: US$81,597,000), representing an increase of 14.5% over the same period of last year. On the other hand, revenue from disposal of returned containers during the period was US$22,252,000 (corresponding period of 2007: US$37,248,000), a drop of 40.3% over the same period of last year. This decrease was mainly attributable to a decrease in number of returned containers sold during the period. The number of returned containers sold was 20,072 TEUs (corresponding period of 2007: 36,453 TEUs).

Revenue from container terminal operations experienced solid growth for the period and achieved US$40,700,000, an increase of 69.9% as compared with the corresponding period of last year of US$23,956,000. Quan Zhou Pacific Container Terminal Co., Ltd. ("Quanzhou Pacific Terminal") recorded throughput of 469,881 TEUs (corresponding period of 2007: 385,051 TEUs) and revenue of US$15,067,000 (corresponding period of 2007: US$10,655,000), an increase of 22.0% and 41.4% respectively. Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky Terminal") achieved a growth in its throughput to 377,091 TEUs (corresponding period of 2007: 300,389 TEUs). Its revenue also recorded a rise of 7.7% to US$9,818,000 (corresponding period of 2007: US$9,118,000). Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") was reclassified from a jointly controlled entity to a subsidiary in last December and the revenue for the period was US$9,437,000. In addition, the Group invested in Jinjiang Pacific Ports Development Co., Ltd. ("Jinjiang Pacific Ports") in March 2008 and the revenue for the period was US$3,016,000.

Cost of sales

Cost of sales mainly comprised depreciation charge of owned containers, net book value of disposed returned containers and operating expenses of terminal companies. Cost of sales in the first half of 2008 was US$77,676,000 (corresponding period of 2007: US$80,256,000), a drop of 3.2% from the same period of last year. The decrease resulted from the decrease in number of returned containers sold, amounting to 20,072 TEUs for the period (corresponding period of 2007: 36,453 TEUs), and the net book value of returned containers disposed of decreased to US$18,120,000 (corresponding period of 2007: US$32,973,000), a drop of 45.0%. The drop was partly offset by the increase in depreciation charge of containers owned by the Group and the operating costs of new terminal companies. Depreciation charge increased to US$38,487,000 for the period (corresponding period of 2007: US$35,572,000) as a result of an increase in number of leased containers. In addition to investing in Jinjiang Pacific Ports during the period and reclassifying Yangzhou Yuanyang Terminal to a subsidiary in last December, the overall operating expenses of terminal companies also increased as compared to the corresponding period last year. The total operating expenses of terminal companies was US$20,775,000 (corresponding period of 2007: US$11,491,000), an increase of 80.8%.

Investment income

Investment income, mainly comprised of dividend income, was US$13,081,000 (corresponding period of 2007: US$10,920,000), an increase of 19.8% over the same period of last year. During the period, Yantian International Container Terminals Ltd. ("Yantian Terminals"), Tianjin Five Continents International Container Terminal Co., Ltd. and Dalian Port Container Co., Ltd. declared dividends of US$9,297,000, US$2,267,000 and US$1,360,000 respectively (corresponding period of 2007: US$9,293,000, US$1,475,000 and Nil respectively).

Administrative expenses

Administrative expenses for the period was US$24,970,000 (corresponding period of 2007: US$30,714,000), a drop of 18.7% over the same period of last year. The decrease was mainly due to the expense of employee's share-based compensation amounting to US$11,190,000 for last year. No such expense was incurred for the period. On the other hand, salaries and relevant administrative expenses increased during the period as a result of expansion in terminal management team, development of new investment projects and increase in marketing and promotion activities. Establishment of Jinjiang Pacific Ports and reclassification of Yangzhou Yuanyang Terminal to a subsidiary further increased the administrative expenses.

Net other operating income

Net other operating income was US$15,047,000 for the period (corresponding period of 2007: US$17,529,000), a drop of 14.2% over the same period of last year. During the period, the Group recognised container repair insurance income of US$4,150,000 (corresponding period of 2007: Nil). In addition, 31,352 TEUs of containers were disposed of in the corresponding period of last year (the Group has provided after sale management service thereafter), which generated a profit before tax of US$6,034,000.

Finance costs

Finance costs in the first half of 2008 was US$24,778,000 (corresponding period of 2007: US$18,976,000), an increase of 30.6% over the same period last year. Finance costs include interest expenses, the amortisation of transaction costs over bank loans and notes. The increase in finance costs was mainly attributable to the increase in average balance of borrowings to US$1,097,045,000, an increase of 84.2% as compared with US$595,541,000 of the corresponding period of last year. Interest expenses increased by US$6,003,000 accordingly. The Group's average cost of borrowing, including the amortisation of transaction costs over bank loans and notes was 4.52% per annum (corresponding period of 2007: 6.26% per annum).

