COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 1199)

2008 INTERIM RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

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

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

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

RESULTS

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2008. The following financial information, including comparative figures, has been prepared in accordance with the Hong Kong Financial Reporting Standards.

The Group's unaudited condensed consolidated balance sheet, unaudited condensed consolidated income statement and explanatory notes 1 to 11 as presented below are extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30th June 2008 (the "Unaudited Condensed Consolidated Interim Financial Information") which has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), except that the scope of their review did not extend to the Group's share of net assets and result of a listed associate, China International Marine Containers (Group) Co., Ltd. ("CIMC"). Accordingly, its independent review report has been qualified in this respect, details of which are set out in the Group's interim report.

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		**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		**4,815**	4,641
Restricted bank deposits		**150**	506
		3,943,784	3,267,487
Current assets			
Inventories		**5,905**	10,105
Trade and other receivables	3	**261,024**	193,496
Available-for-sale financial assets		**5,489**	13,620
Cash and cash equivalents		**190,893**	386,867
		463,311	604,088
Total assets		**4,407,095**	3,871,575

	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		**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		**1,243,565**	874,435
Other long term liabilities		**4,056**	5,189
		1,262,279	888,244
Current liabilities			
Trade and other payables	4	**218,443**	153,739
Current income tax liabilities		**14,216**	15,334
Current portion of long term borrowings		**46,790**	25,904
Short term bank loans		**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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2008

	Note	Six months ended 30th June	
		2008	2007
		US$'000	US$'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	5	**-**	10,629
Operating profit	6	**87,547**	75,439
Finance income	7	**2,280**	4,501
Finance costs	7	**(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	8	**(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	9	**78,890**	71,388
Earnings per share for profit attributable to equity holders of the Company			
- basic	10	**US6.82 cents**	US6.64 cents
- diluted	10	**US6.81 cents**	US6.60 cents

NOTES

1. BASIS OF PREPARATION

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.

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 Group's significant accounting policies and presentation of the financial statements will be resulted.

2. 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.

2. SEGMENT INFORMATION (Continued)

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

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.

Segment assets and liabilities

	Container terminal and related businesses	Container leasing, management, sale and related businesses	Logistics and related businesses	Container manufacturing and related businesses	Corporate and other businesses	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'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

2. SEGMENT INFORMATION (Continued)

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

Segment revenue, results and other information

	Six months ended 30th June 2008					
	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
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

2. SEGMENT INFORMATION (Continued)

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

Segment revenue, results and other information (Continued)

	Six months ended 30th June 2007					
	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
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 5)	-	-	-	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

2. 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 (corresponding period of 2007: US$27,756,000).

(iii) The segment results of the corporate and other businesses segment for the period ended 30th June 2007 included the share-based compensation expense of US$11,190,000 which has 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

3. TRADE AND OTHER RECEIVABLES

	As at 30th June 2008 US$'000	As at 31st December 2007 US$'000
Trade receivables		
- third parties	**39,067**	28,118
- fellow subsidiaries	**24,362**	25,328
- jointly controlled entities	**801**	299
- related companies	**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	**43,722**	39,243
Current portion of finance lease receivables	**1,029**	1,172
Amounts due from		
- jointly controlled entities	**20,322**	20,776
- associates	**40,320**	3,101
- investee companies	**2,474**	-
- related companies	**49**	16
Loans receivable from		
- a jointly controlled entity	**-**	8,508
- an associate	**-**	6,571
	261,024	193,496

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

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

4. TRADE AND OTHER PAYABLES

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

The ageing analysis of the 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

5. 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 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.

6. OPERATING PROFIT

	Six months ended 30th June	
	2008	2007
	US$'000	US$'000
Operating profit is stated after crediting and charging the following:		
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

7. FINANCE INCOME AND COSTS

	Six months ended 30th June	
	2008	2007
	US$'000	US$'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)

8. INCOME TAX EXPENSES

	Six months ended 30th June	
	2008	2007
	US$'000	US$'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 (corresponding period of 2007: US$6,152,000) and US$4,142,000 (corresponding period of 2007: US$2,942,000) are included in the Group's share of profits less losses of jointly controlled entities and associates respectively.

8. INCOME TAX EXPENSES (Continued)

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.

9. 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.

10. 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 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

(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 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

11. 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 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 Investments 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.

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 sales 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 sales 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 Terminals") 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 container terminal of Piraeus Port ("Concession"). The bid price of the 35-year-period of the 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 accounted for 38.0% of the Group's total throughput. It increased 8.2% to 8,400,703 TEUs from the corresponding period of last year. During the first half of the year, the throughput of Qingdao Qianwan Terminal grew 7.2% year on year, reaching 4,315,000 TEUs. The commencement of operation of new Qingdao Qianwan Terminal in the second half of 2008, of which Qingdao Qianwan Terminal holds 80% equity interest, is expected to enhance the handling capacity and operational efficiency, which will in turn grow the terminal business.

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

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

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

Throughput of container terminals

Container terminal joint ventures	**1H 2008 (TEUs)**	**1H 2007 (TEUs)**	**y-o-y**
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 coastal region	**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 region	**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 (tonnes)	**6,568,015**	**3,290,470**	**+99.6%**

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

The Group held various equity interests in 27 terminal joint ventures as at 30th June 2008, with a total of 140 berths (corresponding period of 2007: 119 berths). Among those, there were 128 container berths, 2 automobile berths and 10 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 tonnes 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 coastal region		**38**			**25,100,000**
COSCO-HIT Terminals (Hong Kong) Limited	50%	2	15.5	1,088	1,800,000
Yantian International Container Terminals Ltd. (Phase I & II)	5%	5	14.0-15.5	1,650	4,500,000
Yantian International Container Terminals Ltd. (Phase III)	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 tonnes 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 tonnes of break-bulk cargo
Xiamen Yuanhai Container Terminal Co., Ltd.	70%	4	17	1,508	2,800,000
Overseas region		**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 tonnes**
Container Terminal Berths in operation/annual handling capacity		**89**			**48,150,000**

Container Leasing, Management and Sales

COSCO Pacific's container leasing, management and sales businesses are operated and managed by its wholly owned subsidiary, Florens Container Holdings Limited and its subsidiaries (collectively "Florens"). Despite fierce market competition, Florens 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
- Disposal 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 Operations

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 (tonne)	**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 (tonne)	**76,065,620**	70,762,066	+7.5%
Container Cargo (TEU)	**1,147,911**	1,039,453	+10.4%
Air Freight Forwarding (tonne)	**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).

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 paragraph titled "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 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 organizes 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 business. However, there are still plenty of uncertainties around the global economy. The management of the Group is monitoring the market condition closely and will implement related policies promptly to strengthen our risk management.

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

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

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

MEMBERS OF THE BOARD

As at the date of this announcement, 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