Share of profits less losses of jointly controlled entities and associates

Net profit contribution from jointly controlled entities for the period amounted to US$59,723,000 (corresponding period of 2007: US$55,758,000), an increase of 7.1% from the same period of last year. Of which, net profit from COSCO Logistics Co., Ltd. ("COSCO Logistics") for the period was US$16,229,000 (corresponding period of 2007: US$11,114,000), an increase of 46.0% from the same period of last year, sustaining a solid growth from last year. Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") remained strong in performance. It recorded a throughput of 1,314,428 TEUs (corresponding period of 2007: 1,357,173 TEUs) and a net profit of US$12,682,000 (corresponding period of 2007: US$11,423,000), an increase of US$1,259,000 or 11.0% over the same period of last year. Upon the commencement of operation in Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal") early last year, it made a turnaround in the second half of 2007. It recorded a throughput of 394,914 TEUs (corresponding period of 2007: 39,896 TEUs) in the first half of 2008, a rapid ramp-up of 8.9 times over the same period of last year, and a net profit of US$1,647,000 (corresponding period of 2007: a loss of US$625,000). COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") also exhibited a similar growth pattern. It achieved a substantial increase of 69.3% in its throughput to 677,308 TEUs (corresponding period of 2007: 400,117 TEUs) for the period, and the net profit was US$3,221,000 (corresponding period of 2007: US$1,981,000), an increase of 62.6%. COSCO-HIT Terminals (Hong Kong) Limited (''COSCO-HIT Terminal'') recorded a net profit of US$12,975,000 (corresponding period of 2007: US$12,435,000) and achieved throughput of 883,700 TEUs (corresponding period of 2007: 906,589 TEUs). Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") recorded a growth of 7.2% in its throughput to 4,315,000 TEUs (corresponding period of 2007: 4,026,677 TEUs), while the overall net profit dropped 12.1% from the same period of last year to US$13,938,000 (corresponding period of 2007: US$15,862,000). The drop mainly resulted from an increase in depreciation and amortisation arising from new terminal berths operated in last year, and charge of income tax as commencing the 50% income tax rate reduction period during 2008. Furthermore, the Group invested in Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Port Euroasia Terminal") in the second half of last year. It was still under construction and incurred a loss of US$762,000 (corresponding period of 2007: Nil) for the period.

Yangzhou Yuanyang Terminal was reclassified from a jointly controlled entity to a subsidiary in last December. Accordingly, the Group's share of profits of jointly controlled entities for the period did not include Yangzhou Yuanyang Terminal. In the first half of 2007, net profit contributed by Yangzhou Yuanyang Terminal was US$883,000.

In the first half of 2008, share of profits of associates amounted to US$37,822,000 (corresponding period of 2007: US$37,036,000), an increase of 2.1% over the same period of last year. Among these associates, overseas terminals investment projects exhibited an excellent performance. Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal"), which was acquired by the Group in late 2007, achieved a net profit of US$4,333,000 for the period. The throughput in the first half of 2008 reached 1,099,428 TEUs. Antwerp Gateway NV ("Antwerp Terminal") also developed in a faster pace with promising prospect. During the period, it recorded a growth of 56.7% in its throughput to 574,087 TEUs (corresponding period of 2007: 366,473 TEUs). Antwerp Terminal made a turnaround and achieved a net profit of US$701,000 (corresponding period of 2007: a loss of US$519,000). Moreover, Shanghai Container Terminals Limited ("Shanghai Container Terminals") recorded a rise of 14.2% in its throughput to 1,848,826 TEUs in the first half of the year (corresponding period of 2007: 1,618,337 TEUs). The net profit was US$2,483,000 (corresponding period of 2007: US$2,453,000), an increase of 1.2 % over the same period of last year. During the period, the Group acquired additional 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 (corresponding period of 2007: US$27,756,000).

Since the Group disposed of its 20% equity interest in Chong Hing Bank Limited ("Chong Hing Bank") in the second half of 2007, no relevant profit was shared for the period. Net profit contribution from Chong Hing Bank was US$7,629,000 in the same period last year.

Income tax expenses

Income tax expenses amounted to US$5,983,000 (corresponding period of 2007: US$2,410,000) for the period, an increase of 148.3% over the same period in 2007. The rise was mainly attributable to the provision for withholding income tax that applied to certain PRC investments of the Group starting from 2008 under the tax reform in Mainland China.

Financial Position

Cash flow

Cash inflow of the Group remained steady. During the period, net cash from operating activities amounted to US$131,000,000 (corresponding period of 2007: US$124,030,000). The Group drew bank loans of US$449,247,000 (corresponding period of 2007: US$242,869,000) and repaid US$57,629,000 (corresponding period of 2007: US$55,484,000) during the first half of the year. During the period, the total cash outflow for investments of the Group amounted to US$305,260,000, mainly comprising US$259,360,000 for approximately 5.26% additional equity interest in CIMC, US$14,220,000 in Dalian Port Container Terminal Co., Ltd., US$13,750,000 in Suez Canal Terminal, US$9,297,000 in Yantian Terminal (by reinvestment of dividend), US$6,868,000 in Dalian Automobile Terminal Co., Ltd. and US$1,739,000 in Antwerp Terminal. During the same period last year, the total cash outflow for investments amounted to US$60,548,000, comprising US$37,213,000 in Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal"), US$12,821,000 in Qingdao Qianwan Terminal, US$9,293,000 in Yantian Terminal (by reinvestment of dividend) and US$1,221,000 in Ningbo Yuan Dong Terminal. During the period, an amount of US$328,382,000 (corresponding period of 2007: US$281,059,000) was paid in cash for purchase of property, plant and equipment, of which US$247,775,000 (corresponding period of 2007: US$270,935,000) was for the purchase of new containers.

Financing and credit facilities

A wholly owned subsidiary of the Company completed a US$440,000,000 club loan with four international banks in April 2008, of which the amount was for working capital purpose and other corporate capital purposes. The loan was for a term of six years and all-in-cost was LIBOR plus 75 basis points. The financing arrangement optimised the Group's debt structure.

As at 30th June 2008, cash balances and available banking facilities amounted to US$191,043,000 and US$110,000,000 respectively (31st December 2007: US$387,373,000 and Nil respectively).

Assets and liabilities

As at 30th June 2008, the Group's total assets amounted to US$4,407,095,000 (31st December 2007: US$3,871,575,000) and total liabilities amounted to US$1,599,601,000 (31st December 2007: US$1,096,916,000). Net assets amounted to US$2,807,494,000 (31st December 2007: US$2,774,659,000). Increase was mainly attributable to the increase in retained profits. Net asset value per share was US125.1 cents (31st December 2007: US123.6 cents), representing a 1.2% increase from the end of last year.

The cash balances of the Group amounted to US$191,043,000 as at 30th June 2008 (31st December 2007: US$387,373,000). Total outstanding borrowings amounted to US$1,348,228,000 (31st December 2007: US$914,034,000). Net debt to equity ratio was 41.2% (31st December 2007: 19.0%), and the interest coverage was 7.6 times, as compared to 9.1 times in the same period of last year. None of the assets was pledged as security for loan facilities granted by banks or financial institutions (31st December 2007: Nil).

Debt analysis

	As at 30th June 2008		As at 31st December 2007	
	US$	**%**	US$	%
By repayment term				
Within the first year	**104,663,000**	**7.8**	39,599,000	4.3
Within the second year	**72,585,000**	**5.4**	43,054,000	4.7
Within the third year	**91,141,000**	**6.8**	61,460,000	6.7
Within the fourth year	**154,832,000**	**11.5**	96,531,000	10.6
Within the fifth year and beyond	**925,007,000**	**68.5**	673,390,000	73.7
	1,348,228,000 *	**100.0**	914,034,000 *	100.0
By type of borrowings				
Secured borrowings	**–**	**–**	–	–
Unsecured borrowings	**1,348,228,000**	**100.0**	914,034,000	100.0
	1,348,228,000 *	**100.0**	914,034,000 *	100.0
By denomination of borrowings				
US Dollar	**1,176,996,000**	**87.3**	800,134,000	87.5
RMB	**171,232,000**	**12.7**	113,900,000	12.5
	1,348,228,000 *	**100.0**	914,034,000 *	100.0

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

Contingent liabilities

As at 30th June 2008, the Group provided guarantees on a loan facility granted to an associate of US$40,934,000 (31st December 2007: US$25,747,000).

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 so as to minimise foreign exchange exposure in investments.

The Group continued to exercise stringent control over the use of financial derivatives to hedge against its interest rates exposure. As at 30th June 2008 and 31st December 2007, outstanding interest rates swap contracts comprised notional principals of contracts amounting to US$200,000,000 (31st December 2007: 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.

As at 30th June 2008, after adjustment of the fixed rate borrowings for the interest rates swap contracts, 7.4% (31st December 2007: 10.9%) 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.

Events after the Balance Sheet Date

On 25th June 2008, the Group received a formal notification from PPA that the Group has been appointed as the provisional awarded bidder in respect of its bid for the concession of Pier 2 and Pier 3 of the container terminal of Piraeus Port ("Concession"). The bid price of the 35-year period of Concession was approximately Euro 500,000,000, which was calculated based on the net present value of the financial offer price. The Group is in the process of negotiating with PPA for the related Concession agreement arrangements.

On 2nd July 2008, Florens Container Corporation, a wholly owned subsidiary of the Company and CBA USD Investments, a wholly owned subsidiary of the Commonwealth Bank of Australia, entered into agreements to transfer to CBA USD Investments legal and equitable ownership of and title to certain marine containers owned by Florens Container Corporation with consideration of approximately US$250,000,000. Subsequent to the disposal, Florens Container Corporation has leased back such marine containers from CBA USD Investments. The Group is expected to realise an estimated gain of approximately US$4,200,000 (after taking into account of taxes and direct expenses) from the disposal.

Review of Operations

The global economy underwent some dramatic changes 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.

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 container throughput of 61,650,000 TEUs, of which 56,980,000 TEUs were achieved by coastal terminals, while 4,670,000 TEUs were generated by inland river terminals.

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 region 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 strengthened 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 tons 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 and 371,491 tons 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 of COSCO-PSA Terminal in Singapore which launched in January of 2008 boosted the throughput growth to 69.3% over the corresponding period of last year. The throughput of Antwerp Terminal in Belgium 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
Bohai Rim	**8,400,703**	7,766,815	+8.2%
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%
Yangtze River Delta	**4,576,107**	3,881,561	+17.9%
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%
Pearl River Delta & southeast coast	**6,760,413**	5,588,253	+21.0%
COSCO-HIT Terminals (Hong Kong) Limited	**883,700**	906,589	-2.5%
Yantian International Container Terminals Ltd. (Phase I, II & 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.
Overseas	**2,350,823**	766,590	+206.7%
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.
Total throughput of container terminals in China	**19,737,223**	17,236,629	+14.5%
Total throughput of containers	**22,088,046**	18,003,219	+22.7%
Total throughput of break-bulk cargo (tons)	**6,568,015**	3,290,470	+99.6%

* *Note: excluding the number of containers of Dalian Port Container Terminal 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 break bulk cargo 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 investments 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 "Concession")

Overseas terminals investment projects exhibited strong performance and demonstrated a successful execution of the Group's investment strategy.

On 25th June 2008, the Group received a formal notification from PPA that it has been appointed as the provisional awarded bidder in respect of its bid for the 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 the Piraeus Port offers the Group an excellent opportunity to invest in major terminals outside China, which in turn aligns with its corporate strategy of becoming a leading global port operator.

Further procedures as stipulated under the rules of the tender issued by PPA will be proceeded, including, among other things:

- Negotiation of the terms of the formal concession agreement.
- Upon successful completion of negotiation, execution of the formal concession agreement.
- Ratification of the executed concession agreement by the Hellenic Republic, which would involve hearings and public debate by the relevant committee(s) 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 announcement(s) 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").

Terminal portfolio and information

	Shareholding	No. of berths	Depth of berths (Metres)	Quay length (Metres)	Annual handling capacity (TEUs)
Bohai Rim		**48**			**24,600,000**
Qingdao Qianwan Container Terminal Co., Ltd.	20%	11	17.5	3,400	6,500,000
New Qingdao Qianwan Container Terminal Co., Ltd.	16%	10	15-20	3,408	6,000,000
Qingdao Cosport International Container Terminals Co., Ltd.	50%	1	13.5	349	600,000
Dalian Port Container Co., Ltd.	8.13%	9	8.9-14.0	2,335	3,000,000
Dalian Port Container Terminal Co., Ltd.	20%	6	13.5-17.8	2,096	4,200,000
Dalian Automobile Terminal Co., Ltd.	30%	2	11	550	600,000 vehicles
Tianjin Five Continents International Container Terminal Co., Ltd.	14%	4	15.7	1,202	1,500,000
Tianjin Port Euroasia International Container Terminal Co., Ltd.	30%	3	15.5	1,100	1,800,000
Yingkou Container Terminals Company Limited	50%	2	14	576	1,000,000
Yangtze River Delta		**38**			**14,200,000**
Shanghai Container Terminals Limited	10%	10	9.4-10.5	2,281	3,700,000
Shanghai Pudong International Container Terminals Limited	30%	3	12	940	2,300,000
Shanghai Xiangdong International Container Terminal Company Limited	10%	4	15	1,400	3,200,000
Ningbo Yuan Dong Terminals Limited	20%	5	15	1,610	2,100,000
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	51%	3	10	722	1,000,000
Yangzhou Yuanyang International Ports Co., Ltd.	55.59%	2	12	600	700,000
		5	8-12	1,102	6,550,000 tons of break-bulk cargo
Nanjing Port Longtan Container Co., Ltd.	20%	5	12	910	1,000,000
Zhenjiang Jinyuan Container Terminals Co., Ltd.	25%	1	13	233	200,000
Pearl River Delta & southeast coast		**38**			**25,100,000**
COSCO-HIT Terminals (Hong Kong) Limited	50%	2	15.5	1,088	1,800,000
Yantian International Container Terminals Co., Ltd. (Phase I & II)	5%	5	14.0-15.5	1,650	4,500,000
Yantian International Container Terminals (Phase III) Limited	4.45%	10	16	3,297	9,000,000
Guangzhou South China Oceangate Container Terminal Company Limited	39%	6	14.5	2,100	4,200,000
Quan Zhou Pacific Container Terminal Co., Ltd.	71.43%	4	7.0-15.1	1,361	2,000,000
		2	5.1-9.6	315	1,000,000 tons of break-bulk cargo
Jinjiang Pacific Ports Development Co., Ltd.	80%	2	10.2-14.0	688	800,000
		3	7.9-9.8	850	4,200,000 tons of break-bulk cargo
Xiamen Yuanhai Container Terminal Co., Ltd.	70%	4	17	1,508	2,800,000
Overseas		**16**			**9,600,000**
COSCO-PSA Terminal Private Limited	49%	2	15	720	1,000,000
Antwerp Gateway NV	20%	6	17	2,450	3,500,000
Suez Canal Container Terminal S.A.E.	20%	8	16	2,400	5,100,000
Total number of berths		**140**			
Total number of container terminal berths/annual handling capacity		**128**			**73,500,000**
Total number of automobile berths/annual handling capacity		**2**			**600,000 vehicles**
Total number of break-bulk cargo berths/annual handling capacity		**10**			**11,750,000 tons**
Container terminal berths in operation/annual handling capacity		**89**			**48,150,000**

Container Leasing, Management and Sale

COSCO Pacific's container leasing, management and sale businesses are operated and managed by its wholly owned subsidiary, Florens Container Holdings Limited, and its subsidiaries (collectively "Florens"). Despite fierce market competition, Florens continued to expand its container fleet under its combined 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 both 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 containers of a total of 14,058 TEUs (corresponding period of 2007: 31,597 TEUs) 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).

Fleet capacity movement

	2008 TEUs	2007 TEUs	y-o-y
Fleet capacity as at 1st January	**1,519,671**	1,250,609	+21.5%
New containers purchased	**138,162**	184,931	-25.3%
Containers returned from COSCON upon expiry of leases			
– Total	**(14,058)**	(31,597)	-55.5%
– Re-leased	**340**	58	+486.2%
– Disposed of and pending for disposal	**(13,718)**	(31,539)	-56.5%
Ownership transferred to customers upon expiry of finance leases	**(177)**	(15)	+1,080.0%
Write-offs for defective containers	**(9)**	–	N.A.
Total compensation by customers for loss of containers	**(11,573)**	(6,034)	+91.8%
Fleet capacity as at 30th June	**1,632,356**	1,397,952	+16.8%

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 included 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).

Disposal of containers

The Group has been executing an asset light model since the second half of 2006. During the first half of 2008, the Group completed the sale of 13,509 TEUs (corresponding period of 2007: 31,352 TEUs) of marine containers together with container leasing agreements of those containers. Subsequent to the disposal, the Group continues to provide administrative and management services for these containers at an annual fee.

Fleet capacity breakdown by type of containers

As at 30th June 2008		Total	COSCON	International Customers	Managed containers
Total	TEUs	**1,632,356**	**560,501**	**305,947**	**765,908**
	%	**100.0**	**34.3**	**18.8**	**46.9**
Dry	%	**96.8**	**95.3**	**97.6**	**97.6**
Reefers	%	**2.6**	**4.4**	**2.1**	**1.4**
Specials	%	**0.6**	**0.3**	**0.3**	**1.0**

As at 30th June 2007		Total	COSCON	International Customers	Managed containers
Total	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

Fleet capacity breakdown

		As at 30th June 2008	As at 30th June 2007	y-o-y
COSCON	TEUs	**560,501**	502,529	+11.5%
	%	**34.3**	35.9	-1.6pp
International Customers	TEUs	**305,947**	238,587	+28.2%
	%	**18.8**	17.1	+1.7pp
Managed containers	TEUs	**765,908**	656,836	+16.6%
	%	**46.9**	47.0	-0.1pp
Total	TEUs	**1,632,356**	1,397,952	+16.8%

During the period, the average utilisation rate of the Group's fleet was 94.3% (corresponding period of 2007: 94.6%), which was above an industry average of approximately 93.4% (corresponding period of 2007: approximately 92.8%).

Logistics

During the first half of 2008, as a result of overall rapid economic growth and reform in China, business segments within COSCO Logistics Co., Ltd. ("COSCO Logistics"), such as third-party logistics, shipping agency and freight forwarding recorded a significant increase over the corresponding period of last year.

Operations of each business segment of COSCO Logistics during the first half of 2008 are set out below:

	1H 2008	1H 2007	y-o-y
Third Party Logistics			
Product Logistics			
Home Appliance (pieces in thousand)	**29,439**	17,734	+66.0%
Automobile (unit)	**145,694**	197,991	-26.4%
Chemical (ton)	**1,965,677**	1,339,832	+46.7%
Project Logistics (RMB in million)	**501**	428	+17.1%
Shipping Agency (voyage)	**65,336**	63,497	+2.9%
Freight Forwarding			
Sea Freight Forwarding			
Bulk Cargo (ton)	**76,065,620**	70,762,066	+7.5%
Container Cargo (TEU)	**1,147,911**	1,039,453	+10.4%
Air Freight Forwarding (ton)	**58,540**	52,044	+12.5%

Net profit contribution from the Group's logistics business increased by 46.0% to US$16,229,000 (corresponding period of 2007: US$11,113,000).

Container Manufacturing

During the period, the Group increased its stake in 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 profit contribution from CIMC for the period increased slightly by 4.9% to US$29,126,000 (corresponding period of 2007: US$27,756,000).

SHARE OPTIONS

At a special general meeting of the Company held on 23rd May 2003, the shareholders of the Company approved the adoption of a new share option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by the shareholders of the Company on 30th November 1994 (the "1994 Share Option Scheme").

All options granted under the 1994 Share Option Scheme had been expired on 19th May 2007. There was no outstanding share option yet to be exercised under the 1994 Share Option Scheme as at 1st January 2008.

Movements of the options, which have been granted under the 2003 Share Option Scheme, during the period are set out below:

		Number of share options								
Category	Exercise price HK$	Outstanding at 1st January 2008	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period	Outstanding at 30th June 2008	% of total issued share capital	Exercisable period	Note
Directors										
Dr. WEI Jiafu	13.75	1,000,000	–	–	–	–	1,000,000	0.045%	3.12.2004 – 2.12.2014	(2), (4), (5)
Mr. CHEN Hongsheng	13.75	1,000,000	–	–	–	–	1,000,000	0.045%	3.12.2004 – 2.12.2014	(2), (4)
Mr. LI Jianhong	13.75	1,000,000	–	–	–	–	1,000,000	0.045%	2.12.2004 – 1.12.2014	(2), (4)
Ms. SUN Yueying	13.75	1,000,000	–	–	–	–	1,000,000	0.045%	3.12.2004 – 2.12.2014	(2), (4)
Mr. XU Minjie	19.30	800,000	–	–	–	–	800,000	0.036%	19.4.2007 – 18.4.2017	(3), (4)
Dr. SUN Jiakang	13.75	700,000	–	–	–	–	700,000	0.031%	1.12.2004 – 30.11.2014	(2), (4)
Dr. WONG Tin Yau, Kelvin	9.54	800,000	–	–	–	–	800,000	0.036%	28.10.2003 – 27.10.2013	(1), (4)
	13.75	1,000,000	–	–	–	–	1,000,000	0.045%	2.12.2004 – 1.12.2014	(2), (4)
	19.30	500,000	–	–	–	–	500,000	0.022%	18.4.2007 – 17.4.2017	(3), (4)
Mr. WANG Zhi	13.75	550,000	–	–	–	–	550,000	0.024%	29.11.2004 – 28.11.2014	(2), (4)
	19.30	500,000	–	–	–	–	500,000	0.022%	18.4.2007 – 17.4.2017	(3), (4)
Mr. YIN Weiyu	19.30	–	–	–	500,000	–	500,000	0.022%	19.4.2007 – 18.4.2017	(3), (4), (5)
Ex-director										
Mr. QIN Fuyan	13.75	200,000	–	–	(200,000)	–	–	–	29.11.2004 – 28.11.2014	(2), (4), (5)
	19.30	500,000	–	–	(500,000)	–	–	–	19.4.2007 – 18.4.2017	(3), (4), (5)
		9,550,000	–	–	(200,000)	–	9,350,000			
Continuous contract employees	9.54	1,725,000	–	(94,000)	–	(20,000)	1,611,000	0.072%	(refer to note 1)	(1)
	13.75	14,042,000	–	(50,000)	110,000	(30,000)	14,072,000	0.627%	(refer to note 2)	(2)
	19.30	14,770,000	–	–	(50,000)	(110,000)	14,610,000	0.651%	(refer to note 3)	(3)
Others	9.54	50,000	–	–	–	–	50,000	0.002%	(refer to note 1)	(1)
	13.75	3,124,000	–	(4,000)	90,000	–	3,210,000	0.143%	(refer to note 2)	(2)
	19.30	–	–	–	50,000	–	50,000	0.002%	(refer to note 3)	(3)
		33,711,000	–	(148,000)	200,000	(160,000)	33,603,000			
		43,261,000	–	(148,000)	–	(160,000)	42,953,000			

Notes:

(1) The share options were granted during the period from 28th October 2003 to 6th November 2003 under the 2003 Share Option Scheme at an exercise price of HK$9.54. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options of the grantees was from 28th October 2003 to 6th November 2003.

(2) The share options were granted during the period from 25th November 2004 to 16th December 2004 under the 2003 Share Option Scheme at an exercise price of HK$13.75. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 25th November 2004 to 16th December 2004.

(3) The share options were granted during the period from 17th April 2007 to 19th April 2007 under the 2003 Share Option Scheme at an exercise price of HK$19.30. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 17th April 2007 to 19th April 2007.

(4) These share options represent personal interests held by the relevant directors as beneficial owners.

(5) During the period, Mr. QIN Fuyan resigned and Mr. YIN Weiyu has been appointed as an executive-director of the Company, both with effect from 4th January 2008. In this respect, the options granted to Mr. QIN Fuyan were re-classified from the category of "directors" to the category of "continuous contract employees" and the options granted to Mr. YIN Weiyu were re-classified from the category of "continuous contract employees" to the category of "directors". Dr. WEI Jiafu resigned as Chairman of the Board and a non-executive director of the Company on 22nd July 2008. No re-classification has been made to the options granted to Dr. WEI Jiafu since his resignation was after the relevant period.

(6) The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK$18.19.

(7) During the period, no share options were cancelled under the 2003 Share Option Scheme.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June 2008, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO, as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(a) Long positions in shares of the Company

Name of director	Capacity	Nature of interest	Number of ordinary shares held	% of total issued share capital of the Company
Dr. LI Kwok Po, David	Beneficial owner	Personal	258,000	0.011%
Mr. Timothy George FRESHWATER	Beneficial owner	Personal	30,000	0.001%

(b) Long positions in underlying shares of equity derivatives of the Company

Share options were granted by the Company to certain directors of the Company pursuant to the 2003 Share Option Scheme. Details of the directors' interests in share options granted by the Company are set out under the section headed "Share Options" of this report.

(c) Long positions in shares of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of H shares held	% of total issued H share capital of the associated corporation	Number of A shares held	% of total issued A share capital of the associated corporation
China COSCO Holdings Company Limited	Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	573,875	0.022%	–	–
	Mr. YIN Weiyu	Beneficial owner	Personal	30,000	0.001%	13,100	0.0002%
		Interest of spouse	Family	–	–	4,000	0.0001%

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of shares held	% of total issued share capital of the relevant associated corporation	Note
COSCO Corporation (Singapore) Limited	Dr. WEI Jiafu	Beneficial owner	Personal	1,900,000	0.085%	(1), (2)
	Mr. LI Jianhong	Beneficial owner	Personal	1,300,000	0.058%	(1)
	Ms. SUN Yueying	Beneficial owner	Personal	1,400,000	0.063%	(1)
COSCO International Holdings Limited	Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	800,000	0.054%	–

Notes:

(1) Adjustments were made to the number of shares held by these directors as a result of the approval of the sub-division of every 1 ordinary share of S$0.20 each into 2 ordinary shares of S$0.10 each by shareholders of COSCO Corporation (Singapore) Limited, an associated corporation of the Company listed on the Singapore Exchange Securities Trading Limited, at the extraordinary general meeting held on 17th January 2006.

(2) Dr. WEI Jiafu resigned as Chairman of the Board and a non-executive director of the Company on 22nd July 2008.

(d) Long positions in underlying shares of equity derivatives of associated corporations

(i) Movements of the share options granted to the directors of the Company by associated corporations during the period are set out below:

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price HK$	Number of share options				% of total issued share capital of the associated corporation	Note
					Outstanding at 1st January 2008	Granted during the period	Exercised during the period	Outstanding at 30th June 2008		
COSCO International Holdings Limited	Dr. WEI Jiafu	Beneficial owner	Personal	0.57	1,800,000	–	–	1,800,000	0.122%	(1), (3)
				1.37	1,200,000	–	–	1,200,000	0.081%	(2), (3)
	Mr. LI Jianhong	Beneficial owner	Personal	0.57	1,800,000	–	–	1,800,000	0.122%	(1)
				1.37	1,200,000	–	–	1,200,000	0.081%	(2)
	Dr. SUN Jiakang	Beneficial owner	Personal	0.57	600,000	–	–	600,000	0.041%	(1)
				1.37	800,000	–	–	800,000	0.054%	(2)
	Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	0.57	800,000	–	(800,000)	–	–	(1)
				1.37	500,000	–	–	500,000	0.034%	(2)

Notes:

(1) The share options were granted by COSCO International Holdings Limited ("COSCO International"), an associated corporation of the Company and a company listed on the Stock Exchange, on 26th November 2003 pursuant to the share option scheme adopted by COSCO International on 17th May 2002 and amended by the shareholders of COSCO International at the special general meeting held on 5th May 2005 (the "Share Option Scheme of COSCO International"). The share options are exerciseable at an exercise price of HK$0.57 per share at any time between 23rd December 2003 and 22nd December 2008.

(2) The share options were granted by COSCO International on 2nd December 2004 pursuant to the Share Option Scheme of COSCO International. The share options are exerciseable at an exercise price of HK$1.37 per share at any time between 29th December 2004 and 28th December 2014.

(3) Dr. WEI Jiafu resigned as Chairman of the Board and a non-executive director of the Company on 22nd July 2008.

(4) During the period, no share options mentioned above were lapsed or cancelled.

					Number of share options					
Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price S$	Outstanding at 1st January 2008	Granted during the period	Exercised during the period	Outstanding at 30th June 2008	% of total issued share capital of the associated corporation	Note
COSCO Corporation (Singapore) Limited	Dr. WEI Jiafu	Beneficial owner	Personal	1.23	1,100,000	–	–	1,100,000	0.049%	(1), (2)
	Mr. LI Jianhong	Beneficial owner	Personal	1.23	700,000	–	–	700,000	0.031%	(1)
	Ms. SUN Yueying	Beneficial owner	Personal	1.23	700,000	–	–	700,000	0.031%	(1)

Notes:

(1) The share options were granted by COSCO Corporation (Singapore) Limited on 21st February 2006 and are exerciseable at any time between 21st February 2007 and 20th February 2011.

(2) Dr. WEI Jiafu resigned as Chairman of the Board and a non-executive director of the Company on 22nd July 2008.

(3) During the period, no share options mentioned above were lapsed or cancelled.

(ii) Movements of the share appreciation rights granted to the directors of the Company by an associated corporation during the period are set out below:

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price HK$	Number of units of share appreciation rights: Outstanding at 1st January 2008	Granted during the period	Exercised during the period	Outstanding at 30th June 2008	% of total issued H share capital of the associated corporation	Note
China COSCO Holdings Company Limited	Dr. WEI Jiafu	Beneficial owner	Personal	3.195	680,000	–	–	680,000	0.026%	(1), (4)
				3.588	900,000	–	–	900,000	0.035%	(2)
				9.540	880,000	–	–	880,000	0.034%	(3)
	Mr. CHEN Hongsheng	Beneficial owner	Personal	3.195	600,000	–	(75,000)	525,000	0.020%	(1)
				3.588	700,000	–	–	700,000	0.027%	(2)
				9.540	680,000	–	–	680,000	0.026%	(3)
	Mr. LI Jianhong	Beneficial owner	Personal	3.195	450,000	–	–	450,000	0.017%	(1)
				3.588	600,000	–	–	600,000	0.023%	(2)
				9.540	580,000	–	–	580,000	0.022%	(3)
	Mr. XU Lirong	Beneficial owner	Personal	3.195	375,000	–	–	375,000	0.015%	(1)
				3.588	500,000	–	–	500,000	0.019%	(2)
				9.540	580,000	–	–	580,000	0.022%	(3)
	Ms. SUN Yueying	Beneficial owner	Personal	3.195	500,000	–	(50,000)	450,000	0.017%	(1)
				3.588	600,000	–	–	600,000	0.023%	(2)
				9.540	580,000	–	–	580,000	0.022%	(3)
	Mr. XU Minjie	Beneficial owner	Personal	3.195	100,000	–	(25,000)	75,000	0.003%	(1)
				3.588	90,000	–	–	90,000	0.003%	(2)
	Dr. SUN Jiakang	Beneficial owner	Personal	3.195	500,000	–	–	500,000	0.019%	(1)
				3.588	500,000	–	–	500,000	0.019%	(2)
				9.540	480,000	–	–	480,000	0.019%	(3)
	Mr. YIN Weiyu	Beneficial owner	Personal	3.195	100,000	–	–	100,000	0.004%	(1)
				3.588	65,000	–	–	65,000	0.003%	(2)

Notes:

(1) The share appreciation rights were granted by China COSCO Holdings Company Limited ("China COSCO"), an associated corporation of the Company and a company listed on the Stock Exchange and the Shanghai Stock Exchange, in units with each unit representing one H share of China COSCO, on 16th December 2005 pursuant to the share appreciation rights plan adopted by China COSCO (the "Plan"). Under the Plan, no shares will be issued. The share appreciation rights are exercisable at HK$3.195 per unit at any time between 16th December 2007 and 15th December 2015.

(2) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 5th October 2006 pursuant to the Plan. Under the Plan, no shares will be issued. The share appreciation rights are exercisable at HK$3.588 per unit at any time between 5th October 2008 and 4th October 2016.

(3) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 4th June 2007 pursuant to the Plan. Under the Plan, no shares will be issued. The share appreciation rights are exercisable at HK$9.540 per unit at any time between 4th June 2009 and 3rd June 2017.

(4) Dr. WEI Jiafu resigned as Chairman of the Board and a non-executive director of the Company on 22nd July 2008.

(5) During the period, no share appreciation rights mentioned above were lapsed or cancelled.

(iii) Interests of a director in the call warrants issued by JP Morgan SP BV are set out below:

Name of associated corporation	**Name of director**	**Exercise price HK$**	**Number of units of call warrants**	**Exercise date**
China COSCO Holdings Company Limited	Mr. YIN Weiyu	28.880	200,000	30.9.2008

Save as disclosed above, as at 30th June 2008, none of the directors or chief executives of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30th June 2008, the interests of shareholders in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Nature of interests	Number of ordinary shares/ % of total issued share capital			
			Long positions	%	Short positions	%
COSCO Investments Limited	Beneficial owner	Beneficial interest	200,120,000	8.91	–	–
COSCO Pacific Investment Holdings Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,144,166,411	50.96	–	–
China COSCO Holdings Company Limited	Interest of controlled corporation	Corporate interest	1,144,166,411	50.96	–	–
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,144,166,411	50.96	–	–

Note:

The 1,144,166,411 shares relate to the same batch of shares in the Company. COSCO Investments Limited ("COSCO Investments") is a wholly owned subsidiary of COSCO Pacific Investment Holdings Limited ("COSCO Pacific Investment"). Accordingly, the 200,120,000 shares of the Company held by COSCO Investments are also included as part of the COSCO Pacific Investment's interests in the Company. COSCO Pacific Investment is a wholly owned subsidiary of China COSCO and it itself holds 944,046,411 shares of the Company beneficially. Accordingly, COSCO Pacific Investment's interests in relation to the 1,144,166,411 shares of the Company are also recorded as China COSCO's interests in the Company. China Ocean Shipping (Group) Company ("COSCO") holds 54.32% interest of the issued share capital of China COSCO as at 30th June 2008, and accordingly, COSCO is deemed to have the interests of 1,144,166,411 shares of the Company held by COSCO Pacific Investment.

Save as disclosed above, as at 30th June 2008, the Company has not been notified by any person who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30th June 2008 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US$'000
Non-current assets	2,132,213
Current assets	278,077
Current liabilities	(536,970)
Non-current liabilities	(1,270,785)
Net assets	602,535
Share capital	426,060
Reserves	93,024
Minority interests	83,451
Capital and reserves	602,535

As at 30th June 2008, the Group's attributable interests in these affiliated companies amounted to US$313,124,000.

CORPORATE GOVERNANCE

The Company continues to achieve high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Corporate Governance Code") set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June 2008, except for the following deviations:

Code provision B.1.1

The code provision B.1.1 of the Corporate Governance Code provides, inter alia, that a majority of the members of the Remuneration Committee should be independent non-executive directors. Mr. LIU Lit Man retired from office as an independent non-executive director at the annual general meeting on 15th May 2008 and resigned as a member of the Remuneration Committee. Accordingly, there is a causal vacancy in the Remuneration Committee. The Remuneration Committee currently comprises four members, half of whom are independent non-executive directors. This constitutes a deviation from the code provision B.1.1 of the Corporate Governance Code.

Code provision E.1.2

The code provision E.1.2 of the Corporate Governance Code provides that the chairman of the board shall attend the annual general meeting of the company. Due to business commitment, Dr. WEI Jiafu, the ex-Chairman of the Board who resides in Beijing, was unable to attend the annual general meeting of the Company held on 15th May 2008. This constitutes a deviation from the code provision E.1.2 of the Corporate Governance Code.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises three 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 2008 interim report.

Remuneration Committee

As mentioned under the section headed "Corporate Governance", the Remuneration Committee of the Company comprises four members, half 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 at 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 its 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 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2008. 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 2008.

INVESTOR RELATIONS

COSCO Pacific strongly believes that good investor relations play an essential role in enhancing corporate market values. 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 Pacific to enhancing its corporate governance and investor relations. The Company will continue to strengthen its investor relations and corporate governance standards, and offer greater transparency for the best interest of its shareholders.

CORPORATE CULTURE

Team Building

As at 30th June 2008, COSCO Pacific had a team of 2,948 employees around the world. The team is a globalised contingent that pursues excellence in concerted efforts.

The Company's business expansion provides its staff with a good opportunity for continuous professional development. The Company organises various training programmes and encourages aggressive learning and ambitious achievements 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. During the first half of 2008, the Company has organised several functions to enhance communication among staff and enrich their leisure lives. During mid to late June, the Company has organised trips and a badminton competition for staff. The granting of share options in recent years has been pivotal in enhancing staff passion for work and strengthening their sense of belonging.

Social Responsibilities

During the first half of 2008, the Company actively participated in charities and poverty alleviation. In April, staff of the Company voluntarily participated in "Lifeline Express", a hospital eye-train, charity donation to help poor cataract patients in China to restore eyesight. On 12th of May, there was an 8-magnitude earthquake in Wenchuan, Sichuan of China. Taking a proactive role in carrying out our corporate social responsibilities, the Company has been donating HK$2,000,000 through the COSCO Charity Foundation. All the staff of COSCO Pacific shared sympathy to the earthquake-stricken areas and families. The management of the Company, together with all staff, participated in the "Sharing Love Campaign" of COSCO Hong Kong. Staff and customers from all regions have made donation and raised a fund of approximately HK$1,000,000, in which they have well shown a strong brotherhood between us and our fellows in China.

COSCO Pacific is committed to carrying out our corporate social responsibilities so as to contribute to society and environment protection by actively participating in community welfare and social services.

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 businesses. 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 sale 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.

MEMBERS OF THE BOARD

As at the date of this report, the Board comprises Mr. CHEN Hongsheng[2] (Chairman), Mr. LI Jianhong[1], Mr. XU Lirong[2], Ms. SUN Yueying[1], Mr. XU Minjie[1] (Vice Chairman & Managing Director), Dr. SUN Jiakang[2], Dr. WONG Tin Yau, Kelvin[1], Mr. WANG Zhi[1], Mr. YIN Weiyu[1], Dr. LI Kwok Po, David[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, 25th August 2008

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